



Change in corporate officer law about to take effect - Jan. 13, 2009

09-003

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Audio: /newsandinformation/releases/audio/corp-officers.mp3

OLYMPIA – Under a state law taking effect this year, Washington corporations must decide by Jan. 15 whether to exempt corporate officers from unemployment insurance.

Under the old law, corporate officers were exempt from unemployment insurance unless their employer elected to cover them and paid unemployment taxes for those individuals. But as of Jan. 1, 2009, corporate officers who provide services in Washington are automatically covered for unemployment insurance unless their employer specifically exempts them.

Exemption requests must be faxed or postmarked by Jan. 15, 2009, for the exemption to take effect this year. If the request for exemption is received or postmarked after Jan. 15, the exemption will not start until 2010 and corporations must pay taxes on the corporate officers throughout 2009.

At stake are potential unemployment benefits if the corporation should lay off corporate officers. Generally, only employees, including corporate officers, for whom unemployment insurance taxes were paid are eligible for benefits in the event of a layoff. Exempted corporate officers for whom no unemployment taxes were paid would not be eligible for benefits.

"It is a matter of fairness," said Employment Security Commissioner Karen Lee. "The new law helps ensure that those who qualify for unemployment receive their benefits and those who have opted out of the unemployment system won't."

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 their unemployment-insurance quarterly reports. To maintain their exemption, officers whose employers previously exempted them from coverage must be re-exempted under the new law. Exemption requests must provide all relevant registration information and include the signature of a second corporate officer.

Although the exemption requests are due by Jan. 15 to take effect in 2009, tax filings for the first quarter of 2009 are due April 30, 2009.

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

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Broadcast version

Beginning this year, corporate officers who perform work in Washington will be automatically covered for unemployment insurance unless their employer specifically exempts them by notifying the Employment Security Department.

Exemption requests must be postmarked by January 15th, 2009, for the exemption to take effect in 2009.

