

Common Paymaster Reporting Not Permitted Under the Pennsylvania Unemployment Compensation Law

A "common paymaster" is one employer within a group of employers that pays the wages of its own employees as well as the wages of the employees of the other members of the group.

Under certain circumstances, a common paymaster is treated as the employer for the employees of all members of the group for purposes of the Federal Insurance Contributions Act (FICA) and the Federal Unemployment Tax Act (FUTA). The common paymaster files FICA and FUTA returns and pays the corresponding taxes for all the employees to whom it pays remuneration, including employees of the other group members.

While FICA and FUTA may allow a common paymaster to include in its tax returns the employees of other employers, common paymaster reporting is **not** permitted under the Pennsylvania Unemployment Compensation Law (UC Law). Section 302 of the UC Law provides that the "department shall establish and maintain for each employer a separate employer's reserve account ..." Section 302 clearly requires each legal entity providing employment to have its own, *separate* UC account. Distinct reporting for each employer is necessary to implement experience rating.

Common paymaster reporting may result in significant penalties. Section 802.1 of the UC Law provides that any employer, agent of an employer or other person that "willfully reports...the wages of one or more employees on an unemployment compensation account other than the account of the employer under this act..." is subject to a penalty. The penalty can be as high as \$10,000, and each employer and each calendar quarter for which wages are reported on the wrong account is the basis for a separate penalty.

If you have questions about common paymasters, please call the Employer Contact Center at 866-403-6163 weekdays from 8 AM until 4:30 PM, Eastern Time.

If you need help to correct a reporting error, please contact our Pittsburgh Field Accounting Service office at 412-565-5121.

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.

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[2017 Actuarial Evaluation Now Available Online continued from page 1](#)

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 & 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 to 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 & Analysis (CWIA) within L&I, the Pennsylvania New Hire Reporting Program aids in the collection of child support from non-custodial parents.

Data collected from the Pennsylvania New Hire Reporting Program is also used to detect overpayments in the UC and Workers' Compensation programs. Since 1998, this matching process has identified more than 90,000 overpayments, resulting in the recovery of approximately \$41.62 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, and click in the "Report New Hires" section to proceed to the Program homepage.

Rapid Response Services Can Help Reduce UC Costs

The Rapid Response process is Labor & Industry's best way to ensure that individuals who will be affected by a permanent layoff have access to resources that can help them return to suitable work as soon as possible. Rapid Response helps to prepare affected employees for their upcoming layoff by introducing them to reemployment assistance that is available through state and federal resources, as well as community-based supportive services and UC benefits. This is a win-win situation.

If individuals facing a layoff are provided with the Rapid Response information, they are more likely to return to work sooner, resulting in lower UC costs to the employer. Failing to provide this information will likely delay their inquiry about the UC process and thus also delay their consideration of reemployment options and getting started with their efforts to return to suitable employment. The longer individuals are off work, the harder it becomes to return to work. The quicker individuals act upon information provided by Rapid Response, the better chances of rejoining the workforce.

In addition to providing services for temporary layoffs, Rapid Response also assists individuals facing an indefinite/long-term layoff by providing information on services helpful during a long period of unemployment.

If your company is planning a layoff, you may contact Rapid Response Coordination Services at 866.858.2753 or RA-LI-BWPO-Rapid@pa.gov. A regional Rapid Response representative in your area will be notified of your inquiry and will contact you to offer assistance.

How Will Unemployment Claims Affect My Contribution Rate?

If an employer qualifies for an experience-based contribution rate, the employer's rate is a reflection of the employer's unemployment compensation (UC) history from the date the employer became subject to the Pennsylvania UC law. An experience rate takes into consideration wages paid by the employer and reported to the department, contributions paid to the UC Fund and benefits that are charged to the employer's reserve account.

Under the UC contribution rate formula, benefits charged to an employer's account put upward pressure on the employer's rate for subsequent calendar years.

The extent that UC benefit charges may affect an employer's rate depends on the amount of the charges in relation to other values that have a favorable impact on a contribution rate. If the amount of the benefit charges is high in comparison to the size of the employer's payroll or the amount of contributions the employer has paid to the UC Fund, the benefit charges will have a greater impact on the employer's rate.

One component of an experience rate is the "reserve ratio factor." This is the ratio of an employer's reserve account balance to its average payroll for the most recent three fiscal years. The higher the reserve ratio is, the lower the employer's rate will be. An employer's reserve account balance is determined by subtracting the benefits charged to the employer from the amount of contributions paid by the employer, over the lifetime of the employer's UC account. Benefit charges decrease the employer's reserve account balance and lower the reserve ratio, which can result in a higher contribution rate.

Another rate component is the "benefit ratio factor." This is the ratio of the employer's average benefit charges to its average payroll, both for the most recent three fiscal years. The higher the benefit ratio is, the higher the employer's rate will be. Benefit charges directly increase the benefit ratio and thus can raise the employer's contribution rate.

The benefit ratio factor looks only at benefit charges for the most recent three fiscal years. Therefore, benefit charges cease to affect the benefit ratio factor when they are no longer within this three-fiscal year period. However, the reserve account balance is a lifetime figure. Benefit charges never leave the calculation of the employer's reserve account balance, but their impact can be diminished over time if the employer's future contributions exceed his future charges.

Changing Your UC Benefits Address Designation is Now Easier and Can Save You Some \$\$\$!

Employers can choose one or multiple addresses to which UC Benefits and UC Tax correspondence is mailed. If any of the addresses change, employers should update **BOTH** the UC Tax and UC Benefits addresses in the UC system through the UC websites (www.uctax.pa.gov and www.uc.pa.gov).

To change the **UC Tax** address:

1. Log into www.uctax.pa.gov with the Keystone ID and password;
2. Select "Employer Profile" and "Addresses" to view or change your Employer Profile;
3. For assistance in updating your UC Tax address, call the tax department at 866-403-6163.

[Changing Your UC Benefits Address Designation is Now Easier and Can Save You Some \\$\\$\\$! continued from page 3](#)

The UC Tax address is used for UC Tax correspondence and for the following UC Benefits forms, (unless these forms are specifically designated to be mailed to a different UC Benefits address):

- Monthly Notice of Compensation Charged (UC-640 or UC-150)
- Notice of Financial Determination – Employer Copy (UC-44F (3))
- Request for Relief from Charges (UC-44FR)
- Decision on Request for Relief from Charges (UC-560)

To change the **UC Benefits** address:

1. Go to the [Employer UC Services](http://www.uc.pa.gov) page on the UC website (www.uc.pa.gov);
2. Select “Change my Benefits Address” on the right-hand side of page;
3. Follow the instructions on the “Employer Address Change for UC Benefits” Information Page to complete the process.

The UC Benefits address is used for the following UC Benefits forms:

- Employer’s Notice of Application (UC-45)
- Weekly Report of Work and Earnings (UC-784)
- UC Benefit Eligibility fact-finding forms (UC-19xx)
- Notices of Determination regarding UC eligibility

If required, employers can designate that the following forms also be mailed to the UC Benefits address:

- Monthly Notice of Compensation Charged (UC-640)
- Notice of Financial Determination – Employer Copy (UC-44F (3))
- Request for Relief from Charges (UC-44FR)
- Decision on Request for Relief from Charges (UC-560)

***PLEASE NOTE:** Employers that have already submitted a Power of Attorney (POA) form designating another entity such as a Third Party Administrator (TPA) to handle their UC Benefits correspondence should not make updates to their UC Benefits address.

For more information, please contact Employer Services at 717-787-4677 weekdays from 8 AM to 4 PM.

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. 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