



Alaska Employer

Newsletter

Unemployment Insurance



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Sean Parnell, Governor

Dianne Blumer, Commissioner

James Harvey, Director

March 2014

Questions about your account or contributions?

Contacts

Juneau Central Office

P.O. Box 115509
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Email: ESD.Tax@Alaska.Gov
Relay Alaska: (800) 770-8973

UI TAX OFFICES

Anchorage

P.O. Box 241767
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Phone: (907) 269-4850
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Fairbanks

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Kenai

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Phone: (907) 335-3020
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Wasilla

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Phone: (907) 352-2535
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UI Tax Representative

Toll free: (888) 448-2937

Employee or independent contractor

Alaska Statutes require scrutiny of the relationship between the employer and the contract laborer to determine whether the worker is an employee for Unemployment Insurance Tax purposes. Alaska Statutes gives three conditions, discussed below, that must be met for a worker to be excluded from coverage. It is in your best interest to understand these provisions of the law. Failure to report a contract laborer who does not meet all the conditions on your quarterly reports may result in additional taxes, interest and/or penalties.



Agreements and contracts are not sufficient to alter the real status or relationship between the employer and the worker. Coverage under the Alaska Employment Security Act cannot be waived. In other words, an employer and/or employee cannot decide a worker is an independent contractor, responsible for his/her own taxes, unless the legal conditions are met.

These conditions have been interpreted in a number of **appeals and court decisions**, the outcomes of which may be helpful in determining if "contract labor" is actually "employment" and, therefore, should be reported for unemployment insurance tax purposes. The following synopsis is not all inclusive, but should be of some assistance:

To qualify as an independent contractor, a contract laborer must meet all three of the following conditions:

- Must be free from direction and control;
- Service must not be in the employer's usual course or place of business and;
- Must be customarily working in an independent trade or business of the same nature.

For more information, go to our website at **Labor.Alaska.Gov/estax** and review the **"Do You Have Contract Labor"** brochure or contact your nearest **Field Tax Office**.

Pretax deductions for UI purposes

The following types of employer payments should **not** be included as employee wages on the Quarterly Contribution Report.

- Employer payments to or on behalf of an employee into a fund for retirement, sickness or accident disability; medical or hospitalization; or death benefits
- Reimbursement for employees' moving expenses
- Per diem for employees working away from home
- Reimbursement for expenses incurred by employees in the performance of duties
- Dismissal pay that the employer is not legally required to pay
- Section 125 Cafeteria Plan benefits including:
 - Group term life insurance
 - Accident or health insurance
 - Participation in a 401(k) retirement plan
 - Flexible Spending Arrangement (FSA)
 - Health Savings Account (HSA)
 - AFLAC plans

However, the following Section 125 benefits are not excluded and **must be included** on the Quarterly Contribution Report:

- Cash in lieu of benefits
- Dependent care assistance plan
- Adoption assistance
- Group legal services plan

Tax online services

UI Tax online employers can:

- Register a new business or change business type
- Update or close an account
- Make payments through electronic funds transfer (EFT)
- View balance and payment history
- Enter wage information for filing single or multiple accounts
- Upload wage detail by sending a computer file over the Web
- Submit zero or "no wages" reports

To view a demonstration of our online services, go to Labor.Alaska.Gov/estax and select "Online Filing Demonstrations."

UPDATE YOUR ACCOUNT ONLINE

If you need to update your name, address, phone number or email on your **Employment Security Contribution account**, visit Labor.Alaska.Gov/estax. Click on the "On-Line Employer Services" link to access and update your account.

Quarterly reports are due April 30, 2014.

We are an equal opportunity employer/program.
Auxiliary aids and services are available upon request to individuals with disabilities.