

## UC Amnesty Program Generates Millions to the UC Trust Fund

Act 144 of 2016, signed by Governor Tom Wolf, Nov. 3, 2016, amended the PA Unemployment Compensation (UC) Law to provide for a 2017 UC Amnesty Program.

The Pennsylvania Department of Labor & Industry's 2017 UC Amnesty Program, - "Make It Right," ran from July 1, 2017, through September 30, 2017. The UC Amnesty Program was directed at recouping money to the UC Trust Fund for overpayments of UC benefits owed by claimants and UC tax liabilities owed by employers.

The UC Amnesty Program netted more than \$10 million in outstanding UC overpayments and UC tax liabilities, and provided public awareness to the seriousness of these issues.

This was Pennsylvania's second UC Amnesty Program. The first program ran in 2013 and recouped more than \$15 million in outstanding UC overpayments and UC tax liabilities.

## Important Tax Facts for 2018

The Office of Unemployment Compensation (UC) Tax Services mailed the Pennsylvania Contribution Rate Notice for calendar year 2018, Form UC-657, on Dec. 31, 2017. Employers who received their 2018 UC Contribution Rate Notice with this mailing date will have the following important tax deadlines:

- **Jan. 30, 2018**, is the last day to file a timely Voluntary Contribution to lower the 2018 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, 2018, whichever is earlier.
- **March 31, 2018**, 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, 2018**, is the last day to file a timely election for a Debit Reserve Account Balance Adjustment.

Employers who received a 2018 UC Contribution Rate Notice with a mailing date other than Dec. 31, 2017, will need to adjust these deadlines according to the instructions on the reverse side of the form.

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**Important Tax Facts for 2018** continued from page 1**Taxable Wage Base and State Adjustment Factor**

Under Section 301.6(c) of the PA UC Law, the taxable wage base for employer contributions will be increasing each year from 2013 through 2018. At the same time, the maximum state adjustment factor has been decreasing. The following chart lists the taxable wage base and state adjustment factor amounts beginning 2012:

Calendar Year	Taxable Wage Base for Employer Contributions (per employee per year)	Maximum State Adjustment Factor
2012 and prior	\$8,000	1.5%
2013	\$8,500	1.0%
2014	\$8,750	1.0%
2015	\$9,000	1.0%
2016	\$9,500	1.0%
2017	\$9,750	0.85%
2018 and thereafter	\$10,000	0.75%

**Employer Taxes**

The UC Trust Fund solvency percentage calculated on July 1, 2017 is 45 percent. Since the solvency percentage is less than 250 percent, all solvency measures will be in effect for calendar year 2018 at the rates specified below:

**A 5.4 percent (.054) surcharge on employer contributions, increased from 2017.** 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, decreased from 2017.** The additional contributions is added to your tax rate as adjusted by the surcharge. The additional contributions is not applicable to non-delinquent newly liable and reimbursable employers.

**A 1.1 percent (.011) interest factor, unchanged from 2017.** 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	2018 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, decreased from 2017.** Employee withholding contributions are submitted with each quarterly report. Employee withholding applies to the total wages paid in 2018. 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.

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### **Benefit Reduction**

**A 2.4 percent (.024) benefit reduction, increased from 2017.** 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.

## **The Pennsylvania New Hire Reporting Program**

The Pennsylvania New Hire Reporting Program requires that all employers 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 was 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.

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 increase employer compliance with 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.

**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*