



## 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 (LLC) 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.

## Household and Domestic Employment – When Reportable

Household/domestic employment, such as a nanny, housekeeper or gardener at your personal residence, is subject to Unemployment Insurance if:

1. The total wages for all household/domestic employees are \$1000 or more in any calendar quarter; or
2. The household/domestic employee's wage payments are paid out of your business account and are not accounted for separately, even if wages are less than \$1000 per quarter.

If you have household/domestic employment that is subject per either of the above, Unemployment Insurance law requires this employment to be covered for the entire current and subsequent calendar years.

If you are a sole proprietor and have household/domestic employees with wages of \$1000 or more in a calendar quarter, you may report your household/domestic workers on your business's UI account.

### Governmental Entities – Elected Officials and Board Members

- Elected public officials are not covered by Unemployment Insurance and should not be included on your UI quarterly reports.
- If a board member is performing duties *as an elected public official*, their services are not defined as employment. Therefore, any compensation paid would not be reportable as wages to Unemployment Insurance.
- If a person has been *appointed* to finish out the term of an elected public official, the person is considered the same as an elected public official, and therefore, any compensation paid is not reportable as wages.
- Any customary and reasonable fees paid to board members for attending meetings would not be reportable as wages. However, if the board members *perform other services for which they are compensated*, then you should report wages for those services.

## Keep your UI Account Information Updated

Montana Unemployment Insurance plans to send out mailings to employers over the next year requesting up-to-date information for your UI account. Some UI account information, such as corporate officers and phone numbers, is over 20 years old and is obsolete. If you routinely use computer software to generate your UI quarterly report or e-file, your addresses (physical and/or mailing) on record may be incorrect or outdated as well. Additionally, as we move toward more electronic communication with employers, getting up-to-date email addresses is crucial.

Up-to-date account information helps ensure that we can better assist you by:

- providing quarterly reports, notices or correspondence to you in a timely manner;
- providing claimant separation and benefit charge correspondence in a timely manner;
- immediately contacting you if we have questions about your account or reports filed;
- identifying if wages of owners, partners or LLC members are reported in error and being able to promptly notify you.

In addition, it saves the state time and money for postage on returned mail and/or researching for updated information.

You can view your account information on [www.UI4employers.mt.gov](http://www.UI4employers.mt.gov). If you've never used UI4Employers on-line service and need assistance, give us a call and we'll help you get started.

## Quarterly Report Reminders

**Late Fees?** The UI quarterly wage report for the second quarter of 2010 should be postmarked by August 1, 2012 to avoid late charges, even if you paid no wages during the quarter. You can save money by filing and paying on time. Late payment interest is computed at 1.5% a month. Late file penalty is \$25.00. By filing and paying timely, you can avoid the late file penalty and interest as well as a \$50.00 penalty that is assessed should we have to issue a subpoena to get the quarterly wage report.

If you can't pay in full, pay as much as you can and attach a note to the report stating how you plan to pay the balance. If you have questions about the Statement of Account, give us a call at 406-444-3834. Our accounts receivable staff will assist you in resolving the issue.

## 2012 Assistance for Business Clinic Schedule for the Remainder of the Year

There is still time to attend 2012 Assistance for Business Clinics in September and October. If you are interested in attending, please call a sponsor (Chamber of Commerce or Job Service) in these cities for location & fees.

Lewistown	September 5	Job Service
Polson	September 13	Job Service
Butte	September 26	Chamber of Commerce
Hamilton	October 3	Chamber of Commerce

## Should I report my alien employee's wages to Unemployment Insurance?

It depends on the type of visa your alien worker was issued. Aliens identified by specific sections of federal immigration law are exempt from Montana Unemployment Insurance. Alien workers are exempt from Montana UI if the alien worker was identified in 8 U.S.C. 1101 under the following subsections: (a)(15)(F); (a)(15)(H)(ii)(a); (a)(15)(J); (a)(15)(M); or (a)(15)(Q).

The best proof of visa status is to copy the part of the visa showing the worker's name and type of visa. Copying the visa is most easily accomplished at the time of hire.

**For further information on any of the topics, call our office at 406-444-3834.**