



Florida Department Of Revenue  
Tax Information Publication

**TIP**

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## Changes to Unemployment Tax Rate Calculation and Taxable Wage Base

Recently passed legislation makes changes to Florida unemployment tax law. The law:

- Adjusts the tax rate calculation for 2012,
- Changes the taxable wage base from \$8,500 to \$8,000,
- Grants employee leasing companies an election to select reporting by client tax rates,
- Renames “unemployment compensation” to “reemployment assistance,” and
- Requires private employers to identify certain wages paid to employees performing services for an educational institution.

**The tax rate recalculation and reduced taxable wage base changes are immediate, which affects the amount you owe for your first quarter 2012 *Employer’s Quarterly Report (Form UCT-6)*.** Be sure to use the correct calculations when you submit the report, which is due by April 30, 2012.

### Change to Rate Calculation

Changes to the 2012 tax rate calculation include a reduction in the positive adjustment factor, which is applied to many contributing employers. The Department is mailing new 2012 *Unemployment Compensation Tax Rate Notices (UCT-20)* in late March. This notice replaces the UCT-20 notice mailed in December 2011. Employers with a Minimum Tax Rate (Reason Code D) or an Earned Tax Rate (Reason Code G) will see a decreased rate. Some employers at the Maximum Tax Rate (Reason Code E) will see a decreased rate. Employers at the Initial Tax Rate (Reason Code F), the Penalty Tax Rate (Reason Code A) or the Standard Tax Rate (Reason Code B) will not see a rate change.

### Change to Taxable Wage Base

The new law changes the amount of wages per employee subject to unemployment tax (the taxable wage base) to \$8,000 for 2012 through at least 2014. This eliminates the increase to \$8,500 that was scheduled to take effect on January 1, 2012. Unemployment tax is calculated by multiplying the tax rate by the taxable wages for the quarter. Only the first \$8,000 of wages per employee is considered taxable wages.

### Employee Leasing Companies

#### Option to Pay Unemployment Tax at Each Client’s Tax Rate

By July 1, 2012, an employee leasing company or professional employer organization (PEO) must notify the Department in writing if it elects to report and pay unemployment tax contributions under the tax identification number and contribution rate of each of its clients. This is called the client reporting method. This is a one time election, binding on all the employee leasing company’s current and future clients. The employee leasing company will continue to report internal employees of the company under its own tax identification number and contribution rate.

An employee leasing company that elects to use the client method must begin with all reports due after January 1, 2013. A separate report must be filed for each client. An employee leasing company that has not notified the Department of its election to report using the client method must continue to report under the employee leasing company’s tax identification number and contribution rate.

On or after July 1, 2012, a newly licensed employee leasing company must, within 30 days of when the license is granted, notify the Department in writing of its election to report using the client method. A newly licensed

employee leasing company that has not notified the Department of its election to report using the client method must report under the employee leasing company's tax identification number and contribution rate.

### **Renaming "Unemployment Compensation" to "Reemployment Assistance"**

This law changes the name of the Unemployment Compensation Law to the Reemployment Assistance Program Act and changes the focus of Chapter 443, Florida Statutes and the Department of Economic Opportunity's Division of Workforce Services, to assisting Florida's jobseekers with becoming reemployed.

The Department of Revenue will participate in this renaming effort throughout 2012 by changing all references to "unemployment tax" to "reemployment tax." During the year, you will see changes to form names, brochures and other documents.

### **Private Employer Contract with Educational Institutions**

Effective July 1, 2013, private employers with a contract to provide services to an educational institution must identify the wages paid to individuals related to such services. Individuals who are paid wages for this type of service will not be eligible to receive unemployment compensation benefits between successive academic years, between regular terms, during vacation periods or holiday recess, and during a contractually provided sabbatical. The Department will provide more details and instructions in the future.

Read more on our Internet site at: [http://dor.myflorida.com/dor/taxes/unemploy\\_comp\\_law.html](http://dor.myflorida.com/dor/taxes/unemploy_comp_law.html)

References: Chapter 443, Florida Statutes (2012).

### **FOR MORE INFORMATION**

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our Internet site at [www.myflorida.com/dor](http://www.myflorida.com/dor) or call Taxpayer Services, 8:00 a.m. to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, Mail Stop 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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