

Important--UCMS Acceptable File Format Changes Effective January 1, 2020

The following changes will be implemented January 1, 2020:

- ICESA files will now be accepted for both tax and wage reporting of original files. Currently, the ICESA file can only be used for wage reporting.
- TAB and SSA file formats will no longer be accepted.
- CSV files will now **require** a Federal Identification Number (FEIN) in each E Record and contact information in the A Record.

The File Layouts and Formats for Electronic Reporting of PA Quarterly Unemployment Compensation Wage and Tax Data, form UC-2010, provides information on the acceptable file formats and specifications. After January 1, 2020, the UC-2010 will be updated to remove the unacceptable file formats and specifications. The UC-2010 can be found on the UC Management Page of the Employer UC Services section of the website or accessed by clicking on the link [UC-2010 handbook](#).

For questions regarding the file specifications, please contact the Office of UC Tax Services at 1-866-403-6163 and select option 2.

Important Tax Facts for 2020

CONTRIBUTION RATE NOTICES

The Office of Unemployment Compensation (UC) Tax Services plans to mail the Pennsylvania Contribution Rate Notice for calendar year 2020, Form UC-657, on Dec. 31, 2019. Employers who receive their 2020 UC Contribution Rate Notice with this mailing date will have the following important tax deadlines:

- Jan. 30, 2020 is the last day to file a timely Voluntary Contribution to lower the 2020 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, 2020, whichever is earlier.)

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- March 30, 2020 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 and additional contributions are not appealable items.
- April 30, 2020 is the last day to file a timely election for a Debit Reserve Account Balance Adjustment.

Employers who received a 2020 UC Contribution Rate Notice with a mailing date other than Dec. 31, 2019, 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 2020 taxable wage base for employer contributions is \$10,000, and the maximum state adjustment factor is 0.75%.

SOLVENCY MEASURES

The following solvency measures will be in effect for calendar year 2020:

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 Contributions. The additional contributions are added to your basic tax rate. The additional contributions do not apply to non-delinquent newly liable and reimbursable employers.
- A 0.00 percent (.0000) interest factor.

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 2020. 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 a 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**. 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.

Modernizing the Unemployment Compensation Management System

The Unemployment Compensation Management System (UCMS) will be undergoing a facelift! The Department will be replacing the current portal technology with a more modern responsive design, making it compatible with most mobile devices.

The new design features Action Icons which reduce the number of clicks it takes for a user to complete an action. If you are not sure what the Action Icon does, simply hover over the Icon for information.

A pre-selected group of accounts and users will use the updated system during the 4th Quarter 2019 filing period. All other users will have the opportunity to preview the updated system shortly thereafter. UCMS will be fully converted by the end of March 2020.

ATTENTION REIMBURSABLE EMPLOYERS

All reimbursable employers were mailed the annual Reimbursable Employer's Election for Relief from Charges form and Notice of Solvency Fee for calendar year 2020.

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. Also, all reports required by the PA UC Law for calendar quarters through the second quarter of 2019 must be filed.

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.

L&I makes it easy
for business to take
advantage of available
tax credits and federal bonds

Employer Hiring Incentives

The Work Opportunity Tax Credit and Federal Bonding Programs

Work Opportunity Tax Credit

The Pennsylvania Department of Labor & Industry (L&I) manages the federal Work Opportunity Tax Credit (WOTC) program, which enables employers to benefit from hiring individuals from specific targeted groups who are facing significant barriers to gaining employment. This program financially rewards employers for offering employment opportunities to these individuals.

Currently the WOTC program is set to expire on December 31, 2019. If the WOTC program does not receive an extension past December 31, 2019, please continue to submit applications.

Receive Financial Credits for Hiring From These Qualified Target Groups:

- Temporary Assistance for Needy Families (TANF) Recipients
- Qualified veterans (There are five categories of veterans eligible)
- Ex-Felons
- Designated Community Residents
- Vocational Rehabilitation referrals
- Summer Youth Employees
- Supplemental Nutrition Assistance Program (SNAP) Recipients
- Supplemental Security Income (SSI) Recipients
- Long-term Family Assistance Recipients
- Qualified Long-term Unemployment Recipients

WOTC Program Highlights:

- Any size business can participate.
- Minimal paperwork is needed to claim the tax credit.
- Employer makes the final hiring decision on candidates presented.
- Employer can hire as many qualified employees as are needed.
- Hire from 14 qualifying groups, which include 5 veteran categories.
- For-profit employers can reduce their federal income tax liability.
- Non-profit employers can reduce their Social Security tax.

The US Internal Revenue Service (IRS) may change target groups at any time. For the most current list of eligible employees and specific criteria for each, visit www.irs.gov.



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY

How does WOTC work?

Before a business may claim the credit, it must obtain certification that an individual is a member of a targeted group. The employer **must file Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit through L&I within 28 days after the eligible worker begins work.**

Employers generally can earn a tax credit equal to 25% or 40% of a new employee's first-year wages, up to the maximum for the target group to which the employee belongs. Employers will earn 25% if the employee works at least 120 hours and 40% if the employee works at least 400 hours.

The tax credit is only available for a two-year period for employers who hire individuals from the long-term TANF target group and includes a higher maximum tax credit percentage:

- If the individual works at least 120 hours in the first year, the employer may claim a tax credit equal to 40% of first year wages, up to the maximum tax credit.
- If the individual works at least 400 hours in the second year, the employer may claim a tax credit equal to 50% of second year wages, up to the maximum tax credit.

Federal Bonding Program

The Federal Bonding Program created by the US Department of Labor (USDOL), is a unique hiring incentive tool, targeting individuals whose backgrounds can pose significant barriers to securing or retaining employment, including:

- Justice-involved citizens
- Individuals in recovery from substance use disorders
- Welfare recipients
- Individuals with poor credit records
- Economically disadvantaged youth and adults who lack work histories
- Individuals dishonorably discharged from the military

The federal bonds protect an employer or business against losses of property or money caused by the fraudulent or dishonest acts of a bonded employee. Employers receive the bonds free-of-charge as an incentive to hire these applicants. Each bond has a \$5,000 limit with a \$0 deductible and covers the first six months of a selected individual's employment. Information about the Federal Bonding Program can also be found at bonds4jobs.com or by calling us at 800.345.2555.

Are You Leaving Money on the Table? Start Saving Today with these Tax Credit Programs:

To apply for WOTC, an employer or employer's representative must submit the IRS 8850 and ETA 9061 (or 9062, where applicable) within 28 days of the new hires' start date to L&I. Forms can be downloaded by visiting www.dli.pa.gov, and search keyword, "WOTC." Proof of mailing may be required. You may also submit applications electronically at www.cwds.pa.gov.

For assistance with the website or questions regarding the WOTC program, please call **800.345.2555** or email at RA-BWPO-TAXCREDITS@pa.gov.



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

The advertisement features a background of a waving American flag. At the top, the word "HIRE" is written in large, bold, blue letters, flanked by red and blue 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 "GOLD AWARD" and a silver one for the "PLATINUM AWARD", both featuring an eagle and the text "U.S. DEPARTMENT OF LABOR" and "HIRE Vets". 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.

UC Newsletter 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. 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 under "Report Fraud," or contact 800-692-7469.

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