



Alaska Employer Unemployment Insurance Tax



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Am I required to file my Quarterly Contribution Report and make my payment on the same date?

No. When filing through the Tax Online System (TOS), you can submit your Quarterly Contribution Report then delay your electronic payment until the date you specify. However, both your report and payment must be received by Employment Security Tax *no later than 30 days* after the end of the quarter to be considered timely.

Filing the Quarterly Contribution Report early helps the Unemployment Insurance (UI) program detect potential fraud payments to clients, as it alerts the UI program of employees who are filing for UI benefits while also working full-time. Filing for Unemployment Insurance and not reporting work status is the number one cause of improper benefit payments from the UI Trust Fund.

Are corporate officer wages reported on the Quarterly Contribution Report?

Under Alaska Statute 23.20.526(a)(19), corporate officer wages are **exempt** and should not be reported on the Quarterly Contribution Report unless the corporation voluntarily elects coverage for their officers. You may elect coverage by completing the Voluntary Election of Coverage for Excluded Employment form located online: www.labor.state.ak.us/estax/forms/toc_forms.htm.

Once an election of coverage is approved, the agreement is binding for a minimum of two full calendar years from the effective date of the coverage. Coverage continues in effect on a yearly basis until either the employer requests termination of the coverage in writing by March 15 of the year for which termination is requested, or Employment Security Tax terminates the coverage in the event taxes become delinquent.

Important points to remember

- If coverage is elected, all corporate executive officers must be covered as a group.
- Self-employment is not covered, nor can coverage be elected. Sole proprietors, partners and managing members of a Limited Liability Company are considered self-employed.

What is the difference between gross wages, total reportable wages and taxable wages?

Gross wages are the total wages paid to an employee before any deductions. **Total reportable wages** are gross wages less any payments that are specifically excluded from Alaska's definition of "employment" under Alaska Statute 23.20.525 or the definition of "wages" under Alaska Statute 23.20.530.

When computing "Total Reportable Wages Paid this Quarter" for Box 2 of the Quarterly Contribution Report **do not report** payments that are excluded from the definition of employment such as corporate officer wages or self employment, or payments that are excluded from the definition of wages such as retirement and health benefit plan contributions.

- If a payment is **reportable** it is also potentially taxable, and the amount of the payment must be included in wages reported for unemployment insurance taxes.
- If a payment is **not reportable**, the amount of the payment should not be included in wages reported for each employee, or in the summary of reportable or taxable wage amount on the Quarterly Contribution Report.

Reportable and non-reportable wages should not be confused with taxable and non-taxable wages. Reportable wages are taxed up to the annual **taxable wage base**, which is \$34,600 for calendar year 2011. Wages paid to an employee in excess of the taxable wage base are still included in the reportable wages total in Box 2 and listed on the Wage Schedule, but are not taxed. The computation of non-taxable wages is listed as a total amount in Box 3 of the Quarterly Contribution Report.

"**Taxable wages** paid this quarter" are the amount of total reportable wages less the sum of any wages that are in excess of the current year's taxable wage base. This amount only should be reflected in Box 4 of the Quarterly Contribution Report.

The taxable wage base is recalculated each year and represents 75 percent of the average annual wage amount. The average annual wage for 2011 is \$46,173.38.

Miscellaneous payments

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

