

## Unemployment Insurance Tax Rates for 2023

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 2023.

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 2023 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 2023.

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.

2023 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
<b>Reserve Balance - Eligible (positive reserve)</b>				
0.166245 to 999.999999	Eligible 01	0.00 %	0.13 %	0.13 %
0.146319 to 0.166244	Eligible 02	0.00	0.13	0.13
0.137388 to 0.146318	Eligible 03	0.02	0.18	0.20
0.133135 to 0.137387	Eligible 04	0.22	0.18	0.40
0.130529 to 0.133134	Eligible 05	0.42	0.18	0.60
0.120830 to 0.130528	Eligible 06	0.62	0.18	0.80
0.104794 to 0.120829	Eligible 07	0.82	0.18	1.00
0.078491 to 0.104793	Eligible 08	1.02	0.18	1.20
0.047730 to 0.078490	Eligible 09	1.22	0.18	1.40
0.000000 to 0.047729	Eligible 10	1.42	0.18	1.60
<b>Reserve Balance - Deficit (negative reserve)</b>				
-0.000001 to -0.003982	Deficit 01	2.92 %	0.18 %	3.10 %
-0.003983 to -0.010074	Deficit 02	3.12	0.18	3.30
-0.010075 to -0.018015	Deficit 03	3.32	0.18	3.50
-0.018016 to -0.034228	Deficit 04	3.52	0.18	3.70
-0.034229 to -0.048750	Deficit 05	3.72	0.18	3.90
-0.048751 to -0.104267	Deficit 06	3.92	0.18	4.10
-0.104268 to -0.195753	Deficit 07	4.12	0.18	4.30
-0.195754 to -0.393664	Deficit 08	4.32	0.18	4.50
-0.393665 to -0.711740	Deficit 09	4.52	0.18	4.70
-0.711741 to -999.999999	Deficit 10	6.12	0.18	6.30

### ***What is the taxable wage base for 2023?***

The taxable wage base for 2023 is \$40,500, which is 80% of Montana's 2021 average annual wage in Montana (\$50,622) 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 20, 2023**.

### ***How do I e-file Unemployment Insurance Reports?***

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

E-filing is required for all reports prepared by third party preparers per ARM 24.11.2711. Third party preparers are required to have authorizations from their clients to e-file using eServices. 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 eServices 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 eServices or any other electronic method.

To set up online access, go to [uieservices.mt.gov](https://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 for Employers, please call us at (406) 444-3834, option 2.