



Subject: 2010 UNEMPLOYMENT TAX UPDATE

A measure has been introduced in the Indiana General Assembly which would postpone the scheduled Indiana unemployment tax increases from January of 2010 until 2011. If enacted, the one-year postponement of increased Indiana unemployment taxes would save Indiana employers over \$250 million during 2010.

The proposed one-year postponement will be further discussed when the legislature reconvenes on January 5, 2010. The measure appears to have the votes for enactment, and Governor Daniels has already expressed support for the tax postponement due to the current poor financial condition of many Hoosier employers.

LETTERS TO BE MAILED

The Indiana Department of Workforce Development plans on mailing letters yet this month which will notify employers of 2 rates – with and without legislation to postpone the tax increase!

ACCUPAY NEEDS YOUR LETTER!

Please forward us your tax rate letter so that we can collect the correct amount of tax effective with your first payroll January, 2010. We plan on collecting Q1, 2010 taxes based on the rate and lower wage base consistent with postponement of the tax. If the Legislature does not enact the anticipated postponement, we will collect the extra taxes with your last payroll in March.

MERIT RATE AND VOLUNTARY PAYMENT NOTICES?

The Department plans on mailing “Merit Rate and Voluntary Payment” tax notices during Q1 of 2010, pending legislation during the first quarter. As with every year, AccuPay will calculate any proposed tax savings and advise you if we determine you will save taxes by making a “voluntary payment”.

INDIANA STATE/COUNTY WH-1 FORMS

This year, 2009, resulted in a record number of tax notices issued by the Indiana Department of Revenue for monthly Form WH-1's, due to new state/county reporting requirements which went into effect January of 2009. The Department told us they literally had to shut off their phone lines on a few occasions simply to resolve WH-1 tax notices. AccuPay worked very hard to satisfactorily resolve these 2009 WH-1 tax notices – and we thank you for your patience as we resolved these notices.

IN CONCLUSION

AccuPay will monitor the status of all tax law changes and make sure you pay the correct amount of taxes on time. Please make sure we receive a copy of all tax correspondence you receive.

PayDay is an email communication of payroll news, legal updates and tax considerations intended to inform clients and colleagues of AccuPay about current payroll issues and planning techniques. You should consult with your CPA or tax advisor before implementing any ideas, comments or planning techniques.