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**Subject: Important Unemployment Tax News & Forms!**

Unemployment benefits are paid for entirely by employers. **Many Hoosier employers will pay 50% + more in 2011 unemployment taxes than their 2010 tax amounts, due to:**

- The Federal unemployment tax rate for Indiana employers will increase to 1.1% in 2011, an increase of 37 ½ % over the 2010 tax rate. This increase is a result of loans by the Federal Government.
- Most Indiana employers are being notified of higher 2011 Indiana unemployment tax rates than their 2010 rates. The 2011 Indiana tax rates range from a low of 7/10 of 1% to a high of 9.5%; and
- Indiana employers paid Indiana unemployment tax on the first \$7,000 and each employee's wages during 2010. A law change increases the "per employee" wage base from \$7,000 to \$9,500 in 2011 (an increase of 36% in the taxable wage base from 2010 to 2011).

**IMPORTANT!!**

**The Indiana Department of Workforce Development is now mailing out 2011 "Merit Rate Notices" to all Indiana employers. You and AccuPay need to take the following 2 action steps in response to your 2011 Merit Rate Notice:**

**SHOULD YOU MAKE A "VOLUNTARY PAYMENT"?**

If you are eligible, your Merit Rate Notice will provide you an opportunity to "buy down" your scheduled 2011 Indiana unemployment tax rate by 2/10% to the next lowest schedule rate for 2011. We expect to recommend voluntary payments for 2011 than usual due to the increased Indiana taxable wage amounts.

**AccuPay can help you determine if your "voluntary payment" is a good deal – Simply call us at 885-7600 and we can help you decide! WE DO NOT CHARGE FOR OUR CALCULATIONS!**

## **WE NEED YOUR 2011 TAX RATE NOTICE**

AccuPay needs a copy of your 2011 “Merit Rate Notice” so we can collect the correct amount of Indiana unemployment tax from your first payroll in January, 2011. You can fax a copy to us at 885-7591 or e-mail it to [payroll@accupay.com](mailto:payroll@accupay.com).

If you have any questions about your 2011 unemployment taxes, call us at 885-7600. We appreciate you as a client, and hope that you are enjoying the Christmas season!

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.