



Unemployment Insurance Tax Rates for 2022

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 I will be in effect for 2022.

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 the reserve ratio falls into determines individual rates.

The reserve ratios assigned to each rate class for 2022 are listed below. If your account had a positive reserve (more contributions paid than benefits charged), you were assigned an Eligible rate. If the reserve was negative (more benefits charged than contributions paid in), you were assigned a deficit rate. Your account's reserve ratio was compared to the range of ratios below to determine the UI rate for 2022.

The Administrative Fund Tax (AFT) rate for Eligible class 1 and 2 employers is 0.13%. The AFT for all other employers is 0.18%. Never combine the UI rate and AFT rate when entering the UI rate in your software.

2022 RESERVE RATIO TABLE				
If your reserve ratio was in this range	Your rate class will be	UI Contribution Rate is	Your AFT Rate will be	Your total cost is
Reserve Balance - Eligible (positive reserve)				
0.159421 to 999.999999	Eligible 01	0.00 %	0.13 %	0.13 %
0.142183 to 0.159420	Eligible 02	0.00	0.13	0.13
0.135668 to 0.142182	Eligible 03	0.02	0.18	0.20
0.132483 to 0.135667	Eligible 04	0.22	0.18	0.40
0.130140 to 0.132482	Eligible 05	0.42	0.18	0.60
0.122001 to 0.130139	Eligible 06	0.62	0.18	0.80
0.107408 to 0.122000	Eligible 07	0.82	0.18	1.00
0.079311 to 0.107407	Eligible 08	1.02	0.18	1.20
0.047500 to 0.079310	Eligible 09	1.22	0.18	1.40
0.000000 to 0.047499	Eligible 10	1.42	0.18	1.60
Reserve Balance - Deficit (negative reserve)				
-0.000001 to -0.006631	Deficit 01	2.92 %	0.18 %	3.10 %
-0.006632 to -0.011258	Deficit 02	3.12	0.18	3.30
-0.011259 to -0.021134	Deficit 03	3.32	0.18	3.50
-0.021135 to -0.030209	Deficit 04	3.52	0.18	3.70
-0.030210 to -0.049294	Deficit 05	3.72	0.18	3.90
-0.049295 to -0.101776	Deficit 06	3.92	0.18	4.10
-0.101777 to -0.204382	Deficit 07	4.12	0.18	4.30
-0.204383 to -0.389434	Deficit 08	4.32	0.18	4.50
-0.389435 to -0.732109	Deficit 09	4.52	0.18	4.70
-0.732110 to -999.999999	Deficit 10	6.12	0.18	6.30

What is the taxable wage base for 2022?

The taxable wage base for 2022 is \$38,100, which is 80% of Montana's 2020 average annual wage in Montana (\$47,670) rounded to the nearest \$100.

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 the reserve ratio and cause the 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 rate based on your own experience may result in a rate increase;
- If the Rate Schedule for all employers' changes to a higher schedule, rates will increase for most rate classes.

Your account's individual UI rate may go up because of one factor or a combination of the above.

My rate notice shows a UI Contribution Rate of 0.00%. Is that correct?

Yes, it is! On Schedule I, employers in eligible rate classes 1 and 2 are assigned a 0.00% rate. Enter the UI rate as 0.00% in your software. If you have a 0.00% UI rate, the Administrative Fund Tax is reduced from 0.18% to 0.13%. Do not enter the combined rate of 0.13% as your UI rate. This will result in tax overpayments.

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. The penalty rate will be removed if an employer files all delinquent reports and pays all taxes, penalty, and interest due by **January 21, 2022**.

How do I e-file Unemployment Insurance Reports?

We encourage e-filing through UI eServices because it eliminates the most common mistakes made by employers and preparers - even those who are using other methods to electronically file reports. E-Services always uses the correct rate and calculates excess wages and the tax due correctly. It also provides the easiest method to amend reports. In addition, employers can use UIeServices to respond to UI claims correspondence.

E-filing is required for all reports prepared by third party preparers beginning with the first quarter, 2019, per ARM 24.11.2711. Third party preparers are required to have authorizations from their clients to e-file using E-Services. If they bulk file with ICESA or FSET formats, they must sign one memorandum of understanding (MOU) form for all clients. Third party preparers who use other methods to file reports, are asked to sign up through E-Services for the Rate Exchange to obtain the correct rates for their clients' accounts.

Employers who had over 20 employees during any quarter of the current or previous year are also required to e-file their UI reports through E-Services or any other electronic method.

To set up online access, go to uieservices.mt.gov. You will need information from your last payroll report to set up your access. If you need assistance setting up your access or have any questions about any of the features of UI eServices, please call us at (406) 444-3834, option 2.