

Business Update

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New laws affect employers

During the 2007 legislative session, lawmakers passed a series of new laws to increase the equity and efficiency of the unemployment-insurance system.

House Bill 1278 will more closely link new employers' unemployment tax rates with their actual costs, saving them more than \$9 million next year. The new tax rates take effect in 2008.

Senate Bill 5373 includes multiple changes that will improve the fairness, stability and efficiency of Washington's unemployment-insurance system for businesses. Specifically, it will hold employers more accountable for their own unemployment costs so they can't pass those costs off to other businesses. Under the new law:

- Employers will be charged for unemployment benefits paid to their workers if the employer did not report or incorrectly reported employee hours on their quarterly tax reports.
- Officers of a corporation that goes out of business may be held personally responsible for unemployment taxes if they tried to hide assets or lied to avoid the tax bill.
- Employers who file incorrect or incomplete tax-and-wage reports will receive a warning letter for a first offense, and repeated violations will be penalized on a graduated scale. The bill also introduced a \$75 minimum for the second violation, \$150 for the third and \$250 for each error after that.
- By this September, professional employer organizations (PEO) must register themselves and their client companies with us and file separate tax reports for each client. Also, each client company will pay taxes based on its own unemployment experience, rather than sharing a single rate with other clients of the PEO, beginning in 2008.
- In 2009, corporations will be required to provide unemployment coverage for all of their corporate officers, unless the employer notifies its officers and our department in writing that it is opting out.

PEO information in your in-box

Want to learn more about registration options or be involved in the rule-making process? Sign up for the PEO listserv and have current information delivered directly to your e-mail in-box.

To sign up, go to www.wa.gov/esd/taxinfolist.

The bill also introduced penalties and increased suspension periods for people who collect benefits they do not deserve. They will still have to pay back any benefits they received, too. Stiffer penalties should deter people from trying to scam the system, which will help control employers' costs and stabilize their tax rates. This section of the law takes effect in January 2008.

June 2007

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Tax tip: Avoid the penalty tax rate for 2008

Submit all past taxes and late tax reports by September 30 to avoid the penalty tax rate of 5.6 percent for 2008.

If you cannot make full payment, you still can avoid the penalty rate by establishing a deferred-payment contract with us. If your contract is approved before September 30 and you are making scheduled payments, you will receive your regular tax rate for 2008. Contact your District Tax Office or call us at 360-902-9650 for more information.

Note: Tax rates (both penalty and regular) are assigned for the entire year.

In Senate Bill 5653, the legislature introduced a new self-employment benefits program for people who are likely to run out of unemployment benefits before they find a job. The program will start in January 2008 and run through June 2012.

A pair of other bills will affect employers in certain industries.

- **Small theaters** with three or fewer employees will no longer pay unemployment taxes for performers who earn only a stipend that reimburses expenses. A stipend cannot exceed \$600 per person per year. (Senate Bill 5534)
- **Churches and religious organizations** must notify employees that they may not be eligible for unemployment benefits. We will send information to these employers to post for their employees. (Senate Bill 5702)

Unless otherwise noted, these changes will take effect on July 22, 2007. To read the new laws, go to www.leg.wa.gov, click on "Bill Search" and look them up by their bill number.

Tips for Vista users

If you've upgraded to the new Windows Vista Operating System, you can still file your unemployment taxes with *UIFastTax*. There are some differences in the directory structure that have changed the way *UIFastTax* organizes data, so we have developed a tip sheet to help. Go to www.efile.go2ui.com and click on "Information for Windows Vista Users" in the center of the page.

Before upgrading or moving to a new computer, you should back up your tax records. To do so, open *UIFastTax*, select "Backup" from the "File" menu and save to a disc or CD.

If you need help, e-mail technical support at uifstsupport@esd.wa.gov or call 800-565-4660.

More tax forms

If you need additional Quarterly Wage Detail Report (5208B) forms, send an e-mail to taxforms@esd.wa.gov or call 360-902-0916.

Avoid forms altogether by filing your taxes at www.efile.go2ui.com.



Report a Fraud

Do you know an employer who is not paying taxes? Someone who is collecting unemployment, but not looking for work, or is working "under the table"? Or someone who is collecting worker's comp, but not really injured? This is fraud - and it costs everyone.

Call 1.888.811.5974 or report online at www.lni.wa.gov/main/fraud.

District Tax Offices

Bellevue	425.649.4388
Bellingham	360.676.2070
Lynnwood	425.774.2380
Seattle North	206.706.3801
South Sound*	253.593.7380
Spokane	509.532.3090
Tri-Cities	509.735.0939
Vancouver	360.735.5050
Wenatchee	509.662.0448
Yakima	509.574.0137
Out of State	360.902.9620

* South Sound serves businesses in South King, Pierce, Kitsap, Thurston, Mason, Lewis, Grays Harbor and North Pacific counties.

The logo for WorkSource, with 'WORK' in a bold, sans-serif font and 'Source' in a script font, with a stylized arrow pointing upwards through the letter 'S'.

List job openings

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