

Important Tax Facts for 2020

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

Jan. 30, 2020, was 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.)

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%.

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 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.

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A 0.00 percent (.0000) interest factor.

Employee Contributions

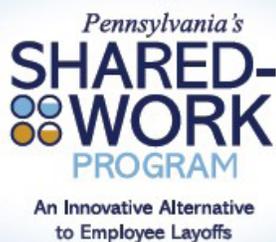
A 0.06 percent (.0006) tax on employee wages, or 60 cents on each \$1,000 paid. Employee withholding contributions are submitted with each quarterly report. Employee withholding applies to the total wages paid in 2020. It is not limited to the \$10,000 taxable wage base for employer contributions. Failure 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 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 UC Employer Information Center at 866-403-6163 Monday through Friday from 8 a.m. until 4:30 p.m.



"As a small company that sells winter heating oil, the Shared-Work program allows us to share the work between employees during the slower, warmer months. The company benefits because it is simple to sign up for, we save on wages and training costs, and it helps us keep our well-trained employees year after year.

"Our employees benefit by maintaining their jobs, pay, and benefits, and enjoy some additional time off during the summer. We are thankful that this program, which we've participated in since 2016, has allowed us to avoid annual employee layoffs."

-Amy Purcell, President
Robert E. Reedy & Sons Inc.

An Innovative Alternative to Employee Layoffs - PA's Shared-Work Program

Pennsylvania's Shared-Work program is a great tool that allows an employer to temporarily reduce the work hours of a group of employees and divide the available hours equally rather than laying off any employees. Employees covered by a Shared-Work plan receive a percentage of their unemployment compensation (UC) weekly benefit amount (WBA) while they work the reduced schedule, if they are otherwise eligible for UC.

Shared-Work plans empower employers to retain a trained and qualified workforce during periods of slowdown, and quickly ramp up operations without the expense of recruiting, hiring, and training new employees.

As of fall 2018, more than 200 Shared-Work plans have been successfully put into action across the Commonwealth. With changing dynamics in the modern-day work place, Pennsylvania's Shared-Work program may help your business in its continued success.

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Who is included in the Shared-Work plan?

As the employer, you select which employees will be included in the Shared-Work plan. A plan must apply to one "affected unit," which is defined as a department, shift, or other organizational unit. Employers may have more than one plan if there is more than one affected unit. For example, all employees working the night shift may be one unit. All employees in the affected unit must participate; however, an employee who has been employed in the affected unit for less than three months, or an employee who would work 40 or more hours a week under the plan may not participate. There must be at least two participating employees not including corporate officers.

How much will the employees' hours be reduced under the Shared-Work program?

Once you have identified the affected unit(s), you must select the percentage by which the employees' hours are reduced, referred to as the "reduction percentage." The employer determines the reduction percentage based on business needs, but it must be at least 20 percent and cannot exceed 40 percent of the employees' normal weekly hours. The reduction percentage must be the same for all employees participating in the Shared-Work plan. For example, if an employee normally works 40 hours per week, and the reduction percentage is 20 percent, then the employee's hours are reduced by 20 percent, and he or she would work 80 percent of 40 hours, or 32 hours per week. If an employee in the same unit works 30 hours per week, then he or she would work 80 percent of 30 hours, or 24 hours per week.

How are UC benefits determined under the plan?

For each week in the plan, an employee receives a percentage of his or her UC WBA equal to the reduction percentage. For example, if the employee's WBA is \$400 and the employee's hours are reduced by 20 percent under the plan, the employee would receive 20 percent of \$400 (or \$80) in Shared-Work UC benefits.

What qualifications are required for participation?

As an employer, you are eligible to participate in Pennsylvania's Shared-Work program if you have filed all UC tax reports and paid all amounts due under PA UC Law, have a positive reserve account balance (for contributory employers) and have paid wages for the last 12 consecutive quarters.

For more information and to view FAQs, forms, and the brochure, please visit www.uc.pa.gov/sharedwork.

UC Tax Rate Interest Factor Elimination

Governor Tom Wolf released this Official Press Release on January 8, 2020.

"Governor Tom Wolf today announced Pennsylvania businesses will see a reduction in their unemployment compensation (UC) tax rates, saving an estimated \$552 million this year. The Department of Labor & Industry eliminated the 1.1 percent UC tax rate interest factor effective January 1, 2020. This is the lowest UC tax rate on record since 1979.

"We are continuing our efforts to drive down the cost of doing business in Pennsylvania," said Governor Wolf. "Lowering the UC tax rate will help business owners invest in their own company and workforce to create more jobs, while also maintaining fair benefits for workers who lose their job through no fault of their own."

Today's rate cut announcement comes following completion of repayment of Pennsylvania's unemployment UC bond debt on January 1, 2020. Act 60 of 2012 included provisions for refinancing Pennsylvania's federal loans for UC through the sale of bonds to obtain the lowest possible rate of interest. The 1.1 percent interest factor was assessed for businesses from 2013 to 2019 to repay the UC bonds. This refinancing of Pennsylvania's UC debt saved employers approximately \$57 million in interest costs.

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'This is a good day for Commonwealth job creators, who pay some of the highest unemployment compensation taxes in the country,' said Gene Barr, President and CEO, Pennsylvania Chamber of Business and Industry. 'The Great Recession put the state's UC Fund in financial crisis, threatening this important program and forcing us to borrow billions from the federal government. We were proud to work with a bipartisan coalition of legislators and the Corbett administration to shore up this critical safety net and refinance the federal loan, which employers were still responsible for paying off but under more favorable terms. We are pleased employers can start off the New Year with a lower UC tax rate and thank Governor Wolf for recognizing the need to drive down business costs in PA.'

The UC Trust Fund's solvency is calculated annually to ensure Pennsylvania is prepared for periods of economic downturn. As of July 1, 2019, the fund's solvency percentage was 181 percent, the highest level since 2001. The fund is considered solvent when its level reaches two and a half times (or 250 percent) the average annual benefit payout over the last three years.

Unemployment compensation provides temporary wage replacement income to qualified workers who have lost their job through no fault of their own. The Unemployment Compensation Law requires covered employers to make contributions into a pooled reserve known as the UC Trust Fund. These contributions are used to pay benefits, for a limited time, to jobless individuals who are able and available for suitable work but continue to be unemployed while looking for another job.

For more information, visit the UC website at uc.pa.gov.

Employers' Vital Role in Improving UC Payment Integrity

Employers' Timely Notification of Refusal of Suitable Work

Section 402(a) of Pennsylvania Unemployment Compensation (UC) Law provides, in part, that a claimant shall be ineligible for compensation for any week in which his or her unemployment is due to failure, without good cause, to accept suitable work; provided that the employer who offers the work notifies the Department of the refusal within seven days from when the offer is made.

To assist employers in reporting a claimant's refusal of suitable work, the Department created form UC-1921W, "Employer Questionnaire – Refusal of Suitable Work," which is available on the Employers UC Services website. Important information provided by an employer on this form will assist the Service Centers in determining a claimant's ongoing eligibility in a timely manner.

If the employer makes a bona fide offer, the Department must then determine whether the work was "suitable" as defined by Section 4(t) of the UC Law. If the Department determines the work is suitable, the claimant must show that he/she had good cause to refuse offer of suitable work to be eligible for UC benefits.

Sections 402(a), 4(t), and UC Regulation 65.22 apply to a claimant who is already unemployed at the time of his/her refusal of suitable work, including a claimant on an indefinite layoff. However, if a claimant refuses work from an employer for which he/she has a current working relationship, then the Department will review whether the claimant voluntarily quit his/her employment under Section 402(b) under the UC Law.

Easy as 1-2-3

So, if you have offered a job to a claimant who is receiving UC benefits, and he or she refused the offer, the Department wants to know more about it! Be an active partner in helping us improve UC payment integrity by following these 3 easy steps:

1. Notify the department within seven days of the offer;
2. Complete the form 1921W; and
3. Fax the completed form to 717-772-0378.

Modernizing the Unemployment Compensation Management System

The Unemployment Compensation Management System (UCMS) is undergoing a facelift! The Department will be replacing the current portal technology with a more modern responsive design. The new design will be compatible with most mobile and electronic devices and will automatically adjust to a device's screen size.

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

A pre-selected group of accounts and users used the updated system during the 4th Quarter 2019 filing period. All other users currently have the opportunity to preview the updated system. UCMS will be fully converted on March 20, 2020.

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 2019, more than \$22.0 million in child support monies were collected due to the new hire cross match. Since 1998, child support collections activity within Pennsylvania (from wage garnishments issued to obligors) totaled \$646 million through December 2019, an average of \$30.0 million per year.

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 101,500 UC fraud overpayments, resulting in the recovery of \$44.8 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.pacareerlink.pa.gov, and press the "Report New Hires" link under the "Employers" section to proceed to the Program homepage.

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

The following changes became effective on January 1, 2020:

- ICESA files are now accepted for both tax and wage reporting of original files.
- TAB and SSA file formats are no longer accepted.
- CSV files will 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, contact the Office of UC Tax Services at 1-866-403-6163, option 2.

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 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.	Invest.	Recruit.	Employ.
<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>

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.

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