



What Employers Need to Know about Reemployment Tax

What is Reemployment Assistance?

Reemployment assistance gives partial, temporary income to workers who lose their jobs through no fault of their own, and are able and available for work. The purpose is to provide assistance to jobless workers, their families, and the business community.

Who Pays for Reemployment Assistance?

You, the employer, pay for reemployment assistance through a tax managed by the Florida Department of Revenue. It is one of your business costs. Workers do not pay reemployment tax and employers must not make payroll deductions for this purpose. The consumer bears this cost in the price of the goods or services you sell. Thus, the burden of reemployment is shared by all. Your payments go into a fund from which monies are paid to eligible claimants. After a qualifying period, employers with a stable employment history are eligible for a lower tax rate.

Who is Liable for Reemployment Tax?

A new business must report its initial employment in the month following the calendar quarter in which employment begins. You can register to file reports and pay tax through our website. The site will guide you through an application interview that will help you determine your tax obligation. If you do not have Internet access, you can complete a paper *Florida Business Tax Application* (Form DR-1).

You are liable if you meet any of the following conditions:

- You have quarterly payroll of \$1,500 or more in a calendar year;
- You have one or more employees for a day (or portion of a day) during any 20 weeks in a calendar year;
- You are an agricultural employer and have five or more workers for a day (or portion of a day) during any 20 weeks in a calendar year, or a cash payroll of \$10,000 or more in any calendar quarter;
- You are a domestic employer with a cash payroll of \$1,000 or more in a calendar quarter;
- You purchase all or part of a liable business, or the combination of your existing payroll or employment and that of the business you purchased meets the liability criteria;
- You are a nonprofit organization as defined in section (s.) 3306(c)(8) of the Federal Unemployment Tax Act and s. 501(c)(3) of the Internal Revenue Code and have four or more employees for a day (or portion of a day) during any 20 weeks in a calendar year;
- You are a state, county, city, or joint governmental unit; or
- You are an Indian tribe or tribal unit.

Nonprofit organizations, governmental agencies, and Indian tribes are given the option of paying their reemployment insurance costs by the tax-paying method or the reimbursable method. The reimbursable employer must repay benefits paid to former employees on a dollar-for-dollar basis. Regardless of the method of payment, these employers must submit wage reports each quarter. If an employer chooses to change the method of paying, it must sign a special election form and stay with the chosen method for at least two years. More information is available in *Information for Nonprofit Organizations* (RTS-1C) available on the Department's website.

A liable employer must display the poster *To Employees* (RT-83) where all employees can see it. Posters are also available in Spanish (RT-83SP).

Voluntary Coverage

An employer that is not required to pay reemployment tax may elect to voluntarily provide reemployment coverage for its workers. To apply for voluntary coverage, complete and submit the voluntary *Election to Become an Employer Under the Florida Reemployment Assistance Program Law* (RTS-2) available on the Department's website.

Definitions

- **Employment** - Any service done by an employee for the employer.
- **Employee** - A person who is subject to the will and control of the employer as to what must be done and how it is done.
- **Casual Labor** - Work that is not in the course of the employer's regular trade or business and which is occasional, incidental, or irregular. Do not confuse casual labor with temporary or part-time employment. A corporation cannot have casual labor.
- **Independent Contractor** - A person not subject to the will and control of the employer. The employer does not control or direct the manner or method of job performance. The general public is aware that the person is an independent contractor.
- **Officers of a Corporation** - Any officer of a corporation performing services for the corporation is an employee of the corporation during tenure of office, even when no compensation is received for such services. Compensation, other than dividends upon shares of stock and board of director fees, is presumed to be payment for services performed.
- **Limited Liability Company (LLC)** – A limited liability company is treated the same as it is classified for federal income tax purposes. A person performing services for an LLC, treated as a corporation for federal income tax purposes, is an employee. A person, other than a partner or exempt employee of a partnership, performing services for an LLC treated as a partnership for federal income tax purposes, is an employee. A person, other than the sole proprietor or an exempt employee of a sole proprietorship, performing services for an LLC, treated as a sole proprietorship for federal income tax purposes, is an employee. A single member LLC may be treated as a corporation or a sole proprietorship for federal income tax purposes.
- **S Corporation** - Salaries paid to corporate officers are considered wages. All or part of the distribution of income paid to corporate officers who are active in the business and are performing services for the business can be considered wages.
- **Employee Leasing Company** - An employee leasing company is an employing unit that has a valid and active license under Chapter 468, Florida Statutes (F.S.).
- **Salesperson** - Any individual paid solely by commission under your direction and control is an employee. The law provides exemption for insurance agents, real estate agents, and barbers who are paid solely by commission. If they are paid by salary only or salary and commission, both are taxable and subject to reemployment tax. There is no federal unemployment tax exemption for barbers paid solely by commission.
- **Agricultural Labor** - Any service performed on a farm in the employ of the owner, tenant, or any other operator of a farm in connection with the production or harvesting of any agricultural or horticultural commodity or in connection with the maintenance or operation of farm equipment or grounds.

Employment Not Covered

Some types of work are not covered by Reemployment Assistance and some wages paid for services are not subject to reemployment tax. These exemptions include:

- Employees of a church, or convention, or association of churches; or of organizations operated primarily for religious purposes that are operated, supervised, controlled, or principally supported by a church, or convention or association of churches.
- Services performed by aliens in agricultural labor, who have entered the United States pursuant to s. 1184(c) [formerly s. 214(c)] and s. 1101(a)(15)(H) [formerly s. 101(a)(15)(H)] of the Immigration and Nationality Act.
- Services performed by nonresident aliens, who are temporarily present in the United States as non-immigrants under subparagraph (F) or (J) of s. 1101(a) (15) [formerly s. 101(a) (15)] of the Immigration and Nationality Act.
- Services for a school, college, or university by a student enrolled and attending classes there.
- Work on a fishing vessel under ten net tons.
- Services performed as a student nurse in a hospital or nurses' training school, a medical school intern in a hospital, or a hospital patient.
- Students working for credit in a school program such as CBE or DCT.
- Persons under age 18 delivering or distributing newspapers.
- Service for government by elected officials; members of the legislature and judiciary; those serving on a temporary basis in cases of fire, storm, etc.; or serving in an advisory capacity that ordinarily does not require more than eight hours per week.
- Services performed for a son, daughter, or spouse; or by children under the age of 21 for their father or mother. When the employing unit is a partnership, an exempt relationship must exist to all partners or there is no exemption. This exemption does not apply to corporations.
- Direct sellers who are contracted to sell or solicit consumer goods in homes or places other than a permanent retail establishment, and whose substantial remuneration is directly related to sales.
- Services performed by a sole proprietor or a partner, or a member of a limited liability company classified for federal income tax purposes as either a partnership or a sole proprietorship.
- Services performed by insurance agents, real estate agents, or barbers when paid solely by commission.
- Speech, occupational, and physical therapists who are not salaried and working pursuant to a written contract with a home health agency as defined in s. 400.462, F.S.
- Service performed by an individual for remuneration for a private, for-profit delivery or messenger service, if certain conditions are met.
- Service performed by an inmate of a penal institution (work release programs).

Wages

Wages are payments for services in employment, including commissions, bonuses, back pay awards, and the cash value of all payments in any medium other than cash. The cash value of meals and lodging will be exempt if it is included as a condition of employment for the convenience of the employer.

Sick and accident disability payments paid by an employing unit to an employee in the six calendar months after the calendar month the employee stopped working are wages. Tips are

covered wages if received while performing services that constitute employment and are included in a written statement furnished by the employee to the employer. Payments made under a workers' compensation law are not wages.

Reporting Wages

Wages must be reported on an *Employer's Quarterly Report* (RT-6).

The report must list total wages paid to covered workers, excess wages, taxable wages, and tax due. Each report must show the employee's name, social security number, gross wages, and taxable wages paid to each employee during the calendar quarter. If an employer is operating two business units and the secondary unit(s) has a cumulative total of at least ten employees, a *Multiple Worksite Report* (BLS-3020) must be submitted.

An employing unit that files an erroneous, incomplete, or insufficient report shall be billed a penalty of \$50 or 10% of any tax due, whichever is greater. The penalty shall not exceed \$300 per report.

Social security numbers (SSNs) are used by the Florida Department of Revenue as unique identifiers for the administration of Florida's taxes. Social security numbers obtained for tax administration purposes are confidential under ss. 213.053 and 119.071, F.S., and not subject to disclosure as public records. Collection of your SSN is authorized under state and federal law. Visit floridarevenue.com/privacy for more information regarding the state and federal law governing the collection, use, or release of SSNs, including authorized exceptions.

Annual Filing Option for Domestic Employers

An employer liable for reemployment tax may select an annual filing option if all the employees exclusively perform services that constitute domestic (household) service, and the employer is eligible for an earned tax rate. An *Application to Select Filing Period for Employers Who Employ ONLY Employees Who Perform Domestic Services* (RT-7A) must be submitted by December 1 to qualify for annual filing in the next calendar year.

Electronic Filing and Payment

You must file your *Employer's Quarterly Report* (RT-6), including any corrections, and pay the tax electronically if you are an employer who employed ten or more employees in any quarter during the preceding state fiscal year (July 1 – June 30).

We will mail instructions for complying with these requirements to filers who meet the threshold for electronic filing and payment.

The penalty for failure to file a report by electronic means is \$25 per report and \$1 for each employee. The penalty for failure to pay the tax electronically is \$25 for each remittance by an employer. You can obtain a waiver from electronic filing if you have a valid business reason. There is no waiver from electronic payment.

How Much Do You Pay?

The tax rate for new employers is .0270 (2.7 percent). Effective January 1, 2015, the first \$7,000 in wages paid to each employee during a calendar year is taxable. Any amount over \$7,000 for the year is excess wages and is not subject to tax. Excess wages can never be greater than gross wages.

When a business is transferred, the successor may count wages paid to an employee by the predecessor to determine taxable wages. Form RT-6NF allows you to report out-of-state wages paid to employees who worked in another state and are transferred to Florida.

Their out-of-state wages that were already taxed are credited when calculating taxable wages reportable to Florida.

Important to Report Timely

Employers have one month after the end of each quarter to file reports and pay tax. To avoid penalty and interest, you must report and pay your tax on time. Unpaid tax will affect your future tax rate. Reports and payments sent by mail are considered filed and paid as of the postmark date.

A late filing penalty is charged at \$25 for each 30 days or fraction thereof that a report is delinquent. Interest is charged on the unpaid tax from the original due date until the tax is paid.

Your Tax Rate

When a new employer becomes liable for the tax, the rate is .0270 (2.7 percent) and will remain in effect until the employer has reported for 10 quarters. The account will then be rated by dividing the total benefits charged to the account by the taxable payroll reported for the first 7 of the last 9 quarters immediately preceding the quarter for which the rate is effective.

The one exception would be employers liable by succession who choose to accept the tax rate of the previous employer, along with the responsibility of paying any outstanding amounts due. Successors must complete the *Report to Determine Succession and Application for Transfer of Experience Rating Records (RTS-1S)* within 90 days of the date the succession commenced.

The maximum tax rate allowed by law is .0540 (5.4 percent), except for employers participating in the Short Time Compensation Program. The *Reemployment Tax Rate Notice (RT-20)* is mailed to each employer in December. You may appeal the tax rate within 20 days from the date of notification (date printed on the rate notice).

Termination of Coverage

You will be eligible for termination if you have not met any liability criteria for an entire calendar year, or if the business closes (which is different than just selling assets, selling stock, or merging into another business to be the continuing entity). If you qualify, because you have not paid wages for a year, you must apply for termination of coverage by April 30 of the following year. Contact the Department in writing to close the account of a closed business after the final wages have been paid. Once liability is terminated, you must reestablish liability in the same manner as any new employing unit.

Claims for Benefits

Unemployed workers who are covered under the Florida Reemployment Assistance Program Law will receive benefits if they are eligible and qualified. Prompt and accurate information from employers is vital to the establishment of a claimant's right to benefits. You must furnish information timely when requested. This is to your advantage because it helps protect your tax rate. Information must be complete, accurate, and factual.

For more information about the claims process, including qualification requirements and disqualification reasons, go to floridajobs.org.

Protest and Appeal

One goal of the Reemployment Assistance Program Tax Law is to provide a fair and impartial hearing to resolve disputes. The Department of Revenue will make every attempt to resolve informal protests. If not resolved, formal protests and appeals will be directed to the Department of Economic Opportunity, Reemployment Assistance Program. Appeals must be filed timely, must be in writing, and must clearly state your reasons for appeal.

Change of Address or Business Status

If you:

- move, sell, or close your business,
- change your business, **or**
- change your business structure

You must notify the Department.

You can submit the new information about your business online or download an *Employer Account Change Form* (RTS-3) from the Department's website.

Reference Material

Tax Laws – Our online Revenue Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications.

RT- 800001 – *Employer Guide to Reemployment Assistance Benefits*

RT- 800002 – *Employer Guide to Reemployment Tax*

For Information and Forms

For reemployment tax information and forms, except Form BLS-3020:

Visit **floridarevenue.com**

If you need more information or have questions, call Taxpayer Services at 850-488-6800, Monday through Friday, excluding holidays.

To obtain Form BLS-3020, contact the Department of Economic Opportunity, Labor Market Statistics at 800-672-4664.

For **claims and benefits** information, contact the Department of Economic Opportunity at 877-846-8770.

For **appeals** information, contact the Department of Economic Opportunity, Reemployment Assistance Program at 877-846-8770.