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## Unemployment Tax News and Forms

### UNEMPLOYMENT TAXES ON THE RISE

Unemployment benefits are paid for entirely by payroll taxes on employers. **Most Hoosier employers are now paying more in Federal and state unemployment taxes than a few years ago due to:**

- The Federal unemployment tax rate for Indiana employers was 1.5% for 2012 since Indiana was one of 18 "credit reduction states" during 2012. A "credit reduction state" is a state which has borrowed funds from the Federal government in order to pay unemployment benefits. The "regular" Federal unemployment tax rate is 6/10 of 1% before added taxes to fund "interest" on the Federal loan; and
- Many employers have seen dramatically increased state unemployment tax rates the past few years as unemployment benefits paid out due to former employees far exceed tax payments into each employer's unique "experience account" with state unemployment agencies.

**TIP - Please read our previous PayDay ["More Futa Tax For 2012"](#) which includes information on "How to Save Unemployment Tax."**

### 2013 MERIT RATE NOTICES

**The Indiana Department of Workforce Development has mailed out 2013 "Merit Rate Notices" to all Indiana employers. You and AccuPay need to take the following action steps in response to your 2013 Merit Rate Notice:**

- **Make Sure AccuPay is Authorized as Your Agent.** Most of our clients have already appointed AccuPay as their "tax agent" on the Indiana Department of Workforce Development's website. This enables us to view your tax rate and quickly resolve any tax

correspondence/notices "online".

- **If AccuPay is NOT Your Agent, We Need Your 2013 Tax Rate Notice.** AccuPay needs a copy of your 2013 "Merit Rate Notice" so we can collect and pay out the correct amount of your state unemployment taxes during 2013. You can fax a copy to us at 885-7591 or email it to [payroll@accupay.com](mailto:payroll@accupay.com).
- **Should You Make A Voluntary Payment?** If you are eligible, your Merit Rate Notice will provide you an opportunity to "buy down" your scheduled 2013 Indiana unemployment tax rate to the next lowest schedule rate for 2013. We have seen instances where a \$50 "voluntary payment" will save over \$1,000 in annual taxes. **AccuPay can help you determine if your "voluntary payment" is a good deal - simply email your 2013 Merit Rate Notice to [payroll@accupay.com](mailto:payroll@accupay.com). WE DO NOT CHARGE FOR OUR CALCULATIONS!**

If you have any questions about unemployment taxes for 2013, call us at 885-7600.

*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.*