

November 2016

IMPORTANT NOTICE

Retroactive Payroll Tax Increase for 2016!

To Our Valued Clients:

Employers in one (1) state and the Virgin Islands will pay increased Federal Unemployment Tax (FUTA) retroactively for 2016, to repay state unemployment insurance loans due to the Federal Government.

When state unemployment funds are depleted, as occurred in many states in recent years, states draw from a designated federal loan account. If such loans are not repaid within two years, employers lose this part of this FUTA tax credit, in effect increasing the FUTA tax rate for wages paid in affected states.

The FUTA tax rate is 0.6% of wages paid, up to \$7000, or \$42 per employee per year. With this reduction, Employers outlined in the state(s) below will have an increase ranging from \$105.00 to \$147.00 per employee for the tax year 2015.

Please reference your state on the grid for the Credit Reduction Rate & increase in liability per employee.

State	Reduction Rate	Increase in liability per employee	State	Reduction Rate	Increase in liability per employee
CA	1.8%	\$126.00	VI	1.8%	\$126.00

If you are located in one of the above states, the total of additional liabilities due for FUTA will be collected from your bank account along with any other 4th quarter 2016 adjustments. We ask that you refer to your Quarter Reconciliation Report that is included with your quarterly packet.

There will be a \$23.00 Administrative Charge imposed for recalculating the liabilities. This charge will appear on your last invoice in December 2016.

Thank you.