



Most employers are aware that unemployment taxes will increase for most employers during years 2010 and 2011. Governor Daniels signed legislation April 30 which is intended to restore Indiana's bankrupt unemployment insurance fund to solvency by increasing tax rates and taxable wage base amounts on nearly all employers. **Employers with a history of terminations and layoffs, and with significant turnover, will pay substantially more Indiana unemployment tax during the next 2 years than this year.**

HOW CAN WE PAY LESS IN UNEMPLOYMENT TAXES?

- The most effective way to manage your 100% employer - paid unemployment taxes is to aggressively challenge unwarranted benefit claims from former employees. Many ex-employees will sign up for unemployment insurance promptly upon terminating employment. They are not entitled to receive benefits if they voluntarily quit or were fired for "just cause". **You should immediately respond to every claim in which any of the following factors are present:**

The claimant voluntarily quit. Quitting your job does not qualify for unemployment benefits; or

The claimant was discharged for "just cause" which includes violation of reasonable employer rules, poor attendance, refusal to obey instructions, falsification of an employment application and "any breach of duty in connection with work which is reasonably owed the employer by an employee".

NOTE - Respond immediately on form 501 to every

"Separating/Base Period Employer Notice" which you receive and feel the claimant is not entitled to unemployment benefits.

- Keep excellent employee personnel records detailing dates of hire and termination, reason(s) for termination, documents evidencing warnings and "write-ups, attendance details, etc;
- Meticulously review each month's "Statement of Benefit Charges" for errors, and report all discrepancies to the Indiana Department of Workforce Development; and
- File all quarterly unemployment tax returns and pay your taxes timely. Late payment of taxes and/or late filing of reports can dramatically increase your tax rates to "penalty rates".

In Conclusion

Indiana's employer tax-funded trust is insolvent and therefore both the tax rate and taxable wage base amounts will be increased starting January of 2010. Those employers with significant turnover and large numbers of lower paid employees will be affected the most. The most effective way to control your unemployment tax costs is preventing unwarranted claims from being charged to your unemployment account.

Accupay's CPP/CPA service teams can answer your questions about managing unemployment claims and taxes. We also do provide some of our clients with unemployment tax and claims filing services. Call Tamara Clookey, CPP at 885-7600 if you wish to discuss how AccuPay can help you manage your unemployment taxes.

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.