



## MONTANA UNEMPLOYMENT INSURANCE (UI) QUARTERLY NEWS

### **Probationary Period & Unemployment Insurance**

A probationary period is a useful tool for employers to determine if an employee is going to “work out” for long term employment. Employers receive some protection against wrongful discharge suits if an employee is discharged during their probationary period.

**A probationary period has no bearing on an unemployment claim.** The employer is required to provide evidence showing misconduct as defined by the Administrative Rules of Montana, even if the discharge occurred during the probationary period. For this reason, it is important for employers to document incidents, follow company disciplinary policies, as well as issue and document warnings during the probationary period just as they would for long term employees. If the employer is unable to provide sufficient evidence to show misconduct, the claimant will probably be allowed benefits and the employer’s unemployment account could be charged.

In general, misconduct is an intentional or deliberate act by the individual. An inability to perform job duties to the satisfaction of the employer cannot be considered misconduct. Although the employer may have a good business reason for discharging an employee for poor performance, unemployment benefits would probably be allowed (and the employer’s account potentially charged) unless the employer could provide evidence showing the poor performance was intentional. Administrative Rules of Montana 24.11.460, 24.11.461 and 24.11.462 define misconduct for unemployment purposes. For further information, call Donna Rogers at 406-444-1997.

### **What Do I Report as Wages on my UI Quarterly Report?**

The term “wages” is defined in 39-51-201 MCA. “Wages..., means all remuneration paid for personal services, including the cash value of all remuneration payable in any medium other than cash. The reasonable cash value of remuneration payable in any medium other than cash must be estimated and determined pursuant to rules prescribed by the department.” So, if you pay with livestock, material goods or other noncash payments, you must report the market value as wages.

Payroll taxation and the application of the various statutes, Administrative Rules, and Supreme Court decisions can be very complex. For more information on any of these items, call the Status Unit at (406) 444-3834 or a Field Representative listed in your area.

### **Reporting Wages for Alien Workers?**

Many alien workers are reportable to Unemployment Insurance (UI); however, some aliens should not be included on Montana UI reports. Employers should confirm the Visa type for alien workers to assure they have not overpaid UI taxes. The following Visa holders are not subject to Montana UI taxes: workers identified in 8 U.S.C. 1101(a)(15)(F) or (a)(15)(H)(ii)(a), or (a)(15)(J), or (a)(15)(M) or (a)(15)(Q). All other aliens working in Montana should be reported.

If wages paid to exempt aliens were included on a UI report, please copy the report, and indicate workers who are exempt, explain why workers are exempt, and mail the information to Helena.

## **Important News About the HIRE Act - Tax Breaks for Employers**

Have you been thinking about hiring new employees or re-hiring someone you laid off? Under the Hiring Incentives to Restore Employment (HIRE) Act, enacted March 18, 2010, two new tax benefits are available to employers who hire certain previously unemployed workers (“qualified employees”). The first, referred to as the payroll tax exemption, provides employers with an exemption from the employer’s 6.2 percent share of social security tax on wages paid to qualifying employees, effective for wages paid from March 19, 2010 through December 31, 2010. In addition, for each qualified employee retained for at least 52 consecutive weeks, businesses will also be eligible for a general business tax credit, referred to as the new hire retention credit, of 6.2 percent of wages paid to the qualified employee over the 52 week period, up to a maximum credit of \$1,000. In general “qualified employees” are employees who have been unemployed for at least 60 days prior to hire.

We encourage employers to contact their accountant or visit the IRS website <http://www.irs.gov/businesses/> to learn more about the HIRE Act.

## **Quarterly Report Reminders**

**Late Fees?** The UI quarterly wage report for the second quarter of 2010 should be postmarked by August 2, 2010 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.

**Contribution Rate** - Did you know that reports due or an outstanding balance on your account can increase your contribution rate by 50%? Start planning today on how you can get your balance current.

**Remit payment for Unemployment Insurance taxes only.** Please do not include payments for the Department of Revenue, State Fund, etc. If you have any questions give us a call at 406-444-3834 or contact our field representative located in your area.

## **2010 Assistance for Business Clinic Schedule for the Remainder of the Year**

There is still time to attend 2010 Assistance for Business Clinics in June, 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.

Havre	June 24	Great Falls	September 22
Helena	September 1	Polson	October 5
Billings	September 9	Missoula	October 6
Lewistown	September 21		