

## Important Tax Facts for 2019

The Office of Unemployment Compensation (UC) Tax Services plans to mail the Pennsylvania Contribution Rate Notice for calendar year 2019, Form UC-657, on Dec. 31, 2018. Employers who receive their 2019 UC Contribution Rate Notice with this mailing date will have the following important tax deadlines:

- **Jan. 30, 2019**, is the last day to file a timely Voluntary Contribution to lower the 2019 contribution rate. (A Voluntary Contribution must be filed within 30 days from the mailing date of the UC Contribution Rate Notice or no later than April 30, 2019, whichever is earlier.)
- **April 1, 2019**, is the last day to file a timely rate appeal to the contribution rate reflected on the UC Contribution Rate Notice. (A timely rate appeal must be filed within 90 days of the mailing date of the UC Contribution Rate Notice.) Please note that the surcharge adjustment, additional contributions and interest factor are not appealable items.
- **April 30, 2019**, is the last day to file a timely election for a Debit Reserve Account Balance Adjustment.

Employers who received a 2019 UC Contribution Rate Notice with a mailing date other than Dec. 31, 2018, will need to adjust these deadlines according to the instructions on the reverse side of the form.

### ***Taxable Wage Base and State Adjustment Factor***

The 2019 taxable wage base for employer contributions is \$10,000, and the maximum state adjustment factor is 0.75%.

The following solvency measures will be in effect for calendar year 2019:

### ***Employer Taxes***

**A 5.4 percent (.054) surcharge on employer contributions.** The surcharge adjustment is computed by multiplying your basic rate by the 5.4 percent surcharge. The surcharge adjustment does not apply to reimbursable employers.

**A 0.50 percent (.0050) additional employer contribution.** The additional contribution is added to your tax rate as adjusted by the surcharge. The additional contribution is not applicable to non-delinquent newly liable and reimbursable employers.

[Important Tax Facts for 2019 continued on page 2](#)

### ***In this Issue...***

- Important Tax Facts for 2019
- Pennsylvania's Work Search and Work Registration Requirements
- Why Hire Vets?
- Attention Reimbursable Employers
- 2017 Actuarial Evaluation Now Available Online
- The Pennsylvania New Hire Reporting Program
- Important Information Concerning Limited Liability Companies

Important Tax Facts for 2019 continued from page 1

**A 1.1 percent (.011) interest factor, unchanged from 2018.** Under Section 301.6(c) of the PA

UC Law, the interest factor is used to fund the payment of bond obligations. It may also be used to fund payment of interest on federal loans, although Pennsylvania does not currently have a federal loan balance. The interest factor is not applicable to non-delinquent newly liable employers. Also, it is neither credited to the employer's reserve account nor considered for federal certifications.

**Employer Taxes Example:**

| Basic Rate | Surcharge                    | Additional Contributions | Interest Factor | 2019 Total Contribution Rate |
|------------|------------------------------|--------------------------|-----------------|------------------------------|
| .0215      | + (.0215 x .054 = .001161) + | .0050 +                  | .011            | = 0.038661                   |

**Employee Contributions**

**A 0.06 percent (.0006) tax on employee wages, or 60 cents on each \$1,000 paid.** Employee withholding contributions are submitted with each quarterly report. Employee withholding applies to the total wages paid in 2019. It is not limited to the \$10,000 taxable wage base for employer contributions. Failure to withhold or remit this employee tax could result in interest charges and may affect your contribution rate for subsequent years.

**Benefit Reduction**

**A 2.4 percent (.024) benefit reduction.** With few exceptions, the weekly UC benefit amount for all claimants will be reduced by 2.4 percent.

Information on penalties and interest for unpaid UC taxes is available online at [www.uc.pa.gov](http://www.uc.pa.gov). To access this information, select "Employer UC Services/UC Tax," then "Filing Information," and then select "Calculating Contributions, Penalties & Interest."

If you have any questions concerning this information, please contact the Employer Contact Center at 866-403-6163 Monday through Friday from 8 a.m. until 4:30 p.m.

## Pennsylvania's Work Search and Work Registration Requirements

Section 401(b) of the Pennsylvania Unemployment Compensation Law (UC Law), 43 P.S. § 801(b), and 34 Pa. Code § 65.11 provide that a UC claimant must satisfy the following requirements to be eligible for UC benefits:

(1) Register for employment-search services offered by the PA CareerLink® within 30 days after filing an initial application for benefits.

- If the claimant's labor market is located within Pennsylvania (i.e., the claimant lives in Pennsylvania or commutes to Pennsylvania for work), the claimant must register for employment-search services offered through the PA CareerLink®.

***Pennsylvania's Work Search and Work Registration Requirements continued from page 2***

- If the claimant's labor market is located outside of Pennsylvania (i.e., the claimant lives outside of Pennsylvania and does not commute to Pennsylvania for work), the claimant must register with the state employment service that serves his/her labor market. The claimant is not required to register for employment-search services offered through the PA CareerLink®.

**(2) Actively search for work.**

- Beginning with the third week in the Benefit Year, claimants must apply for two jobs and participate in one work search activity each week. Examples of work search activities include, but are not limited to, attending a job fair, searching positions posted on the PA CareerLink® system or posting a resume on the system, utilizing an employment agency, etc.
- Claimants must retain a record of their job applications and work search activities for two years from the effective date of the application for benefits and provide that record to the Department upon request.

A claimant may be exempt from the registration and weekly work search requirements if he/she has a specific recall date provided to the claimant in writing by his/her employer. When a layoff occurs and the employer intends to recall the claimant back to work at a later date, the employer is encouraged to provide a written notice with the specific date of recall to the claimant at the time of layoff so that the claimant may qualify for the exemption. The exemption expires on the specified recall date. If the employer needs to extend the date of the recall, a new recall date should be provided to the claimant in writing to prevent a loss of benefits.

While a UC claimant is required to keep a record of his/her work search activities, an employer is not required to keep a record of the claimants who submitted job inquiries or applications.

**Benefits of Work Registration and Work Search**

The UC Law's work registration and work search requirements benefit claimants and employers. These requirements establish an immediate and ongoing connection for claimants to the PA CareerLink® and its services, and they encourage an early and consistent work search effort, which offer valuable assistance to claimants in their efforts to become re-employed and to employers for finding qualified applicants for open positions. Providing claimants with the tools and resources to become re-employed also preserves the solvency of the UC Fund, thereby ensuring that UC benefits will be available to protect unemployed Pennsylvanians and their families.

The advertisement features a background of a white American flag with stars. At the top, the word "HIRE" is written in large, bold, blue letters, flanked by red horizontal bars. Below it, "Vets Medallion Program" is written in red. The main text reads: "Increase your competitive hiring advantage and receive federal recognition as a veteran-employment leader." In the center, two circular medallions are shown: a gold one for the "U.S. DEPARTMENT OF LABOR HIRE Vets GOLD AWARD" and a silver one for the "U.S. DEPARTMENT OF LABOR HIRE Vets PLATINUM AWARD". At the bottom, a dark blue banner contains the text "HIREVets.gov" in white and yellow.

## Why HIRE Vets?

**HONOR.** The Honoring Investments in Recruiting and Employing American Military Veterans Act of 2017 (HIRE Vets Act) creates a voluntary program for recognizing efforts by employers to recruit, employ, and retain veterans through a HIRE Vets Medallion Award.

**INVEST.** The Medallion Program highlights investments in Veteran Organization or Resource Groups, HR Veterans' Initiatives, and Leadership, Pay Differential or Tuition Assistance Programs that assist in developing veteran employment efforts.

**RECRUIT.** Employers recognize the benefits of recruiting veterans and want to attract more in the future. Recipients have the opportunity to utilize the Medallion in the marketing of their firm when hiring, as well as to attract additional business.

**EMPLOY.** Veterans bring experience, adaptability, and focus. Employers applying for a HIRE Vets Medallion are reaping a competitive advantage and this award allows them to maximize the return on their investment in the veteran programs they offer.

Learn more at [HIREVets.gov](https://hirevets.gov)

**HIRE**  
Vets Medallion Program

**We're proud  
to honor the  
employers  
who hire our  
nation's heroes.**

**HIREVets.gov**

## Honor.

The Honoring Investments in Recruiting and Employing American Military Veterans Act of 2017 (HIRE Vets Act) creates a voluntary program for recognizing efforts by employers to recruit, employ, and retain veterans through a HIRE Vets Medallion Award.

## Invest.

The Medallion Program highlights investments in Veteran Organization or Resource Groups, HR Veterans' Initiatives, and Leadership, Pay Differential or Tuition Assistance Programs that assist in developing veteran employment efforts.

## Recruit.

Employers recognize the benefits of recruiting veterans and want to attract more in the future. Recipients have the opportunity to utilize the Medallion in the marketing of their firm when hiring, as well as to attract additional business.

## Employ.

Veterans bring experience, adaptability, and focus. Employers applying for a HIRE Vets Medallion are reaping a competitive advantage and this award allows them to maximize the return on their investment in the veterans program they offer.

**Learn more at [HIREVets.gov](https://hirevets.gov)**

*Important Tax Facts for 2018 continued from page 2*

## Attention Reimbursable Employers

In early November 2018, all reimbursable employers were mailed the annual Reimbursable Employer's Election for Relief From Charges form (election form) and Notice of Solvency Fee for calendar year 2019.

If you are a reimbursable employer and wish to be eligible to request relief from charges associated with applications for benefits (claims) with an effective date in the upcoming year, your solvency fee payment must be postmarked within 30 days of the mailing date of the election form. Also, all reports required by the PA UC Law for calendar quarters through the second quarter of 2018 must be filed.

Note: The PA UC Law requires the Department of Labor & Industry (L&I) to periodically re-determine the solvency fee rate, which is used to compute the employer's solvency fee. The solvency fee rate effective for calendar years 2019 through 2023 is 0.18 percent. The next recalculation of the rate will occur in 2023.

An employer's solvency fee is determined by multiplying the solvency fee rate, 0.18 percent (.0018) in effect for calendar year 2019, by the employer's gross wages for the period spanning the third quarter of 2017 through the second quarter of 2018. If the result of this calculation is an amount that is less than \$25, a minimum solvency fee of \$25 is due.

For more information on the reimbursable employer relief from charge option, visit [www.uc.pa.gov](http://www.uc.pa.gov) and select the link for "Employer UC Services/UC Tax", or call the UC Tax Information Line toll-free at 866-403-6163.

## 2017 Actuarial Evaluation Now Available Online

The Actuarial Evaluation of the Financial Operations of the Pennsylvania Unemployment Compensation (UC) Program is an annual report that provides an analysis of the Pennsylvania UC program for the past year as well as a forecast for the UC program for the next three years. The Actuarial Evaluation contains highlights of UC program improvements and law changes, UC cash flow analyses, a projected three-year outlook, and an overview of the economic forecasts used to estimate UC activity.

The 2017 Actuarial Evaluation is now available on the Center for Workforce Information and Analysis website at <http://www.workstats.dli.pa.gov/Products/actuarial-evaluation/Pages/default.aspx>. For additional assistance, please contact us at 877-493-3282 or email inquiries at [workforceinfo@pa.gov](mailto:workforceinfo@pa.gov).

## The Pennsylvania New Hire Reporting Program

The Pennsylvania New Hire Reporting Program requires all employers to report basic information about all newly hired and re-hired employees in accordance with state and federal law. Administered by the Center for Workforce Information and Analysis (CWIA) within L&I, the Pennsylvania New Hire Reporting Program aids in the collection of child support from non-custodial parents.

Information provided by employers is matched against files containing the names of non-custodial parents who owe child support. When a match occurs, a notice is immediately sent notifying the employer to withhold child support, thus expediting child support payments. For calendar year 2017, more than \$21.1 million in child support monies were collected due to the new hire cross match. Since 2010, child support collections activity from wage garnishments issued to obligors totaled \$196 million through December 2017, an average of \$2.1 million per month.

*[The Pennsylvania New Hire Reporting Program continued on page 7](#)*

### The Pennsylvania New Hire Reporting Program continued from page 6

Data collected from the Pennsylvania New Hire Reporting Program is also used to detect fraud in the UC and Workers' Compensation programs. Since 1998, this matching process has identified more than 90,000 UC fraud overpayments, resulting in the recovery of \$41 million.

CWIA continues to increase public awareness of the New Hire Program and employer compliance with the reporting laws by conducting outreach meetings with employers at local CareerLink® offices, partnering with the Department of Human Services at the local level through the Office of Child Support Enforcement, and educating and informing both the public and employers about the importance of reporting new hires.

To learn more about the Pennsylvania New Hire Reporting Program and reporting process, please visit [www.cwds.pa.gov](http://www.cwds.pa.gov), and click in the "Report New Hires" section to proceed to the Program homepage.

## Important Information Concerning Limited Liability Companies

Recently, the Office of Unemployment Compensation Tax Services (UCTS) identified certain circumstances where it did not extend coverage under the Pennsylvania Unemployment Compensation Law (PA UC Law) to services performed by a member of a limited liability company (LLC) that were covered by the Federal Unemployment Tax Act (FUTA).

Where an LLC has elected to be classified as a corporation for federal tax purposes, a member of the LLC is covered by FUTA to the extent that he or she performs services for the LLC. Section 4(I)(6) of the PA UC Law provides that services covered under FUTA also constitute "employment" for Pennsylvania UC purposes, even if the services are otherwise excluded under the PA UC Law. UCTS did not apply Section 4(I)(6) to members of an LLC that had elected corporate classification for FUTA.

If you did not report the wages of one or more members of your LLC that were covered by FUTA, or you received a refund or credit of Pennsylvania UC contributions in error, we ask that you contact the UCTS Contact Center at 866-403-6163, weekdays from 8 a.m. to 4:30 p.m., Eastern Standard Time, by March 31, 2019, to make the appropriate corrections. If these corrections result in the payment of additional UC contributions through the third quarter of 2018, UCTS will waive any interest and penalty that is due based on the corrections for these quarters. Depending upon your Pennsylvania UC contribution rate, the corrections may result in a reduction in your FUTA tax liability.

Additionally, please include all wages covered by FUTA in all future UC reports that you file. The fourth quarter of 2018 quarterly report is due by January 31, 2019.

Please visit <https://www.uc.pa.gov/employers-uc-services-uc-tax/covered/Pages/Limited-Liability-Companies.aspx>, to review the proper reporting of LLC members for Pennsylvania UC tax purposes.

**UC Issues Update** is published by the Pennsylvania Department of Labor & Industry on a quarterly basis. Questions, comments and feedback can be sent via email to [uc-news@pa.gov](mailto:uc-news@pa.gov). General UC Tax information is available by calling 717-787-7679 or outside the Harrisburg area, toll free 866-403-6163 from 8:00 AM to 4:00 PM. If you have questions regarding UC benefit charges to your account, please call 717-787-4677 from 8:00 AM to 4:30 PM. **If you suspect fraud, report it online at [www.uc.pa.gov](http://www.uc.pa.gov) under "Report Fraud," or contact 800-692-7469.**

*Auxiliary aids and services are available upon request to individuals with disabilities. Equal Opportunity Employer/Program*