



Unemployment Insurance Tax Rates for 2018

The rate schedule for each calendar year is based on the Unemployment Insurance Trust Fund balance as of October 31, divided by the total wages paid to all employees covered under Unemployment Insurance for the previous state fiscal year. The resulting ratio determines which of the eleven schedules will be in effect for the year. Schedule II will be in effect for 2018.

Each employer is assigned a contribution rate based on their reserve ratio, which is contributions paid minus benefits charged since October 1, 1981, divided by average annual taxable payroll for the prior three fiscal years ending September 30. All employers are arranged from the highest positive reserve ratio to the highest negative reserve ratio. The highest positive reserve ratio is assigned the lowest contribution rate. The rate class that the reserve ratio falls into determines individual rates.

The 2018 reserve ratios assigned to each rate class are listed below. Employers in eligible rate class 1 have a 0.00% contribution rate and an Administrative Fund Tax (AFT) rate of 0.13% for a total Tax Rate of 0.13%. An Administrative Fund Tax (AFT) of 0.18% is assigned to all other employers in addition to their contribution rate. The total rate is the contribution rate plus the AFT rate.

Eligible Employers

Positive Reserve Ratio of:	Rate Class	Contribution Rate	AFT Rate	Total Rate
0.166263 to 999.999999	Eligible 1	0.00%	+0.13%	= 0.13%
0.147522 to 0.166262	Eligible 2	0.02	+0.18	= 0.20
0.138731 to 0.147521	Eligible 3	0.22	+0.18	= 0.40
0.134687 to 0.138730	Eligible 4	0.42	+0.18	= 0.60
0.130687 to 0.134686	Eligible 5	0.62	+0.18	= 0.80
0.124528 to 0.130686	Eligible 6	0.82	+0.18	= 1.00
0.115817 to 0.124527	Eligible 7	1.02	+0.18	= 1.20
0.097962 to 0.115816	Eligible 8	1.22	+0.18	= 1.40
0.061521 to 0.097961	Eligible 9	1.42	+0.18	= 1.60
0.000000 to 0.061520	Eligible 10	1.62	+0.18	= 1.80

Deficit Employers

Negative Reserve Ratio of:	Rate Class	Contribution Rate	AFT Rate	Total Rate
-0.000001 to -0.005283	Deficit 1	3.12%	+0.18%	= 3.30%
-0.005284 to -0.017604	Deficit 2	3.32	+0.18	= 3.50
-0.017605 to -0.037026	Deficit 3	3.52	+0.18	= 3.70
-0.037027 to -0.071837	Deficit 4	3.72	+0.18	= 3.90
-0.071838 to -0.112934	Deficit 5	3.92	+0.18	= 4.10
-0.112935 to -0.179446	Deficit 6	4.12	+0.18	= 4.30
-0.179447 to -0.282054	Deficit 7	4.32	+0.18	= 4.50
-0.282055 to -0.407388	Deficit 8	4.52	+0.18	= 4.70
-0.407389 to -0.748457	Deficit 9	4.72	+0.18	= 4.90
-0.748458 to -999.999999	Deficit 10	6.12	+0.18	= 6.30

2018 Taxable Wage Base is \$32,000

The taxable wage base for 2018 is \$32,000, which is 80% of the 2016 average annual wage in Montana. All experience rated employers have the same taxable wage base.

Frequently Asked Questions

The most commonly asked questions by employers after receiving an Unemployment Insurance Contribution Rate Notice are:

Q: Why did my tax rate go up?

There are several reasons why the rate may go up. The most common reasons are:

- An increase in benefit charges to your account will decrease your reserve ratio and cause your rate to increase;
- An increase in your taxable wages from one year to the next may cause your reserve ratio to go down, and a decrease in your reserve ratio will usually cause your rate to increase;
- Converting/changing from a new employer rate based on the industry average to an experience-rated employer based on your own experience may result in an increase to your rate.
- The Rate Schedule changed from Schedule I in 2017 to Schedule II in 2018, resulting in an average contribution rate increase of .20% for experience rated employers.

The rate may go up as a result of one or a combination of the above.

Q: My rate notice shows a 0.00% contribution rate. Is this correct?

Yes, employers who have paid in more contributions than benefit charges and fall into eligible rate class 1 will be assigned a 0.00% rate. These employers must continue to file reports and pay the Administrative Fund Tax on the taxable wages.

Q: What is a Penalty Rate?

Employers who have a balance due or have not filed all reports when rates are calculated in December will receive a **“penalty rate”**. A penalty rate is 50% higher than the computed rate. To avoid a penalty rate, an employer must pay all tax, penalty and interest due and file delinquent reports with payment of tax, late file penalties and interest by January 19, 2018.

For more information on 2018 UI rates, go to <http://uid.dli.mt.gov/>