



Alaska Employer

Newsletter

Unemployment Insurance Tax



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Bill Walker, Governor

Heidi Drygas, Commissioner

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June 2017

Questions about your rate, account or contributions?

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Penalty rates are avoidable

Employer tax rates are calculated based on the quarterly reporting history of payroll information. As an employer, you can assure you receive an Experience tax rate instead of a Penalty tax rate by double-checking all your quarterly contribution reports and making sure payments have been submitted by July 31, 2017. If you are not sure, give us a call.

This year, 279 Alaska employers received a penalty rate

Experience rates for 2017 range from one percent to 1.73 percent. At a taxable wage base of \$39,800, Alaska employers at a 1.73 percent rate will pay a maximum of \$688.54 per employee this year. Currently, 45 percent of Alaska employers are at an Experience rate of one percent and pay no more than \$398 per employee.

A Penalty-rated employer is taxed at 5.4 percent and can be liable for up to \$2,149.20 per employee, more than three times the amount of the highest rate for an Experience-rated employer and more than five times the amount for the lowest Experience-rated employer.

Are you hiring summer help for 2017?

Q. If I hire employees on a temporary or seasonal basis, do I need to report those wages?

A. Yes. Workers hired to provide services within the usual course of your business are employees. Whether you pay the worker for one day or one hour, \$1 or \$1,000, the wages must be reported quarterly to the Unemployment Insurance program. Examples of paid employees that should be included on your quarterly tax report are:

- Tour guides/bus drivers
- Seasonal employees
- Day labor/casual labor
- Sports officials
- Student working in the tourism industry
- Street vendor workers
- Fill in office staff
- Temporary staff
- Hunting or fishing guides
- Fair and carnival workers
- Seasonal pilots
- Boat operators and crew
- Camp counselors

Casual labor

Casual labor is a common term used in the employer community to describe workers performing a variety of services, usually on a temporary or part-time basis. Often these workers are hired temporarily for an hour, a day, or a week. There is no provision in the law that excludes a worker from employment solely because he or she works less than full-time. The following types of workers have been referred to as casual laborers:

- Part-time helper
- Temporary helper
- Day laborer
- Outside laborer
- Student
- Alien
- A worker on probation
- A worker in training
- A retiree worker collecting Social Security benefits
- A worker without a Social Security Number

Under Alaska Statute 23.20.526(a)(3), if a worker performs services for an employer that is in the employer's normal course of business, regardless of the amount of time worked or wages paid to the worker, the wages are reportable on the Quarterly Contribution Report.

As an example: An employee is out sick for the evening and cannot work their shift. The employee has a friend come in for a few hours to cover the shift. The friend is paid \$25. The \$25 is considered wages and must be reported to the UI program on the Quarterly Contribution Report as this work is in the normal course of the employer's business.

Miscellaneous payments

Miscellaneous payments such as employee bonuses, cash awards (or cash equivalents) and payments made to temporary or seasonal employees (regardless of length of employment or amount paid) are considered wages and should be reported on the Alaska Quarterly Contribution Report in the quarter in which they were paid.

**Quarterly reports and payments
are due by July 31.**