



Alaska Employer

Newsletter

Unemployment Insurance Tax



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Bill Walker, Governor

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Questions about your account or contributions?

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Penalty Rate Prevention

This year, 227 Alaska employers received a Penalty tax rate. Experience rates for 2015 span from one to 2.45 percent. At a taxable wage base of \$38,700, this means most Alaska employers will pay no more than a maximum of \$948.15 per employee. The 227 Penalty-rated employers taxed at 5.4 percent could be liable for over \$2,000 per employee, **more than twice** the amount of an experienced-rated employer.

Penalty rates are expensive and preventable!

Employer tax rates are calculated using your quarterly reporting history of payroll information. As an employer, **you can ensure** you receive an Experience tax rate instead of a Penalty tax rate. Verify all of your quarterly contribution reports and payments have been submitted. If you are not sure, call us and ask. **Save your business money!**

Are You Hiring Summer Help?

Q: If I hire someone temporarily, or seasonally, do I have to report them?

A: Yes. Workers hired to provide services within the usual course of your business **are employees**. Whether you pay the worker for one day, one hour, or even \$1, the wages **must be reported** for Unemployment Insurance (UI) purposes. Some examples of paid employees that should be included on your quarterly tax report are:

- Tour guides/bus drivers
- Seasonal employees
- Day labor/casual labor
- Sports officials
- Student working in the tourism industry
- Street vendor workers
- Temporary staff
- Hunting or fishing guides
- Fair and carnival workers
- Seasonal pilots
- Boat operators and crew
- Camp counselors
- Fill-in office staff

Who is the Employer?

Some Alaska employers look for ways to either supplement their existing staff or turn over their Human Resource (HR) functions to another company, thus allowing them to focus on their businesses. Alaska Department of Labor and Workforce Development supports this concept.

In most cases, the business supplementing its employees or turning over the HR functions to another company is the liable employer and is responsible for reporting the wages under their account, not under the account of the business providing the workers or HR functions.

For UI Tax purposes, Alaska Regulation 8 AAC 85.015 determines which business is required to report wages of the employee by looking at:

- 1. the employing unit is the direct beneficiary of services performed by one or more individuals receiving remuneration;**
- 2. remunerated services performed by one or more individuals are within the usual course and places of the employing unit's business; or**
- 3. the employing unit exercises or has the right to exercise direction and control over the day-to-day duties of one or more individuals performing services for which they receive remuneration.**

As an employer, you are required to report your employee wages under your account. Alaska does not allow employees from multiple businesses to be combined and reported under a single UI Tax account.

Employee Advances: When to Report

Payroll advances made to employees are reportable in the calendar quarter in which they are paid, not when they are deducted from a subsequent payroll.

For example, an employee is paid an advance of \$100 on March 4, and the \$100 advance is later deducted from the employee's wages for payroll issued on April 1. The \$100 advance must be included in the "Total Reportable Wages" for the first quarter, as it was given to the employee on March 4. The gross wages for payroll issued on April 1 less the \$100 would be included on the report for the second quarter.

All remuneration for service is to be reported in the quarter in which payment is paid, not the date the employee pays it back or the date it is deducted from a paycheck.

**Quarterly reports and payments
are due by July 31**