



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

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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

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