



Exempting Corporate Officers from Unemployment Insurance Coverage

Corporations may exempt corporate officers and not pay state unemployment taxes on them if they earn wages in Washington and meet certain criteria, depending on the type of corporation. (WAC 192-310-160)

What you must know

Exempted officers will not receive unemployment benefits if they lose their jobs. Corporate officers who are covered may receive unemployment benefits if they qualify. However, a corporate officer who owns 10% or more of the corporation or is a *family member* (WAC 192-310-190) of another corporate officer who owns 10% or more may not be eligible for benefits unless the officer permanently resigns or is permanently removed or unless the corporation dissolves. See FAQ page.

If a corporation exempts corporate officers, it must pay the full rate for federal unemployment taxes (FUTA) on them. This may cost more than state taxes, depending on tax rate and salaries. See FAQ page.

A separate law (RCW 50.12.070) also requires corporations to register with us and provide information about all corporate officers (whether or not they earn wages in Washington). This includes names, Social Security numbers, and percentage of ownership. We will not be able to process a request for exemption of corporate officers unless we have correct registration information about them. In order to provide or update registration information, submit the Update Ownership Information form.

Once exempted, reinstatement of coverage is significantly restricted (WAC 192-310-170). See FAQ page.

Begin the application process below by selecting the appropriate type of corporation.

What type of corporation is your business?

Private. Not a public corporation. Most for-profit corporations are considered private corporations. Continue the application process for exemption of corporate officers for private corporations.

Public. Have a class of shares registered with the federal Securities and Exchange Commission. Typically these involve large public offerings of securities. See WAC 192-310-150 for definitions. Continue the application process for exemption of corporate officers for public corporations.

Nonprofit. Tax-exempt (501(c)(3)) Nonprofit corporations are not eligible to exempt corporate officers from unemployment coverage.

You **do not** have to register or pay unemployment taxes for nonprofit corporate officers who are unpaid volunteers.

If your nonprofit corporation is not tax-exempt and has corporate officers who are paid, you may exempt them by following procedures for a private corporation.

These provisions on corporate officers do not apply to corporations that have no employees (other than their own corporate officers) or to limited liability companies (LLCs).

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Private Corporations - Exempting corporate officers

What corporate officers of a private corporation may be exempt?

What corporate officers in a private corporation may be exempt depends on whether or not all the exempted corporate officers are related family members.

Are **all** of the corporate officers being exempted related family members?

YES Private corporations may exempt from unemployment coverage **any number** of corporate officers who are **all** related by blood within the third degree of marriage (see next page for explanation). Continue the application process for exemption of corporate officers who are all related.

NO Private corporations in which **all** exempted corporate officers are not related may exempt from unemployment insurance coverage **up to eight** bona fide corporate officers. Continue the application process for exemption of corporate officers who are **not** all related.

Note: Corporations cannot combine the categories of "related" and "non-related" corporate officers to increase the number of exemptions. Even if most of the corporate officers are related, if **any** of the exempted officers in a private corporation are not related, the corporation must follow the process for exempting non-related corporate officers.

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Private Corporations – Exempting family corporate officers

What you must do to exempt officers of a private corporation when they are all family members

Complete the Private Corporation - Family Corporate Officer Exemption form and send it to us. The form must be signed both by the officer being exempted and by another corporate officer.

Note: The request for exemption must match the registration information we have on corporate officers. To update registration information, also submit the Update Ownership Information form.

What officers of a private corporation may be exempt when they are all family members?

Any number of corporate officers may be exempted, but **only** if they are all related by blood within the third degree of marriage.

This means that **all** corporate officers exempted must be family members limited to:

- Individual and his or her spouse
- Children
- Grandchildren
- Great-grandchildren
- Brothers and sisters
- Nephews and nieces
- Parents
- Grandparents
- Great-grandparents
- Aunts and uncles
- Spouses of any of these family members

Legal adoptions or step-relatives are included.

If any of the officers exempted are not related as listed, then go back and use the process for exempting non-related corporate officers.

How to process your exemption request

Print out and sign. Because the law requires two signatures for each corporate officer exempted, print a separate form for each officer. The exempted officer must sign the form. In addition, a second officer (if there is one) must also sign the form.

Mail your signed exemption forms. After you have both signatures on each form, mail the completed form(s) to:

Employment Security Department
UI Tax and Wage Administration/Status
P.O. Box 9046
Olympia, WA 98507-9046

In order to minimize the risk of processing errors, we strongly recommend that you mail all the forms as a single package. Mailing forms individually increases the chance of error.

Mail by January 15. You must mail your completed exemption form(s) by January 15 for the exemption to take effect that year.

New businesses may submit the form when they register with us and the exemption will take effect immediately.

Existing corporations must submit signed forms by January 15 of the year in which the exemption is to take effect. If postmarked after January 15, the exemption will not take effect for the officers until the following year.

Officers appointed after January 15 cannot be exempted until the following year.

Note: The request for exemption must match the registration information we have on corporate officers. To update registration information, also submit the Update Ownership Information form.

No reinstatement of coverage until 2014. If your corporation chooses to exempt corporate officers from unemployment coverage, it will not be able to change the decision and reinstate coverage until the year 2014. (Individual officers may be reinstated if they no longer qualify for exemption.) See FAQ page.

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Private Corporations – Exempting non-related corporate officers

What you must do to exempt officers of a private corporation when all exempted corporate officers are not related

Complete the Private Corporation (General) Corporate Officer Exemption form and submit it to the department. The form must be signed both by the individual officer being exempted and by another corporate officer.

Note: The request for exemption must match the registration information we have on corporate officers. To update registration information, also submit the Update Ownership Information form.

What officers of a private corporation may be exempt when they are not related?

Private corporations in which **all** exempted corporate officers are not related may exempt from unemployment insurance coverage **up to eight** bona fide corporate officers who:

Voluntarily agree to be exempt from coverage;

Are voluntarily elected or voluntarily appointed under the articles of incorporation or bylaws; and

Exercise substantial control in the daily management of the corporation.

How to process your exemption request

Print out and sign. Because the law requires two signatures for each corporate officer exempted, print a separate form for each officer. The exempted officer must voluntarily agree to be exempt and sign the form. In addition, a second officer (if there is one) must also sign the form.

Mail your signed exemption forms. After you have both signatures on each form, mail the completed form(s) to:

Employment Security Department
UI Tax and Wage Administration/Status
P.O. Box 9046
Olympia, WA 98507-9046

In order to minimize the risk of processing errors, we strongly recommend that you mail all the forms as a single package. Mailing forms individually increases the chance of error.

Mail by January 15. You must mail your completed exemption form(s) by January 15 for the exemption to take effect that year.

New businesses may submit the form when they register with us and the exemption will take effect immediately.

Existing corporations must submit signed forms by January 15 of the year in which the exemption is to take effect. If postmarked after January 15, the exemption will not take effect for the officers until the following year.

Officers appointed after January 15 cannot be exempted until the following year.

Note: The request for exemption must match the registration information we have on corporate officers. To update registration information, also submit the Update Ownership Information form.

No reinstatement of coverage until 2014. If your corporation chooses to exempt corporate officers from unemployment coverage, it will not be able to change the decision and reinstate coverage until the year 2014. (Individual officers may be reinstated if they no longer qualify for exemption.) See FAQ page.

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Public Corporations - Exempting corporate officers

What you must do to exempt officers of a public corporation

A public corporation must complete the Public Corporation Corporate Officer Exemption form and send it to us. The form must be signed both by the officer being exempted and by another corporate officer.

What officers of a public corporation may be exempt?

Corporate officers eligible for exemption must:

Be bona fide officers voluntarily elected or appointed under the articles of incorporation or bylaws of the corporation; and

Exercise substantial control in the daily management of the corporation;
and

Be shareholders; and

Have primary responsibilities which do not include manual labor.

RCW 50.04.165 (If you use this link, be sure to scroll down to new law effective January 1, 2009.)

How many officers may be exempt in a public corporation?

Public corporations may exempt any number of corporate officers.

How to process your exemption request

Print out and sign. Because the law requires two signatures for each corporate officer exempted, print a separate form for each officer. The exempted officer must sign the form. In addition, a second officer (if there is one) must also sign the form.

Mail your signed exemption forms. After you have both signatures on each form, mail the completed form(s) to:

Employment Security Department
UI Tax and Wage Administration/Status
P.O. Box 9046
Olympia, WA 98507-9046.

In order to minimize the risk of processing errors, we strongly recommend that you mail all the forms as a single package. Mailing forms individually increases the chance of error.

Mail by January 15. You must mail your completed exemption form(s) by January 15 for the exemption to take effect that year.

New businesses may submit the form when they register with us and the exemption will take effect immediately.

Existing corporations must submit signed forms by January 15 of the year in which the exemption is to take effect. If postmarked after January 15, the exemption will not take effect for the officers until the following year.

Officers appointed after January 15 cannot be exempted until the following year.

Note: The request for exemption must match the registration information we have on corporate officers. To update registration information, also submit the Update Ownership Information form.

No reinstatement of coverage until 2014. If your corporation chooses to exempt corporate officers for unemployment coverage, it will not be able to change the decision and reinstate coverage until the year 2014. (Individual officers may be reinstated if they no longer qualify for exemption.) See FAQ page.

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**Frequently asked questions about corporate officer exemption****New law covers corporate officers for unemployment insurance****Q. 1. What is the new law and when does it take effect?**

- A.** The new law changes unemployment insurance coverage of corporate officers. Under the old law, corporate officers are exempt from unemployment insurance unless the employer elects to cover them. Under the new law, corporate officers who provide services in Washington are covered for unemployment insurance unless the employer specifically exempts them. The new law takes effect on January 1, 2009.

The new law only applies to corporations. See Q10.

Q. 2. What does it mean to be covered by unemployment insurance?

- A.** If your corporate officers are covered for unemployment, it means you must report them as employees and pay state unemployment insurance taxes on their wages each quarter. It also means that they may be eligible for unemployment benefits if they lose their jobs. See Q27 for limitations on corporate officer unemployment benefits.

If you exempt your officers from coverage, you would not be required to report them or pay state unemployment insurance taxes on them and they would not be eligible for benefits if they lose their jobs. However, **you would have to pay full federal unemployment insurance taxes (FUTA)** on them. See Q8.

Q. 3. Our officers are already exempt from unemployment coverage. Do we have to do anything? What happens if we do nothing?

- A.** Under the old law, corporate officers were exempt from coverage unless they requested coverage. Under the new law, **corporations with employees must request to exempt their officers or they will be covered.** If you want your officers to remain exempt, you must submit an exemption form. Go to www.tax.go2ui.com and click on "Exempting corporate officers" to begin filling out an exemption form. We highly recommend using the Web site to make sure you get the proper form.

If you want your corporate officers to be covered by unemployment insurance, you do not need to do anything. If you do nothing, in 2009 your corporate officers will no longer be exempt from unemployment coverage. You would have to report them as employees and pay state unemployment insurance taxes on their wages each quarter.

Q. 4. Do we have to fill out a form if we want to exempt officers?

- A.** If you want to exempt your corporate officers, you must submit an exemption form for each officer. Go to www.tax.go2ui.com and click on "Exempting corporate officers" to begin filling out an exemption form. We highly recommend using the Web site to make sure you get the proper form. However, you may also obtain a paper form by contacting your district tax office.

Information on the exemption form must match corporate registration information on file in order to process your request for exemption. To update corporate registration information, you may also submit the Update Ownership Information form. See also Q13.

Once we approve your request to exempt a corporate officer, the exemption will stay in effect while the officer remains eligible for exemption. You will not have to reapply next year.

Updated November 21, 2008

Q. 5. Whom do I call if I have questions or need help with the form?

A. Please call your district tax office.

Q. 6. If we have corporate officers, but no employees, do we have to do anything to exempt the officers?

A. No. If a corporation has no employees other than corporate officers and all personal services are performed by bona fide corporate officers, it is not considered an employer under state unemployment insurance law unless it elects to cover its officers (RCW 50.04.080(3)). Because it is not an employer, corporate officers will continue to be uncovered, so the corporation does not need to exempt them.

How will this affect our unemployment taxes?

Q. 7. How will this affect our state unemployment taxes?

A. Covering your corporate officers will mean that you must include the officers and their in-state taxable wages in the quarterly reports that you file for unemployment insurance. You would pay state unemployment taxes on your corporate officers each quarter just as you do for all other corporate employees.

Q. 8. If we exempt corporate officers from state coverage, will this affect the corporation's federal taxes?

A. Yes. **If you exempt your officers from state coverage, you will lose your tax credit for them on FUTA taxes.** Your total taxes (state taxes and FUTA) may go up or down depending on the salaries of individual corporate officers and your state tax rate.

Q. 9. Will our total state and federal unemployment taxes go up or down if we exempt corporate officers from state coverage?

A. It is difficult to give a general rule for whether or not your total state and federal unemployment taxes will go up or down. Some of the factors are the salary you pay the corporate officer, your corporation's state tax rate, and the total difference in wages among all employees (excluding corporate officers) between the federal taxable wage base (currently \$7,000) and the state taxable wage base (\$35,700 in 2009).

You may wish to consult your bookkeeper or accountant about the impact of exempting corporate officers on your state and federal unemployment taxes. We cannot answer questions about what will happen to your specific tax rates for state or federal taxes.

What businesses are affected by the new law? Who is covered?

Q. 10. Does the new law apply to businesses other than corporations?

A. No. The new law only applies to corporate officers in corporations. **It does not apply to sole proprietors, partnerships, or limited liability companies (LLCs).**

Q. 11. Does the new law apply to board members or just corporate officers?

A. The new law applies to corporate officers; it does not apply to board members of corporations unless they are also corporate officers. Corporate officers include the people authorized as such in your corporation's bylaws.

Q. 12. Does the new law apply to nonprofit corporations?

- A.** In general, no. In fact, federal law dictates that nonprofits that are exempt under section 501 (c)(3) of the federal tax code and those that are reimbursable cannot exempt their corporate officers from unemployment coverage.

NOTE: Nonprofit corporations do not need to register or report volunteer officers. Therefore, there is no need to exempt them. This does not change under the new law.

There may be uncommon circumstances in which a corporate officer of a nonprofit corporation that is not a tax-exempt 501(c)(3) organization earns wages from the corporation and seeks exemption. In those circumstances, we will treat the exemption for the nonprofit corporation the same as for a private corporation.

Q. 13. Does the new law mean that we no longer have to register corporate officers?

- A.** No. You are required by current law to register your corporate officers with the Employment Security Department. This still applies regardless of whether your corporate officers are covered or exempt under the new law. See Questions & Answers on corporate officer registration. Registration information includes names, Social Security numbers, and percentage of ownership for all corporate officers, regardless whether they earn wages in Washington. We will not be able to process requests for exemption of corporate officers unless the information matches corporate registration information. To update corporate registration information, you may also submit the Update Ownership Information form.

Updated November 21, 2008

What corporate officers can be exempt?

Q. 14. Can we exempt some corporate officers and not others?

- A.** Yes. Nothing in the law restricts a corporation from choosing to exempt some officers and not others. However, once you choose to exempt an officer, the corporation cannot elect to reinstate the officer except under very limited conditions. See Q22.

Q. 15. How many officers can we exempt?

- A.** It depends on whether your corporation is private or public.

Private corporations* may exempt	Public corporations* may exempt
<p>Up to eight corporate officers who:</p> <ul style="list-style-type: none"> Are voluntarily elected or appointed under the articles of incorporation or bylaws of the corporation; and Exercise substantial control of the daily management of the corporation; and Voluntarily agree to be exempted. <p>OR</p> <p>Any number of corporate officers if all of the officers being exempted are related by blood within the third degree or by marriage**.</p>	<p>Any number of corporate officers who:</p> <ul style="list-style-type: none"> Are voluntarily elected or appointed under the articles of incorporation or bylaws of the corporation; Exercise substantial control of the daily management of the corporation; Are shareholders; and Have primary responsibilities which do not include manual labor.

* *Public corporations* have a class of shares registered with the federal Securities and Exchange Commission. *Private corporations* do not.

** Includes spouse, children, grandchildren, great grandchildren, brothers and sisters, nephews and nieces, parents, grandparents, great grandparents, aunts and uncles. Legal adoptions or step-relatives are included.

If a private corporation exempts eight or more related corporate officers, then it may not exempt any additional non-relatives.

Q. 16. How will we know that our request for exemption or reinstatement was approved?

A. We will notify you whether or not we have approved your request.

Q. 17. What if you disapprove my request?

A. We will notify you if we disapprove your request for exemption or reinstatement. If this results in an order and notice of assessment or denial of a refund, you may appeal that decision.

Q. 18. After we have requested an exemption, when does it take effect?

A. If you request an exemption when you first register as an employer, it takes effect immediately. If you request an exemption after your business is registered, you must send your request to us by January 15 for the exemption to be effective for that year.

Q. 19. What if we send a request for exemption after January 15?

A. If postmarked or faxed after January 15, the exemption will not take effect until the following year. This also applies to officers elected or appointed after January 15. The law provides that an exemption can only take effect on January 1 and does not allow retroactive application after January 15.

Q. 20. What about refunds?

A. We will not give a refund or credit for periods before the effective date of the exemption.

Q. 21. If we use the Employment Security Department Web site for an exemption form, why do we have to send paper copies of the form?

A. The law requires signatures of both the corporate officer being exempted and another corporate officer verifying the decision for exemption. The easiest way to achieve this is with paper copies printed from the Web site. The Web site is designed to help guide you through the process of selecting the proper form for your corporation. To begin the process, go to www.tax.go2ui.com and click on "Exempting corporate officers."

Reinstatement of coverage

Q. 22. When does an exemption end?

A. An exemption ends immediately for private and public company corporate officers who no longer qualify for the exemption.

For example, in a private corporation, the officer may no longer be a bona fide elected or appointed corporate officer. However, officers of private companies must have a reason other than canceling their voluntary agreement to end their exemption. For instance, the exemption does not end solely because an officer of a private company withdraws his or her voluntary agreement to be exempted. For another example, in a public corporation, the officer may no longer be a bona fide elected or appointed corporate officer or may no longer be a shareholder of the public corporation.

An exemption for an officer of a private or public corporation also ends at five year intervals if you send us written notice by January 15 requesting reinstatement. Otherwise, an approved exemption will stay in effect while the officer remains eligible. Requested reinstatement is only effective the first day of the calendar year at set intervals of five years

beginning January 1, 2014, then January 1, 2019, and every five years after that.

Q. 23. What if there is a change in status for an exempted corporate officer?

- A.** You must submit any changes in corporate officers on the Update Ownership Information form (5208C-2) with your quarterly tax reports.

Q. 24. What about any taxes owed for reinstated officers?

- A.** Your company is responsible for any taxes, penalties and interest due if coverage is reinstated, regardless of whether you gave notice about the termination of the exemption.

Q. 25. Under what circumstances is a reinstatement request denied?

- A.** We will not reinstate coverage at the five-year interval for reinstatement for a corporate officer if your company:

Committed tax-related fraud within the last five years;

Is delinquent in paying its taxes; or

Is currently assigned a delinquent tax rate.

Q. 26. Is there a form for reinstatement requests?

- A.** No special form for reinstatement at the five-year interval is needed at this time.

Send us a letter that includes:

Name, address, and telephone number of your corporation;

Employment Security account number;

Name(s) and Social Security numbers of corporate officer(s) to be reinstated.

Benefits

Q. 27. Are there special rules for when corporate officers may receive unemployment benefits?

- A.** Yes. Effective, January 1, 2008, there are special rules which apply only when a corporate officer owns 10 percent or more of the corporation or is a family member (related by blood or marriage as parent, stepparent, grandparent, spouse, child, brother, sister, stepchild, adopted child, or grandchild) of another corporate officer who owns 10 percent or more of the corporation. In those circumstances, the corporate officer may not be eligible for unemployment benefits unless the officer resigns or is removed as corporate officer or if the corporation dissolves. See WAC 192-310-190 for more details.

Out-of-state corporate officers

Q. 28. If my corporate officers are out-of-state, i.e., they do not work in Washington State and are subject to the unemployment laws of other states or Canadian provinces, do we still have to file to exempt them?

- A.** No. The same rules apply for corporate officers as for other workers in determining where they work, their "situs of service." Typically, if they do not work in Washington, corporate officers would not have to be reported for unemployment in Washington. Therefore, they would not have to be exempted from coverage.

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Corporate Officer Exemption Form Private Corporation – Family Corporate Officer

Private corporations may exempt from unemployment coverage any number of corporate officers who are all related by blood within the third degree of marriage. This means that **all** corporate officers exempted must be family members limited to:

- Individual and his or her spouse
- Grandchildren
- Great-grandchildren
- Nephews and nieces
- Grandparents
- Aunts and uncles
- Children
- Great-grandchildren
- Brothers and sisters
- Parents
- Great-grandparents
- Spouses of any of these family members

Legal adoptions or step-relatives are included.

Business name: _____

Business phone: _____

ES Reference number: _____

UBI Number: _____

Name of preparer/contact person: _____

Title: _____ Business phone: _____

Email: _____

Corporate officer being exempted (Use a separate form for each officer):

First name: _____ Last name: _____

Social Security number: _____ Title: _____

I certify that I have read and understand the terms of exemption and that I meet the exemption criteria as an officer/family member of a private corporation.

Signature

Date

Corporate officer verifying exemption decision (Must be a different officer unless no others exist):

First name: _____ Last name: _____

Title: _____

Signature

Date

Fax this form to 360-902-9264 or mail to: Employment Security Department, UI Tax and Wage Administration/Status, P.O. Box 9046, Olympia, WA 98507-9046

Exemption is not valid until the exemption forms are signed by the corporate officers and received by the Employment Security Department. Forms must be sent by January 15 to be effective for that year. Forms lacking complete information or not matching corporate registration information on file cannot be processed. We will notify you after we act on the completed exemption forms.



Corporate Officer Exemption Form Private Corporation – General Corporate Officer

Private corporations in which **all** exempted corporate officers are not related may exempt from unemployment insurance coverage **up to eight** bona fide corporate officers who:

- Voluntarily agree to be exempt from coverage;
- Are voluntarily elected or voluntarily appointed under the articles of incorporation or bylaws; and
- Exercise substantial control in the daily management of the corporation.

Business name: _____ Business phone: _____

ES Reference number: _____ UBI Number: _____

Name of preparer/contact person: _____

Title: _____ Business phone: _____

Email: _____

Total number of corporate officers exempted (may not exceed 8): _____

Corporate officer being exempted (Use a separate form for each officer):

First name: _____ Last name: _____

Social Security number: _____ Title: _____

I certify that I have read and understand the terms of exemption and that I meet the exemption criteria as an officer of a private corporation. I voluntarily agree to be exempt from unemployment coverage.

Signature Date

Corporate officer verifying exemption decision (Must be a different officer unless no others exist):

First name: _____ Last name: _____

Title: _____

Signature Date

Fax this form to 360-902-9264 or mail to: Employment Security Department, UI Tax and Wage Administration/Status, P.O. Box 9046, Olympia, WA 98507-9046

Exemption is not valid until the exemption forms are signed by the corporate officers and received by the Employment Security Department. Forms must be sent by January 15 to be effective for that year. Forms lacking complete information or not matching corporate registration information on file cannot be processed. We will notify you after we act on the completed exemption forms.



Corporate Officer Exemption Form Public Corporation (Use only for public companies registered with SEC)

Public corporations may exempt from unemployment insurance coverage any number of bona fide corporate officers who:

- are voluntarily elected or voluntarily appointed under the articles of incorporation or bylaws of the corporation;
- are shareholders;
- exercise substantial control in the daily management of the corporation; and
- have primary responsibilities that do not include manual labor.

Business name: _____

Business phone: _____

ES Reference number: _____

UBI Number: _____

Name of preparer/contact person: _____

Title: _____

Business phone: _____

Email: _____

Corporate officer being exempted (Use separate form for each officer):

First name: _____

Last name: _____

Social Security number: _____

Title: _____

I certify that I have read and understand the terms of exemption and that I meet the exemption criteria as an officer of a public corporation.

Signature

Date

Corporate officer verifying exemption decision (Must be a different officer unless no others exist):

First name: _____

Last name: _____

Title: _____

Signature

Date

Fax this form to 360-902-9264 or mail to: Employment Security Department, UI Tax and Wage Administration/Status, P.O. Box 9046, Olympia, WA 98507-9046

Exemption is not valid until the exemption forms are signed by the corporate officers and received by the Employment Security Department. Forms must be sent by January 15 to be effective for that year. Forms lacking complete information or not matching corporate registration information on file cannot be processed. We will notify you after we act on the completed exemption forms.



Law change affects corporate officers and unemployment - September 30, 2008

08-064

Media contact: Mark Varadian, 360-902-9454

OLYMPIA – Should corporate officers be exempted from unemployment insurance? That’s going to be a common question for Washington corporations in the next few months in preparing for a new state law that takes effect in January.

Under the old law, corporate officers are exempt from unemployment insurance unless their employer elects to cover them and pays unemployment taxes for those individuals. Beginning Jan. 1, 2009, corporate officers who provide services in Washington will be covered for unemployment insurance unless their employer specifically exempts them.

Officers whose employers previously exempted them from coverage must be re-exempted under the new law.

Corporations that want their officers to be covered by unemployment insurance do not need to file for coverage, but must include the officers and their Washington wages in the unemployment insurance quarterly reports beginning in 2009. State unemployment taxes on corporate officers must be paid each quarter, and they may be eligible for unemployment benefits if they lose their jobs.

A 2006 study by the Employment Security Department found at least \$5 million a year in uncollectable taxes that were directly due to corporate officers being paid benefits when appropriate taxes were not paid.

“The new law will help ensure that those who qualify for unemployment receive their benefits, and those who try to abuse the system are stopped,” said Employment Security Commissioner Karen Lee.

Exemption requests must be postmarked by Jan. 15, 2009, for the exemption to take effect in 2009. If the request for exemption is received or postmarked after Jan. 15, the exemption will start in 2010.

For more information, go to <http://www.esd.wa.gov/uitax/corporateofficers/faq.php>.

Broadcast version

Beginning this January, corporate officers who perform work in Washington will be covered for unemployment insurance unless their employer specifically exempts them.

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