



Are you struggling to pay your UI Taxes? Are you unsure what to do?

Your UI tax is due in full at the end of each quarter and keeping up with the amount due may have a positive impact on your computed UI rate. However, in today's economy staying current with your tax debt can be easier said than done. What should you do if you are struggling?

- **File your reports timely.** Even if you cannot pay your liability in full, report your tax and employee wage information timely to avoid late filing penalties. If we have to subpoena your reports, additional penalties will be assessed.
- **Contact us right away.** We may be able to arrange a reasonable monthly payment contract. Consideration may also be given to waiving some or all of the accruing interest if you make reasonable on-time payments (other conditions may apply). Contact our Collections team at **406-444-3834** to discuss all of your options.

What should you not do? Do not avoid the situation. Ignoring the problem will simply compound it. Failure to stay current on your tax liability could result in:

- **A higher tax rate.** When rates are calculated in early December, the contributions you've paid up to that time are used in setting your next year's rate, so it pays to stay current. Also, if you have delinquent quarterly reports or owe any tax, penalty or interest when the rates are calculated, you will receive a penalty rate that is 1.5 times higher than your calculated rate. Payments made after rates are calculated may resolve the penalty rate but will not result in recalculation of your assigned contribution rate.
- **Offset of state funds.** If you are scheduled to receive any payments from the state treasury (tax refunds, lottery winnings, payment for services, etc.) those monies may be diverted to pay your UI tax liability.
- **Legal Collection Action.** A certificate of lien may be filed against any property you or your business owns. We may also request your current employer and/or financial institution to withhold a portion of your available wages/funds.

2013 Taxable Wage Base

The taxable wage base for experience rated employers for calendar year **2013** is \$27,900. The taxable wage base is 80% of the 2011 average annual wage in Montana.

“Employer Charging” Important Phone Number = Improved Access

Did you know about our exclusive “Employer Charging” phone line? In an effort to serve you better, a phone line is dedicated just for employers. If you have questions regarding charges to your unemployment insurance account, please call **406-444-0399** between 8 am- 4 pm Monday through Friday. A representative will be happy to help you with your account questions. Please note: the phone line is closed for lunch from 12 pm -1 pm.

WOW

If you receive an Employer's Quarterly Payment-Transmittal (UI-5E) form and pay the UI tax due online, you are still required to file a UI Quarterly Report. You can file the report online using WOW (www.wow.mt.gov) or by sending in the tax and wage information on an Employer's Quarterly Wage Report (UI-5) form. If you utilize WOW to file your report AND make your payment, please **DO NOT** mail your report to us.

Thank you for filing and paying timely!

“IMPROVING INTEGRITY TOGETHER”

Work Search Requirements and Why They Matter to You as an Employer

The Unemployment Insurance (UI) Division is working to ensure claimants are properly seeking employment while drawing unemployment benefits. Claimants are required to actively search for work and make appropriate employer contacts each week. Claimants may not be eligible to receive unemployment benefits for any week they do not comply with work search requirements.

Our Division is increasing verification of work searches. Verifying a claimant's work search consists of telephone calls to employers that claimants reported as a work contact. We ask for your cooperation by keeping a simple record of job applicants – who applied and when – to shorten the time you use to respond to the verification. It is critical for employers to be an active partner with UI as improper payment of unemployment benefits has a detrimental effect on the Unemployment Trust Fund.

Help Prevent Wrongful Benefit Payments: Report Fraud

During difficult economic times unemployment insurance benefits can be a lifeline for unemployed workers. Unfortunately, some individuals may try to take advantage of the UI system by filing false or fraudulent claims. Some employers may also try to avoid paying taxes by misclassifying workers, failing to report worker's wages or underreporting wages.

UI recently hired a Fraud Investigator to investigate cases of suspected fraud. In the coming weeks we will post additional information on UI Fraud at our website at uid.dli.mt.gov. You may also call the Fraud Investigator, Jerome Lord, at (406) 444-1709 to report suspected fraud.

Business Principals & Family Members – Subject or Not??

Unemployment Insurance law covers services performed by officers of a corporation and members of a Limited Liability Company (LLC) that is taxed for federal tax purposes as a corporation. If the officer receives any compensation for services rendered, wages must be reported.

Exempt from Unemployment Insurance reporting and taxation are partners in a partnership, sole proprietors and LLC members who are taxed for federal tax purposes as a partnership or sole proprietorship.

The spouse and dependents (for whom a federal tax exemption may be claimed) of a sole proprietor are also exempt from Unemployment Insurance. The family member exemption does not pertain to corporations, partnerships, associations, or LLC companies taxed as a corporation or partnership.

It is important for Limited Liability Company entities to be responsive to any requests regarding how the entity is taxed for federal tax purposes so we can determine the proper reporting of LLC members, as well as any family members employed by the LLC.

Contractor Liability: Did You Know?

Unless they are a registered contractor, if any of your sub-contractors owe UI tax for work done for your business, **you may be held liable** for that debt (39-51-1104 Montana Code Annotated). To protect yourself, obtain a certificate of UI compliance from subcontractors who had employees working on your job **before** making final payment to them. If you contract with an individual who has no employees, you should confirm they have an independent contractor exemption certificate. You may verify Independent Contractor Exemption Certificates and Registered Contractors by going to www.mtcontractor.com and link to Independent Contractor Central Unit or Construction Contractor Registration and then link to the search on each page.