



Employer Guide to Reemployment Tax

Table of Contents

Introduction	2
Background, Classification of Workers, and State Unemployment Tax Act (SUTA)	
Federal Unemployment Tax Act (FUTA)	
Reporting Wages and Paying Reemployment Taxes	2
General Liability Requirements	
Special Liability Requirements for Specific Employer Types	3
Nonprofit Employers, Governmental Entities, and Indian Tribes	
Reimbursement Option, Agricultural Employers, and Domestic Employers	
Voluntary Coverage and Employer-Employee Relationship	
Employment Not Covered	
Required Reports	6
Employer Registration Report and Successions	
Employee Leasing Companies, Common Paymaster, and Payrolling	
Power of Attorney and <i>Reemployment Tax Data Release Agreement</i> (RT-19)	
Tax and Wage Reporting	7
Where to Report Employees and Reciprocal Coverage Agreement (RCA)	
<i>Employer's Quarterly Report</i> (RT-6) and Taxable Wage Base	
Annual Filing Option, Reporting Wages, Taxable Wages, and Exempt Wages Employer	
Multi-Unit Reports	
Reporting Employees Contracted to Governmental or Nonprofit Educational Institutions	
E-Verify Certification	
Reporting Medium	12
Alternative Forms Reporting	
Electronic Reporting and Payment Requirement	
Penalty for Failure to File Electronically	
Benefits of Filing and Paying Electronically	
Timely Reporting and Payment	
Installment Payment Option	
Penalty and Interest for Late Filing and Payment	13
Assessments, Liens, Tax Rate Consequences, and Protest	
Correcting Your Report and New Hire Reporting	
Inactivation of Account, Termination of Liability, and When to Notify the Department	
Tax Audits and Required Employer Records	15
Audit Purpose	
Records Required and Examined	
Tax Rate	15
Regular, Successor Accounts, Mandatory Transfers, and Federal Certification	
Benefits	18
How Benefits are Charged and Their Impact on Employers	
Glossary, Contact Us, and Employer's Checklist for Compliance	18

Introduction

The *Employer Guide to Reemployment Tax* contains information employers need to comply with Florida's Reemployment Assistance Program Law. This guide provides simplified explanations of the taxing procedures of the law. It is not intended to take precedence over the law or rules.

Background

Every state has an Unemployment Compensation Program. In Florida, legislation passed in 2012 changed the name of Florida's Unemployment Compensation Law to the Reemployment Assistance Program Law. Reemployment benefits provide temporary income payments to make up part of the wages lost by workers who lose their jobs through no fault of their own, and who are able and available for work. It is job insurance paid for through a tax on employee wages. The Reemployment Assistance Program supports reemployment services through local One-Stop Career Centers located throughout the state.

The Federal Unemployment Tax Act provides for cooperation between state and federal governments in the establishment and administration of the Reemployment Assistance Program. Under this dual system, the employer pays payroll taxes levied by both the state and federal governments.

Classification of Workers

Employers must understand how to determine whether a worker is an employee or an independent contractor, so they can correctly include all employees on their *Employer's Quarterly Report* (RT-6). One main distinction is that an employee is subject to the will and control of the employer. The employer decides what work the employee will do and how the employee will do it. An officer of a corporation who performs services for the corporation is an employee, regardless of whether the officer receives a salary or other compensation.

An independent contractor is not subject to the will and control of the employer. The employer can decide what results are expected from the independent contractor, but the employer cannot control the methods used to accomplish those results. How the worker is treated, not a written contract or issuance of a Form 1099, determines whether the worker is an employee or an independent contractor.

Misclassification of workers is not just a tax reporting issue; it also affects claims for reemployment assistance benefits. If a person files a claim for benefits and the employer has not been including the person on the quarterly report, this can cause a delay in benefit payments. In addition, the intentional misclassification of a worker is a felony.

State Unemployment Tax Act (SUTA)

All reemployment tax payments are deposited to the Florida Unemployment Compensation Trust Fund for the sole purpose of paying benefits to eligible claimants. The employer pays for this Reemployment Assistance Program as a cost of doing business. Workers do not pay any part of the Florida reemployment tax, and employers must not make payroll deductions for this purpose. Employers with stable employment records receive credit in reduced tax rates after a qualifying period.

Federal Unemployment Tax Act (FUTA)

Federal unemployment taxes are deposited to the FUTA Trust Fund and administered by the United States Department of Labor (USDOL) for funding the administrative costs of state reemployment assistance, One-Stop Career Centers, and part of Labor Market Statistics Programs. The USDOL is also charged with monitoring state Reemployment Assistance Programs and can withhold funds from a state if it does not comply with federal standards.

Reporting Wages and Paying Reemployment Taxes

General Liability Requirements

A business is liable for state reemployment tax if, in the current or preceding calendar year the employer: (1) has paid at least \$1,500 in wages (which includes paying \$800 each to two workers) in a calendar quarter; or (2) has had at least one employee (does not need to be the same employee) for any portion of a day in 20 different weeks within the same calendar year; or (3) is liable for federal unemployment tax.

Special Liability Requirements for Specific Employer Types

Nonprofit Employers

Coverage is extended to employees of nonprofit organizations (such as religious, charitable, scientific, literary, or education groups) that employ four or more workers for any portion of a day in 20 different calendar weeks during the current or preceding calendar year.

Exceptions to this coverage include churches and church schools. For purposes of the Florida Reemployment Assistance Program Law, a nonprofit organization is defined in section (s.) 3306(c)(8) of the Federal Unemployment Tax Act and s. 501(c)(3) of the Internal Revenue Code (IRC).

Governmental Entities

Coverage is extended to employees of the state of Florida and any city, county, or joint governmental unit.

Indian Tribes

Coverage is extended to employees for service performed in the employ of an Indian tribe, as defined by s. 3306(u) of the Federal Unemployment Tax Act, provided the service is excluded from employment as defined by that act solely by reason of s. 3306(c)(7) of the act and is not otherwise excluded from employment under the Florida Reemployment Assistance Program Law. For purposes of the Florida Reemployment Assistance Program Law, the exclusions from employment under s. 443.1216(4), Florida Statutes (F.S.), apply to services performed in the employ of an Indian tribe.

Reimbursement Option

Nonprofit organizations, governmental entities, and Indian tribes have the option of being contributing (i.e., taxpaying) employers or reimbursing employers. A reimbursing employer is one who must pay the Unemployment Compensation Trust Fund on a dollar- for-dollar basis for the benefits paid to its former employees. Wage reports are submitted each quarter, and reimbursement of benefit charges are paid when billed. The employer choosing the contributing method submits quarterly reports and tax due by applying their tax rate to taxable wages each quarter.

Agricultural Employers

Agricultural employers who, in the current or preceding year, paid \$10,000 in cash wages in a calendar quarter or who employed five or more workers for any portion of a day in 20 different calendar weeks will become liable employers. Employers with a liability under this provision will also need to report any other employees (except domestic workers). The other employees must be reported even if their employment was less than 20 different weeks, or the wages paid were less than \$1,500 in any one quarter.

Domestic Employers

Employers of employees who perform domestic services (maids, cooks, maintenance workers, chauffeurs, social secretaries, caretakers, private yacht crews, butlers, and house parents) who, in the current or prior year, paid at least \$1,000 in wages in any one calendar quarter are liable to report wages and pay reemployment tax. Employers liable under this provision must not report general employees or agricultural employees unless they also establish liability under these other provisions of the law.

Likewise, employers liable for their general employment must not report domestic workers or agricultural workers unless they also establish liability in these categories. In making a determination of liability, the wages paid in agricultural employment and in domestic employment must be counted separately from wages paid in other types of employment.

The “**Coverage Requirements**” chart (on Page 4) illustrates coverage requirements for four different employers (A, B, C, and D). Columns two, three, and four list employment for each sample employer and the column on the far right lists the coverage (liability) required.

Voluntary Coverage

Employers who are not otherwise liable under the law may apply for voluntary coverage for their employees. Employers liable for one type of employment (e.g., general) may elect to cover their employees in other types of employment (e.g., agricultural and/or domestic). Selection of voluntary coverage obligates an employing unit to report wages and pay tax for a minimum of one calendar year. Coverage remains in effect until the employer provides written notice, by April 30, to terminate coverage for the current year. A form, *Voluntary Election to Become an Employer Under the Florida Reemployment Tax Law* (RTS-2), for election of coverage is available online at floridarevenue.com/forms under the Reemployment Tax section.

Employer-Employee Relationship

Employment means any service performed by an employee for an employing unit. An **employee** is an individual as defined under the common law rules for employer-employee relationships. An employee is a person who is subject to the will and control of the employer not only as to what will be done, but how it will be done.

Any **officer of a corporation** performing services for the corporation is considered an employee during their tenure of office, regardless of whether compensation is received. Compensation, other than dividends on shares of stock and board of director fees, is presumed to be payment for services performed.

Any **member of a limited liability company** classified as a corporation for federal income tax purposes, who performed services for the limited liability company, is an employee of the limited liability company.

Sales personnel are generally considered covered employees. The fact that a salesperson working for

Coverage Requirements				
Employer Examples	Agricultural Employers	Domestic Employers	General Employers	Subject to Reemployment Tax
	\$10,000 payroll in any quarter or 5 employees for 20 weeks within a calendar year	\$1,000 payroll in any quarter	\$1,500 payroll in any quarter or 1 employee for 20 weeks within a calendar year	
Employer A	\$5,000 payroll and 5 employees for 10 weeks	\$1,500 payroll	\$1,000 payroll and 1 employee for 4 weeks	Domestic coverage only
Employer B	\$10,000 payroll and 5 employees for 20 weeks	\$2,000 payroll	\$1,500 payroll and 1 employee for 15 weeks	Agricultural, Domestic, and General coverage
Employer C	\$25,000 payroll and 18 employees for 20 weeks	\$500 payroll	\$1,000 payroll and 1 employee for 15 weeks	Agricultural coverage that includes the general employee
Employer D	\$5,000 payroll and 2 employees for 10 weeks	\$200 payroll	\$10,000 payroll and 4 employees for 10 weeks	General coverage only

an employer is paid solely by commission does not remove the person from the employer's direction and control. The law provides specific exemptions for real estate agents, insurance agents, and barbers who are paid solely by commission. If they are paid by salary only or by salary and commission, both are taxable, and the exemption does not apply.

An **employing unit** is the person, limited liability company, partnership, corporation, or other legal entity for whom service is performed. Common law recognizes an employer-employee relationship in the exercise of will and control by the employer over the employees. The employer can direct what services will be performed, when the services will be performed, where and how they will be performed, and can set standards for the quality of work to be performed.

In **agricultural labor**, either the farm operator or the crew leader may be considered the employer. An individual must hold a valid certification of registration under the Farm Labor Contractor Registration Act of 1993 to be a crew leader. The **crew leader** is the employer if he or she (1) provides the crew, (2) supervises the work being performed by the crew, (3) has the right to terminate employment, and (4) is responsible for the payment of wages to the workers.

The **farm operator** is the employer if (1) the individual is an employee of the farm operator under common law rules of employer and employee, or (2) the worker is furnished by the crew leader, but is not treated as an employee of the crew leader, i.e., the crew leader is acting on behalf of the farm operator rather than as an employer, or (3) the crew leader has entered into a written agreement with the farm operator under which the crew leader is designated as an employee of the farm operator.

An **independent contractor** is not subject to the will and control of the employer. The employer does not have the right to control or direct the manner or method of performance, although the results to be accomplished are controlled. Independent contractors hold themselves out to the public as such. Generally, they furnish materials as well as labor and use their own tools in the performance of the work. Services performed by independent contractors cannot be summarily terminated without recourse. A contract for labor only will normally be considered a contract of employment. How the worker is treated, not a written contract or the issuance of a Form 1099, determines employment status.

Employment Not Covered

Several types of employment are not covered for reemployment assistance purposes and workers performing these types of employment are not considered in determining an employer's liability. Some of these exemptions include:

- Services by a sole proprietor, 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 by employees of a church, convention, or association of churches; or of organizations operated for religious purposes that are operated, supervised, controlled, or principally supported by a church, convention, or association of churches.
- Services of a duly ordained, commissioned, or licensed minister of a church in the exercise of the ministry, or by a member of a religious order, in the exercise of duties required by such an order.
- Services for a school, college, or university, by a student enrolled and attending classes.
- Services by certain students working for credit on a program combining academic instruction with work experience, such as Cooperative Business Education (CBE) or Diversified Cooperative Training (DCT) students.
- Services performed for a son, daughter, or spouse (including step relationships); or by children or stepchildren 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 not an exemption. This exemption does not apply to corporations.
- Services performed by insurance agents, real estate agents, or barbers when paid solely by commission.
- Services performed on a fishing vessel that weighs 10 net tons or less.
- Services performed by a student nurse in the employ of a hospital or a nurses training school, by an intern in the employ of a hospital, or by a hospital patient.
- Services in a rehabilitation facility for the mentally handicapped, or physically handicapped or injured, by persons receiving such rehabilitative service.
- Services by persons under age 18 in the delivery or distribution of newspapers.
- Services performed by nonresident aliens, who are temporarily present in the United States as non-immigrants under subparagraph (F) or (J) of s. 101(a)(15) of the Immigration and Nationality Act.
- Services performed by aliens in agricultural labor, who have entered the United States pursuant to ss. 214(c) and 101(a)(15)(H) of the Immigration and Nationality Act.
- Services performed for the government by elected officials; by members of the legislature; by members of the judiciary; by those serving on a temporary basis in cases of fire, storm, snow, earthquake, flood, or similar emergencies; or by those serving in an advisory capacity.
- Services by direct sellers who are contracted to sell or solicit consumer goods to homes or any place other than a permanent retail establishment and whose substantial remuneration is directly related to sales.
- Services performed by speech, occupational, and physical therapists who are non-salaried and working pursuant to a written contract with a home health agency as defined in s. 400.462, F.S.
- Services performed by a driver for a private delivery or messenger service if the driver pays all expenses, owns the vehicle and pays all operating costs, is paid by delivery or on commission, is free to accept or reject jobs, determines routes and methods of performance, and has a contract stating the driver is an independent contractor.
- Services performed by inmates of a penal institution.
- Services performed by election officials or election workers who are paid less than \$1,000 in a calendar year.
- Services performed as a Transportation Network Company driver if the conditions listed in s. 627.748(9) F.S., are met.

Required Reports

Employer Registration Report

A new business is required to report its initial employment in the month following the calendar quarter in which employment begins; however, submission of quarterly reports alone is not sufficient to register as an employer. A *Florida Business Tax Application* (Form DR-1) must be completed to provide the necessary information to determine if the employer is liable for the payment of reemployment tax as provided by law. Registration can be completed online at floridarevenue.com/taxes/registration.

When an employer is determined to be subject to reemployment tax, a seven-digit account number will be assigned. **This account number should appear on all letters, checks, and reports sent to the Florida Department of Revenue (the Department).**

Successions

There are special requirements for successor accounts. See "Successor Accounts" under the "Tax Rate" section in this guide.

Employee Leasing Companies

An employee leasing company (ELC), also known as a Professional Employer Operation, maintains the records required by the reemployment assistance program law for its client companies. The ELC must be licensed by the Florida Department of Business and Professional Regulation. The client companies contract with the ELC to provide workers to perform services for the client. The leased employees are placed on the ELC's payroll on behalf of the client company, and therefore the ELC is considered the employer of record for the leased employees.

The leasing company must notify the Department within 30 days of the initiation or termination of the company's relationship with the client company.

ELCs must provide a multiple work site report each quarter that includes information for each client establishment and each leasing company establishment. These reports must be filed electronically with the U.S. Bureau of Labor Statistics. For additional information regarding the multiple work site report, the leasing company may contact:

**Florida Department of Commerce
Labor Market Statistics
MSC G-020
107 E Madison Street
Tallahassee, FL 32399-0411**

ELCs have the option to file and pay reemployment tax by the client's tax rate, which is based upon the wage and benefit history the client has earned under the ELC. If the client has no wage and benefit history under the ELC, the client will have the initial rate of 2.7% (0.0270). A separate reemployment tax account number will be assigned by the Department under the FEIN of the ELC for each client company. This option must be elected by a newly licensed ELC within 30 days after the license is issued pursuant to part XI of Chapter 468, F.S. Additional information about this filing option can be found in s. 443.1216(1)(a), F.S.

Common Paymaster

Related corporations with employees performing services simultaneously for the related corporations may apply to the Department for authorization to use a common paymaster arrangement. This allows one of the related corporations to report and pay reemployment tax rather than each corporation reporting and paying separately for the period of concurrent employment.

The *Application for Common Paymaster* (RTS-70) must be received by the Department prior to the first day of the quarter in which common paymaster status is requested. Once the application is approved, the common paymaster must submit a *Quarterly Concurrent Employment Report* (RTS-71), along with the quarterly report. Failure to do so will result in the related corporations being denied common paymaster status for that calendar quarter. The related corporations must meet certain criteria before common paymaster reporting and paying can be considered.

Payrolling

Payrolling is an agreement between employers whereby payrolls for two or more employers are consolidated, usually for tax purposes, with one employer reporting the employees of the other(s). Payrolling is not permitted; each employer must file a *Florida Business Tax Application* (DR-1) and report its own employees.

Power of Attorney (POA)

A completed Florida Power of Attorney form (DR-835) is necessary for an employer's agent or representative to receive confidential information and to act on behalf of the employer about matters concerning the Florida Reemployment Assistance Program. Form DR-835 must be completed in its entirety and must contain the original signature of the employer as well as the date signed. This form available online at floridarevenue.com/forms.

Submission of a Form DR-835 does not constitute an address change. A change of mailing address should be requested by separate written documentation or online at floridarevenue.com/taxes/updateaccount.

Reemployment Tax Data Release Agreement (RT-19)

The RT-19 is an agreement between the Department and an employer representative who represents 100 or more employers. The agreement allows the representative to receive confidential tax information from the Department. Under the agreement, the representative certifies that it has on file a current Form DR-835 from the employer authorizing the Department to release the requested information to the representative, that the representative will restrict access to the confidential reemployment tax information to specifically authorized personnel, and that the representative will notify the Department by electronic means within 30 days when the representative no longer represents the employer.

Tax and Wage Reporting

Where to Report Employees

If the employer has employees working in more than one state, it may be necessary to register as an employer with another state's employment security agency. There are four tests to determine to which state an employee should be reported:

- Localization of Services
- Base of Operations
- Place of Direction or Control
- Residence

Localization of Services - If all services are performed in Florida, the employee should be reported to Florida. If a majority of the employee's time is for services in Florida, with only occasional or short-term duty in another state, wages should be reported to Florida. Only when services are balanced between two or more states is any other test necessary.

Base of Operations - The base of operations is the fixed place or center from which the employee works. The employee would return there to replenish stock, receive employer instructions, receive mail or telephone messages from customers, repair equipment, etc. For example, if services are performed in Florida, Alabama, and Georgia, and the employee's base of operations is in Florida, wages are reportable to Florida. If no services are performed in the state housing the base of operations, the state from which services are directed or controlled should be considered the base of operations.

Place of Direction or Control - The place of direction or control is the state from which the employer's authority is exercised. The company headquarters usually exercises this control rather than a direct supervisor or a foreman stationed in the field. For example, if employer control is from the Florida headquarters, and service is performed only in Florida and Georgia, the employee is reported to Florida, although there is a base of operations or residence in Alabama. If control is from Alabama, and service is in Florida, Georgia, and Tennessee, and there is no base of operations, then the employee's residence test should be used.

Residence - The residence is where the employee refers to as "home," where the employee actually lives and is registered to vote. For instance, the employee would be reportable to Florida if the place of residence is Florida and services are not performed in Alabama, where the employer is headquartered.

Reciprocal Coverage Agreement (RCA)

The RCA permits an employer to report all of the services of a worker who customarily performs services on a continuing basis in more than one state, to one selected state. An election to do so may be filed with any jurisdiction (state) in which:

- any part of the individual's services are performed; or
- the worker resides; or
- the employer maintains a place of business to which the worker's services bear a reasonable relation.

RCA forms must be initiated by the employer in the state that the employer has selected as the reporting state. If approval is granted by the state of origination, the forms will then be sent to all the jurisdictions (states) named for their approval. The election will become effective if the originating state and one or more of the named states approve it. In cases where an election is only approved in part, the employer may withdraw the request within ten (10) days of being notified.

This type of election is only applicable to the individuals named in the agreement. The Department must be notified of all individual changes and new approvals negotiated. RCAs are never made as blanket approvals. The agreement may be terminated if the Department discovers there has been a substantial change in the employer's operations or in the actual employees now serving the employer as multi-state workers.

An employer who has employees in other states and does not meet the requirements to establish an RCA will be required to report these employees to the other states.

Employer's Quarterly Report (RT-6)

Every quarter, a preprinted *Employer's Quarterly Report* (RT-6) is mailed to liable employers unless they are filing electronically. Employers with individuals who **only** perform domestic services and are approved to file annually, are mailed a personalized *Employer's Reemployment Tax Annual Report for Employers of Domestic Employees Only* (RT-7) in December of each year.

RT- 6 Calendar Quarter	Due No Later Than
January 1 - March 31	April 30
April 1 - June 30	July 31
July 1 - September 30	October 31
October 1 - December 31	January 31

Failure to receive a reporting form does not relieve employers of their filing responsibility. If you do not receive the RT-6 form, you may download a form at floridarevenue.com/forms from the Reemployment Tax section. An RT-7 form will be mailed to you after the RT-7A application is submitted and approved. The RT-7A application is available on the website in the Reemployment Tax section. The *Employer's Quarterly Report* (RT-6) must be submitted by the end of the month following the quarter being reported on the report. The *Employer's Reemployment Tax Annual Report for Employers of Domestic Employees Only* (RT-7) is due January 1, and late after January 31.

Electronic payments must be initiated, and a confirmation number received, no later than 5 p.m. ET on the business day prior to the payment due date to be considered timely. If the payment due date falls on a Saturday, Sunday, or legal holiday, the taxpayer must initiate the electronic transaction on the preceding business day. The *Florida eServices Calendar of Electronic Payment Deadlines* (DR-659) is available online at floridarevenue.com/forms under the eServices section.

The **tax** portion of the quarterly report is a summary of the wage detail data and is used in the computation of tax owed by the employer. This information includes gross wages paid for covered employment, wages in excess of the taxable limit, and taxable wages. Some information requested on the tax portion is required by the federal government and is used for statistical purposes, such as the number of all full-time and part-time covered workers who performed services during or received pay for the payroll period including the 12th of the month.

The **wage** portion is used to calculate taxable wages and determine eligibility for reemployment assistance benefits. The employer must list the name, social security number, gross and taxable wages for all employees. Employee information is maintained in the wage record file and is used if a claim for benefits is filed.

- **Social Security Number (SSNs)** - Incorrect or missing SSNs prevent wage credits to an individual or could result in payment of benefits to an individual who does not meet the reemployment assistance eligibility requirements. In addition, a penalty of up to \$300 may be imposed for any report filed with incorrect or missing SSNs.

Note: Social Security numbers are used by the Department as unique identifiers for the administration of Florida's taxes. SSNs 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 SSNs is authorized under state and federal law. Visit floridarevenue.com/privacy for more information regarding state and federal laws governing the collection, use, or release of SSNs, including authorized exceptions.

- **Total Wages Paid** - All compensation or payment for employment, including commissions, bonuses, back pay awards, and the cash value of all compensation paid in any medium other than cash, must be reported. Total wages for the period must be reported in the period in which they were paid, not the period in which they were earned. The amount of benefits available to an eligible claimant is based on total wages paid.

Employers must submit a report every quarter regardless of employment activity. An employer may not have to pay tax for a particular quarter because there were no employees, or all wages were excess wages. Even though no tax is due, a report must be filed; and the penalty provisions of the law apply if the report is filed late.

Taxable Wage Base

The taxable wage base in Florida is the first **\$7,000** in wages paid to each employee during a calendar year. If an employee works for two or more employers, each of the employers is required to pay tax on the first **\$7,000** of wages paid without regard to earnings with any other employer. However, when a business is transferred, the successor employer may count wages paid to an employee by the predecessor employer for purposes of determining the taxable wage base, whether or not a transfer of experience rating record is elected.

Example: An employer buys a business April 1. One of the employees has been paid \$5,000 in the first quarter and will earn \$5,000 in the second quarter. The successor can count the \$5,000 in the first quarter in determining the taxable wage base. Therefore, the successor will only have to pay reemployment tax on \$2,000 for the second quarter. On occasion, multi-state employers will have employees who perform services in another state and then transfer to Florida. The employer can take credit for wages reported to another state up to \$7,000, when calculating taxable wages reportable to Florida.

Example: An employee earns \$5,000 in the first quarter in the state of New York and then is transferred to Florida. While in Florida, the employee earns \$4,000 in the second quarter. As the employer has already paid tax on wages of \$5,000 to New York, the tax payment to Florida would be based on wages of \$2,000, with the balance being excess wages. Use the *Employer's Quarterly Report for Out-of-State Taxable Wages* (RT-6NF) to report out-of-state wages.

Annual Filing Option

Employers of employees performing domestic services have the option to elect to report wages and pay tax annually, with a due date of January 1 and a delinquency date of February 1. To qualify for this election, the employer must employ only employees who perform domestic (household) services, be eligible for a variation from the standard rate, and apply for this program no later than December 1 of the preceding calendar year.

Reporting Wages

As a general rule, if the work promotes, advances, or aids the employer's trade or business and is not performed by a recognized independent contractor, the services are considered to be covered employment and the wages are taxable regardless of the amount of time employed and/or the amount of earnings.

Casual labor is work performed that is not in the course of the employer's regular trade or business and is occasional, incidental, or irregular. Casual labor should not be confused with temporary or part-time employment. Temporary or part-time employment is taxable, whereas casual labor is not. A corporation cannot have casual labor since all activities for a corporation must be in the course of the corporation's regular trade or business. When determining whether or not payments constitute wages, and are reportable for reemployment tax purposes, the common law rules applicable in determining the "employer-employee relationship" apply.

Taxable Wages

- Commissions are taxable, except real estate agents, insurance agents, and barbers paid solely by commission. If paid by salary only, or by salary and commission, both are taxable, and the exemption does not apply.
- Bonuses and back pay awards.
- Cash value of all remuneration paid in any medium other than cash.
- Corporate officers' wages - compensation other than dividends on shares of stock and board of director fees is presumed payment for services performed.
- Wages of shareholder-employee of S corporation - Also, all or part of the distribution of income paid to a shareholder-employee who is active in the business and performing services for the business may be considered wages.
- Tips, if received while performing services that constitute employment and are included in a written statement furnished to the employer, pursuant to s. 6053(a), Internal Revenue Code (IRC).
- Cash value of vacation facilities, club memberships, and tickets to events.
- Financial planning assistance and retirement counseling fees.
- Nonqualified stock bonus incentive plan contributions made by the employer.
- Awards, gifts, and prizes.
- Interest from below market interest rate loans.
- Excess employee discounts.
- Cash value of meals and lodgings not for the employer's convenience.
- Cash value of prepaid group legal services.
- Golden parachute payments.
- After-death payments for wages earned prior to death.
- Cash value of automobile for personal use.
- Cash value of air transportation for personal use.
- Wages of children or stepchildren working for a corporation.
- Wages of children or stepchildren working for a sole proprietor or partnership where no exempt relationship exists.
- Wages paid for temporary or part-time work.
- Wages paid for services performed outside the United States (except in Canada) by a citizen of the U.S., in the employ of an American employer, should be reported as employment wages if the employer's business or employee's residence is in the U.S.
- Wages paid for services performed in the employ of an Indian tribe.

Exempt Wages

- Wages paid to employees of a church, convention, or association of churches.
- Wages paid to employees of an organization operated for religious purposes, and that is operated, supervised, controlled, or principally supported by a church, convention, or association of churches.
- Wages paid to a duly ordained, commissioned, or licensed minister of a church, in the exercise of the ministry, or by a member of a religious order, in the exercise of duties required by such an order.
- Wages paid for services at a school, college, or university, by a student enrolled and attending classes there.
- Wages paid to students working for credit in a program combining academic instruction with work experience, such as Cooperative Business Education or Diversified Cooperative Training.
- Services performed for a son, daughter, or spouse (including step relationships); or by children or stepchildren under the age of 21 for their father or mother. When the employing unit is a partnership, an exempt relationship must extend to all partners for the exemption to apply. This exemption does not apply to corporations.
- Cafeteria Plan payments if they are not reportable to the Internal Revenue Service.

- Educational payments paid to, or on behalf of an employee if the employer will be able to exclude such payments from income under s.127, IRC.

Employer Multi-Unit Reports

If an employer conducts business in more than one location in Florida, completion of a *Multiple Worksite Report* (BLS-3020) will be required on a quarterly basis. This form must be mailed separately from the *Employer's Quarterly Report*.

This form lists work-site-specific name and address information for each unit on file. The employer must provide the number of covered workers each month and the total quarterly wages for each work site. The totals on the *Multiple Worksite Report* must agree with totals reported on the *Employer's Quarterly Report*. If work sites are acquired or sold, this should be noted in the comment section. Any missing name and address information should be completed by the employer.

The employment and wage figures provided on these reports are the primary sources for Florida's Labor Market Statistical Programs. The Office of Labor Market Statistics provides data on the average annual employment and wages in various industries and occupations. Florida's Workers' Compensation Program uses average annual wages to determine maximum benefit amounts.

The labor market data is also used for determining education, employment, and training choices. Federal and state funds are allocated to workforce development programs based on the data. Therefore, it is important that all employers, including multiple units, have the most accurate industry codes. A complete description of the nature of the business should be provided on the *Florida Business Tax Application* (DR-1).

Reporting Employees Contracted to Governmental or Nonprofit Educational Institutions

Private employers with a contract to provide services to a governmental or nonprofit educational Institution must separately identify wages paid to employees who performed such services by submitting an *Employer's Quarterly Report for Employees Contracted to Governmental or Nonprofit Educational Institutions* (RT-6EW). This form, which must be filed in addition to the *Employer's Quarterly Report*, is available online at floridarevenue.com/forms under the Reemployment Tax section.

The RT-6EW separately identifies wages paid to the individuals performing the services for the educational institution. Employees whose wages are identified as being paid for this type of service may be ineligible to receive reemployment assistance benefits based on these wages between academic years and during vacation periods or holiday recess, when the employees have reasonable assurance of performing services during the next school term or upon completion of the vacation period.

E-Verify Certification

Legal Requirements

Section 448.095, Florida Statutes, requires employers to verify each new employee's employment eligibility within three business days after the first day that the new employee begins working for salary, wages, or other remuneration.

Private employers with 25 or more employees or public agencies are required to use E-Verify to validate that newly hired employees are eligible for employment within the United States. E-Verify is a free, internet-based application operated by the U.S. Department of Homeland Security that allows employers to electronically verify employment eligibility of newly hired employees. Information on how to register and access the E-Verify system is located on the Federal E-Verify website at e-verify.gov. If the E-Verify system is unavailable for three business days after the first day the new employee begins working for salary, wages, or other remuneration, an employer must use the Employment Eligibility Verification (federal form USCIS I-9) to verify employment eligibility within the United States.

Employee Leasing Companies

An employee leasing company (ELC) is responsible for certifying the employment eligibility of any new employee of a client company that meets the definition of a private employer with 25 or more employees or public agency. Verification and certification of employment eligibility may be transferred from the ELC to the client company only by written agreement or written understanding. If this occurs, the ELC will continue to file reports with the Department, and the client company will be required to certify use of the E-Verify system or

federal form USCIS I-9.

Certification Process

Each public agency, private employer with 25 or more employees, or employee leasing company required to use the E-Verify system must certify on its first reemployment tax return filed each calendar year that it used E-Verify or the I-9 to confirm employment eligibility of each new employee. An employer not required to E-Verify may voluntarily certify use of the E-Verify system on its first return filed each calendar year.

Certification must be completed by (1) the individual owner, (2) the corporate president, treasurer, or other principal officer, or (3) a partner or member/managing member. Third party representatives who file reports for employers may not certify on behalf of the employer.

Penalties

The Florida Department of Commerce is required to issue a fine of \$1,000 per day if it is determined that the E-Verify system was not used three times in a 24-month period. The fine will continue to accrue until the employer demonstrates compliance with the law.

Additional information regarding the certification process may be found at floridarevenue.com/taxes/rt and select the E-Verify (Employee Eligibility Verification) section.

Reporting Medium

Alternative Forms Reporting

Alternative forms reporting is when an employer uses a software reproduction of a tax form. Employer representatives often use software packages to create required reports. Representatives purchasing software packages from approved vendors do not need prior approval to submit reports. However, those representatives creating their own software will need to obtain approval from the alternative forms coordinator prior to submitting forms. Information on alternative forms reporting can be obtained from the Department's website at floridarevenue.com/forms and the bottom tab on that page provides a link to approved alternative form vendor list.

Electronic Reporting and Payment Requirement Employers who employed 10 or more employees in any quarter during the most recent state fiscal year (July through June) are required to file reports online, including any corrections, for the next fiscal year using the Department's file and pay website at floridarevenue.com/taxes/filepay. Employers are also required to pay tax electronically.

The Department offers electronic filing and payment options that are safe, convenient, and free. You can enroll online at floridarevenue.com/taxes/eEnroll. You can electronically file your quarterly report or pay at floridarevenue.com/taxes/filepay without enrolling. However, if you do not enroll, you will have to enter your contact information every time you file a report and enter your contact and banking information every time you make an electronic payment. To use the website without enrolling, you will need your Federal Employer Identification Number (FEIN) and reemployment tax account number.

Penalty for Failure to File Electronically

For employers who are required to file by electronic means, failure to do so will result in a penalty of \$25 per report and \$1 for each employee. The penalty for failing to submit payments by electronic means is \$25 per remittance submission.

Benefits of Filing and Paying Electronically The electronic file and pay option is available to all taxpayers, not just those who are required to electronically file and pay. By submitting an *Employer's Quarterly Reports* (RT-6) and reemployment tax payments online, employers will enjoy these benefits:

- **Easy information retrieval.** The online system automatically populates your report with a list of employees. You just update the list each quarter.
- **Fewer mistakes.** You simply enter each employee's total wages for the quarter and the system computes the tax for you. This reduces the chance of you receiving a bill due to a calculation error.
- **File early, pay on the due date.** You can submit your electronic report and schedule the payment before the due date. Funds will not be withdrawn from your bank account until the date you specified.
- **Immediate confirmation.** You may print the confirmation as proof of filing timely.
- **Security and privacy.** Information sent through the Department's website is encrypted and secure.
- **View your tax rate.** Tax rates are available online.

Timely Reporting and Payment

Correct payment and timely filing of reports will reduce costs. One of the most important ways to save money is to receive credit for timely reporting of taxable wages. Wages that have been reported timely are used in the computation of an employer's tax rate. The more taxable wage credits the employer has, the lower the benefit ratio used in the tax rate computation. The timely reported wage credits are divided into the benefits charged to an employer's account over a prior three-year period. The employer has the sole responsibility of determining whether credit is received for taxable wages by filing reports in a timely manner.

Employers with timely payments also receive credit against FUTA taxes (review **Federal Certification** paragraph on Page 18).

Installment Payment Option

Employers who file and pay timely are eligible to pay reemployment tax in installments, as long as that tax is due in one of the first three quarters of the calendar year. When choosing the installment payment option on the *Employer's Quarterly Report* (RT-6), a \$5 installment fee is required once per calendar year and must be paid with the wage data and first installment payment for the quarter in which the installment election is made.

Penalty and Interest for Late Filing and Payment

Timely reporting will avoid charges for late reports and payments. If reemployment tax is not paid on or before the due date, interest will be charged on the full amount of tax due. Failure to file RT-6 reports timely will result in a penalty charge of \$25 for each 30 days, or fraction thereof, that the report is late.

Assessments

Failure to submit a report after being given reasonable opportunity to do so will result in an assessment of tax due. The Department will determine, based on the employer's tax history and other available information, how much tax the employer is assessed for the quarter.

Liens

Unpaid tax, interest, penalty, or fees may cause a lien to be placed against the employer's real and personal property.

Tax Rate Consequences

Although penalties are assessed for late submission of reports, these penalties are small compared to failing to receive credit for taxable payrolls for tax rate purposes. **It is very important to submit reports and tax payments timely. Completed quarterly reports must be submitted even if no tax is due.**

Protest

If an employer protests liability under the reemployment assistance program law or protests the tax rate assigned, the employer must file reports and pay taxes at the assigned tax rate pending a hearing on the protest. If the protest is ruled in the employer's favor, an adjustment or refund will be granted by the Department for applicable taxes paid.

Installment Payment Chart

		Pay by Apr. 30	Pay by July 31	Pay by Oct. 31	Pay by Dec. 31	Pay by Jan. 31
1st Quarter (ends Mar. 31)	4 equal payments	1/4 of total amount	1/4 of total amount	1/4 of total amount	1/4 of total amount	
2nd Quarter (ends June 30)	3 equal payments		1/3 of total amount	1/3 of total amount	1/3 of total amount	
3rd quarter (ends Sept. 30)	2 equal payments			1/2 of total amount	1/2 of total amount	
4th quarter (ends Dec. 31)	Not affected. Pay in full.					Total amount

Correcting Your Report

Corrections to quarterly reports that have been filed with the Department can be made online by going to the Department's File and Pay website at floridarevenue.com/taxes/filepay or by submitting an electronic *Correction to Employer's Quarterly or Annual Domestic Report* (RT-8A). If the employer is required to file reports electronically, then the employer is also required to file corrections electronically. The correct information must state the reasons for such adjustments, i.e., incorrect gross wages or the employee should have been reported to another state.

If the employer did not file any employment reports, RT-6 reports must be submitted, and tax and interest paid going back to the date of employment of the worker(s). The Department can require the employer to file returns as far back as five years.

The Department can also require the employer to file corrected returns as far back as five years. When employment information or wages are omitted, the Department will send a request to the employer for the missing information. It is to the employer's advantage to reply immediately; otherwise, penalties may be charged, and incorrect or incomplete information could be processed to the employer's account.

New Hire Reporting

All employers, regardless of size, are required to report all new hires or rehires within 20 days of an employee's hire date. Information about new hire reporting is at servicesforemployers.floridarevenue.com or call 888-854-4791. The fax number for new hire reporting is 888-854-4762.

Inactivation of Account

An employer's account is made inactive when the employer ceases to have payroll and notifies the Department of the date this occurred. The account will automatically be inactivated if RT-6 employment reports are submitted with zero gross wages for eight consecutive calendar quarters. If an account is inactive and employment resumes, the Department must be notified, wages paid must be reported, and taxes must be paid.

An *Employer Account Change Form* (RTS-3) should be used to reopen an account. Although, it may be necessary to submit a new *Florida Business Tax Application* (DR-1) if any account information has changed (particularly eServices contact or banking information) since the original DR-1 application was submitted.

Termination of Liability

Termination of liability is not the same as inactivating an account. An employer's account is eligible for termination if the liability requirements have not been met for an entire calendar year. In this instance, application for termination of liability must be submitted no later than April 30 of the following year to be considered timely. Once an account is officially terminated, liability must be reestablished as described in this guide.

Employers are responsible for submitting reports until they are officially notified that liability has been terminated.

When to Notify the Department

Submit an *Employer Account Change Form* (RTS-3), or make the change on the Department's website, if one or more of the following business activities occur (some may also require submission of a DR-1):

- Location or mailing address change
- Cease employment
- Close the business
- Use of an employee leasing company
- Add or change a business federal employer identification number (FEIN)
- Inactivate the business
- Incorporate the business (including professional associations)
- Incorporation change (such as S Corp to C Corp)
- Involuntary dissolution by the Secretary of State
- Legal entity changes (such as partnership to corporation)
- Location changes (new ones added, or old ones deleted)
- Partner or partnership change
- Sell all or part of the business
- Trade name change

- Bankruptcy - A copy of the Petition Notice issued by the court should be mailed to the:
Bankruptcy Section
Florida Department of Revenue
PO Box 6668
Tallahassee FL 32314-6668
- Authorization for Common Paymaster - Notify the Department on the *Application for Common Paymaster* (RTS-70)
- Power of Attorney - Notify the Department on the *Power of Attorney and Declaration of Representative* form (DR-835)
- Purchase all or part of a business – Notify the Department on the *Report to Determine Succession and Application for Transfer of Experience Rating Records* (RTS-1S)

Tax Audits and Required Employer Records

Audit Purpose

Tax auditors regularly carry out complete payroll audits of employers' books and records. The auditors use generally accepted auditing standards and procedures, covering a specified period of time during which an employer is liable for reporting under the law or is found to be liable as a result of the audit.

A well-planned and cost-effective field audit program is an efficient means of ensuring compliance with state reemployment tax laws and timely collection of taxes on an equitable basis.

Records Required and Examined

Florida law requires the records of an employing unit be open for inspection by the Department at any reasonable hour when the firm's business is normally conducted.

The employer must maintain true and accurate work records for a period of five calendar years. If the employment records are not kept in Florida, the employer must designate a resident agent in Florida through whom such records may be obtained upon request. Failure to produce all requested work records will result in the loss of an employer's earned tax rate and the assignment of the standard rate (5.4%) until the quarter after production of the records.

The Florida Administrative Code outlines the specific information an employer is required to maintain in the payroll records. The types of records needed for an audit may include, but are not limited to: time cards, individual earnings records, check registers, check stubs, canceled checks, cash disbursement journals, payroll ledgers, payroll summaries, petty cash, work orders/invoices, master vendor files, general journals, general ledgers, income statements, balance sheets, RT-6s (SUTA), Form 940 (FUTA), Forms 941, 942, 943 (as applicable), Forms W-2 and W-3, Forms 1099 and 1096, Schedule C (sole proprietor), Form 1065 (partnership), partnership agreements, Form 1120 and all attachments (C Corporation), Form 1120S and all attachments (S Corporation), corporate charters, independent contractor agreements, and charts of accounts.

An employing unit may be held liable as an employer, regardless of the number of workers employed. Adequate payroll records will reveal whether the employer has or has not met liability criteria for the payment of reemployment taxes.

Tax Rate

Regular

The method of determining varying tax rates assigned to taxpaying employers is referred to as "experience rating." Under the reemployment assistance program law, an employer's experience rate is based on the employer's own employment records in relation to the employment records of all other employers.

The purpose of the experience rating provision is to keep the Unemployment Compensation Trust Fund at a stabilized percentage of the taxable payrolls reported by all employers. The experience rating provision also helps make sure employers pay their fair share based on their own experience rating.

Variable adjustment factors and constant adjustment factors are computed yearly. These factors are used to help compensate the trust fund for the benefits paid to eligible claimants who worked for employers whose

taxes were less than the amount of benefits paid, and benefit payments that are not chargeable to any employer's account. These charges are distributed to all rated employer accounts.

Once rated, an employer's tax rate may vary each year according to their employment experience. The tax rate can vary from the maximum of 5.4% (0.0540) to the minimum rate, which varies every year based on the adjustment factors but can never be lower than 0.1% (0.0010). Employers participating in an approved Short-Time Compensation Plan are subject to a rate of 1.0% (0.01) above the current maximum rate. Even though an employer may no longer be participating in the program, all benefits charged as a result of Short-Time Compensation will be used in the tax rate computation.

Economic conditions resulting in abnormally high unemployment accompanied by high benefit charges cause a severe drain on the Unemployment Compensation Trust Fund. The effect is an increase in the adjustment factors, which in turn increases tax rates for all rated employers. Conversely, when unemployment is low, the adjustment factors decrease and tax rates for rated employers are reduced accordingly.

When an employer first becomes liable for the payment of reemployment taxes, the beginning tax rate is 2.7% (0.0270) until the employer has reported for approximately 10 quarters, depending on the quarter of the year the employer established liability. The account will then be rated by dividing the benefits charged to the account by the taxable payroll on which wages were reported by the end of the quarter preceding the quarter in which the tax rate is to be computed. Once an account has completed the required quarters of reporting, it will be considered for an experience rate at the beginning of each calendar year thereafter.

The payroll used in annual rate computations may vary from seven to twelve calendar quarters. The tax rate is computed using the sum of three factors:

- Benefit ratio
- Variable adjustment factor
- Final adjustment factor

To obtain the variable adjustment factor, the benefit ratio is multiplied by a common multiplier, which varies from year to year. The final adjustment factor, which also varies from year to year, is the same for all employers and ultimately determines the minimum rate for the year.

Legislation enacted in 2021 changed Florida's reemployment tax rate computation for rates effective 2021 through 2025. The rate calculation for 2021 excludes all benefit charges from the second quarter of 2020 and prevents the application of the positive adjustment factor, which normally increases rates automatically if the Unemployment Compensation Trust Fund balance is below a certain amount.

Tax rates effective January 1, 2022, will exclude charges from the second, third, and fourth quarters of 2020 and all benefit charges paid as a direct result of a government order to close or reduce capacity of a business due to COVID-19, as determined by the Florida Department of Commerce. The tax rate calculation will also exclude the application of the positive adjustment factor (trust fund trigger).

Benefit charges from the first and second quarters of 2021 may be decreased if the Florida Legislature's Office of Economic and Demographic Research (EDR) estimates that total tax collections for rate year 2022 will exceed \$475.5 million. Since EDR has until January 1, 2022, to advise the Department of Revenue whether to decrease benefit charges, the Department of Revenue has until March 1, 2022, to post rates for the 2022 calendar year.

Tax rates effective January 1, 2023, through December 31, 2025, will exclude charges from the second, third, and fourth quarters of 2020 and all benefit charges paid as a direct result of a government order to close or reduce capacity of a business due to COVID-19, as determined by the Florida Department of Commerce. The tax rate calculation will also exclude the application of the positive adjustment factor (trust fund trigger). Benefit charges from the first and second quarters of 2021 may be decreased if EDR estimates that total tax collections for rate year 2022 will exceed \$475.5 million. These changes to the tax rate calculation are repealed if the trust fund reaches \$4,071,519,600 on June 1 of any year.

Reemployment Tax Rate Notices (RT-20) are mailed to employers immediately prior to the new tax rate effective date. A protest of the assigned tax rate must be in writing, within 20 days from the date the *Reemployment Tax Rate Notice* is mailed.

Any employer who has been billed for an outstanding tax debt for one year or longer will be assigned the **penalty tax rate** of 5.4% (0.0540), unless payment is received prior to the effective date of the new tax rate. Employers are notified of any outstanding tax debt by mail through a reemployment tax *Summary of Amount Past Due* (RT-27). Employers can view their tax rate by logging in to their account at floridarevenue.com/taxes/filepay.

Successor Accounts

Any individual, partnership, or corporation that becomes an employer by succession has the option of transferring the predecessor's tax rate or taking the initial rate of 2.7% (0.0270). If the new owner becomes liable by succession and elects to transfer the predecessor's tax rate, a *Report to Determine Succession and Application for Transfer of Experience Rating Records* (RTS-1S) must be signed and returned within 30 days from the date the notification of option is mailed to the successor, or the transfer will be denied.

The form must have the signature of the owner or a corporate officer. To qualify for a tax rate transfer, the successor employer must have notified the Department of the acquisition within 90 days of the date the succession began; otherwise, the transfer will be denied.

If the new owner is already liable, and elects to transfer the predecessor's tax rate history, the RTS-1S must be signed, as stated above, and returned within 30 days from the date the notification of option is mailed to the successor. A tax rate will be computed based on the combined employer histories. If the form is not returned within 30 days, the transfer of records will be denied. If the successor does not elect the transfer, the new owner's existing tax rate will apply.

Any successor employer requesting transfer of experience rating records of the predecessor must submit payment, by certified funds, for debt owed by the predecessor, if any, within 30 days of the mailing date of the notice listing the total amount due or the transfer will be denied. Also, the successor's account will be charged with any benefits paid to the individuals who were former employees of the predecessor. These charges will be used in future tax rate computations.

If the new owner acquires only a portion of the predecessor's business, the successor is entitled to the experience rating records of that particular unit if qualifying conditions are met. To qualify for partial transfer, the successor employer must have timely notified the Department of the acquisition; otherwise, the transfer will be denied. A partial rate transfer may be granted if the RTS-1S is signed by both parties consenting to the rate transfer and all requested information is provided.

Form RTS-1S requires the total number of predecessor employees before the transfer, the number of employees in the identifiable and separate unit transferred, and the date the transferred unit began employment while operated by the predecessor. The partial transfer form must be returned within 30 days from the date the notification of option is mailed to the successor. If the form is determined to be late, the transfer will be denied.

When an employer buys an additional unit of business from another liable employer, the purchaser must submit a *Florida Business Tax Application* (Form DR-1), marked "AMENDED" to provide additional information concerning the purchase.

A company reporting several units of business must advise the Department if any of the units are sold. The names and addresses of the new owners as well as the dates of sale are required. This information may be submitted by a detailed letter or in a *Report to Determine Succession and Application for Transfer of Experience Rating Records* (RTS-1S).

Before buying an existing business, a purchaser should ask the seller for documentation of any tax, (including, but not limited to, reemployment tax), penalty, or interest due to the Department, since a purchaser could be liable for any tax, penalty, and interest owed by the seller in accordance with s. 213.758, F.S. The purchaser can then withhold enough of the purchase money to cover the liability until the seller pays the amount due.

Mandatory Transfers

Reemployment tax experience must be transferred whenever there is any common ownership, management, or control of two employers, and one of these transfers its trade or business (including its workforce), or a portion thereof, to the other employer. This requirement applies to both total and partial transfers of business.

Employers must notify the Department in writing of any total or partial transfer of trade or business within 90 days after the date of transfer if there was any common ownership, management, or control of the two employers at the time of the transfer.

Federal Certification

Every year the Department certifies to the federal government the amount of taxable wages, the amount of tax paid, and whether the tax was paid timely for each employer's account. This certification allows the employer to receive credit against the Federal Unemployment Tax Act (FUTA) for timely reports and payments to the state. If an employer has not reported and paid timely, the credit is limited to 90% of the amount that would have been allowable as a credit if the state tax had been paid on time.

Benefits

A separate *Employer Guide to Reemployment Assistance Benefits* (RT-800001) is available online at floridarevenue.com/forms under the Reemployment Tax section.

How Benefits are Charged and Their Impact on Employers

Reemployment Assistance Claims and Appeals are administered by the Florida Department of Commerce. Reemployment assistance benefits paid to eligible claimants are paid from the Unemployment Compensation Trust Fund. Benefits paid on claims are charged to the RT accounts of employers on a percentage basis. The chargeable percentage is based on the amount of wages each employer paid the worker as compared to the worker's total wages for insured work during the base period of the claim. For example, if there were two base period employers, each having paid \$3,000 in the base period, each would be charged 50% of the benefits paid to the claimant.

Benefit payments made to any eligible claimant must be charged to the taxpaying employer's experience rating record when the employer pays the individual wages of \$100 or more within the base period of the claim. A taxpaying employer who pays less than \$100 within the base period will not be charged.

All employers who are registered for reemployment tax with the Florida Department of Revenue can access claim records involving their accounts through the Reemployment Assistance Claims and Benefits Information System referred to as **RECONNECT** and found at floridajobs.org. When a claim is filed, a *Notice of Reemployment Assistance Claim Filed* is created in **RECONNECT** and notice of its availability is provided to the employer.

Employers must log in to the system to respond to the claim. If such notice is received and the employer has information that may affect the claimant's eligibility for benefits, a reply should be submitted immediately to avoid any improper payment of benefits to the claimant.

The Florida Department of Commerce may initiate subsequent correspondence to employers regarding a claim for more specific information needed in determining an individual's eligibility for benefits and may contact employers through written communications, telephonically, or through electronic means. However, to be eligible for relief from benefit charges, employers must respond to the *Notice of Reemployment Assistance Claim Filed* within 14 days, which is the response due date provided on the notice.

Remember: Wages must be reported for the period in which they were paid, not earned.

A reimbursing employer is required to pay dollar-for-dollar for the percentage of benefits paid to eligible former employees. The percentage of benefit payments will be billed to the reimbursing employer on a quarterly basis. The law has no provision to non-charge the account of a reimbursing employer.

In the event an individual who performed services for a reimbursing employer is disqualified, any benefits already paid will be billed and the reimbursing employer will be required to reimburse the full amount. Recovery of benefits improperly paid will result in a refund or credit to the reimbursing employer.

Glossary

Benefits - Reemployment assistance payments to eligible claimants.

Cafeteria Plan Exemption - Cafeteria plans always give the employee the option to receive cash as a benefit. When the cash option is chosen, the payments are considered wages and are subject to reemployment tax.

Calendar Quarter - A period of three consecutive months ending March 31, June 30, September 30, and December 31, of any year.

Casual Labor - Work performed that is not in the course of the employer's regular trade or business and is occasional, incidental, or irregular.

Claimant - A person who has applied for reemployment assistance benefits.

Common Paymaster - Related corporations with employees performing services simultaneously for the related corporations may allow one of the related corporations to report and pay reemployment tax rather than each corporation reporting separately if prior approval from the Department has been received.

Department - Florida Department of Revenue

Determination -

- A decision made by the Florida Department of Revenue regarding an employing unit's liability, tax rate, or assessment of taxes.
- A decision made by the Florida Department of Commerce regarding a claimant's monetary or non-monetary eligibility for benefits.

Electronic Reporting - The electronic transfer of tax report information to the Department. The electronic report replaces the paper report.

Employee Leasing Company - An employing unit which maintains a valid and active license under Chapter 468, F.S. (Also known as Professional Employer Organization.)

Employer - An employing unit that has met the criteria of liability for payment of reemployment tax.

Employing Unit - An employing unit is any person or organization, including partnerships, limited liability companies, corporations, associations, trusts, estates, Indian tribes, or trustees or receivers, that have employed any person at any time.

Employment - Any service performed by an individual for an employing unit.

Excess Wages - Wages paid in excess of **\$7,000** per worker per calendar year. Excess wages are not subject to reemployment tax.

Gross Wages - All wages paid.

Independent Contractor - A person who is not subject to the will and control of the employer. The employer does not have the right to control or direct the manner or method of performance, although the results to be accomplished are controlled. Independent contractors hold themselves out to the public as such. Generally, they furnish materials as well as labor and use their own tools in the performance of the work. Services performed by independent contractors cannot be summarily terminated without recourse. A contract for labor only will normally be considered a contract of employment. How the worker is treated determines employment status, not a written contract or a Form 1099.

Liable Employer - An employer who is responsible for payment of reemployment tax.

Payrolling - Payrolling is an agreement between employers whereby payrolls for two or more employers are consolidated, usually for tax purposes, with one employer reporting the employees of the other(s). Payrolling is not permitted; each employer must file the *Florida Business Tax Application* (Form DR-1) with the Department and report its own employees.

Predecessor - The prior owner of a business unit.

Protest - A request for review of any determination made with respect to an employer's liability status, tax rate, assessment of taxes, or other action affecting any employer's account.

Redetermination -

- A written notice of review to a determination on a claim for benefits issued by the Florida Department of Commerce.
- A written notice of review to a determination involving an employer's liability, tax rate, assessment of taxes, or other tax matters issued by the Department. A redetermination is appealable.

Remuneration - Payment for goods produced or services provided.

Successor, Partial - An employing unit that acquires an identifiable and separate portion of the organization, trade, or business of another employer, provided the acquired part or unit would have been an employer subject to the law.

Successor, Total - An employing unit that has acquired the organization, trade, business, or substantially all the assets of an employer.

Tax Rate - The percentage used to compute reemployment tax. Initial tax rate - 2.7% (0.0270) Maximum tax rate - 5.4% (0.0540)

Taxable Wage Base - Wages of **\$7,000** per worker per calendar year.

Taxable Wages - Wages subject to reemployment tax under the law (up to and including **\$7,000**).

Total Wages - All wages paid. See "Wages."

Wages - Payment for employment, including commissions, bonuses, back pay awards, and the cash value of all remuneration paid 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 considered wages. Payments made under a workers' compensation law are not considered wages. Tips are covered wages if received while performing services that constitute employment and are included in a written statement furnished to the employer.

Note: Wage information and other confidential reemployment information may be requested and used for other governmental purposes, including, but not limited to, verification of an individual's eligibility for other government programs.

Contact Us

Information and tutorials are available at floridarevenue.com/taxes/education.

Tax forms and publications are available at floridarevenue.com/forms.

To speak with a Florida Department of Revenue representative, call 850-488-6800, Monday through Friday, excluding holidays.

For **claims information**, contact the Florida Department of Commerce at 850-617-0410.

For **appeals information**, contact the Florida Department of Commerce - Reemployment Assistance Program at 850-921-3511.

Employer's Checklist for Compliance

- ___ Report all required data. Accurate Social Security numbers and all wage information paid must be reported for each employee. Completed RT-6 reports are due by the following due dates: January 31, April 30, July 31, and October 31. If paying electronically, your funds must be transmitted before 5 p.m. ET on the business day prior to the payment due date. Remember, your account is debited on the business day following your transmittal.
- ___ Post and maintain, in places readily accessible to your workers, the notice *To Employees* (RT-83) that satisfies your requirement under s. 443.151(1), F.S., to make information available concerning benefit rights and claims for benefits. The notice can be downloaded at floridarevenue.com/forms in the Reemployment Tax section.
- ___ File all reports on time and respond to correspondence within designated time periods.
- ___ Clearly delegate responsibility in your organization for the timely response to correspondence regarding reemployment tax or claims.
- ___ Make sure you notify the Department of the correct mailing address to send correspondence concerning claims for benefits and tax information. You may specify separate addresses for the mailing of claims notices.
- ___ Contact your local One-Stop Career Center for advice and assistance before making any layoffs.
- ___ Prior to filing your *Employer's Quarterly Report* on an alternative form, make sure your format has been approved.
- ___ Attend all appeal hearings. The outcomes may affect your tax rate.
- ___ Notify the Florida Department of Commerce to report suspected fraud or abuse of Reemployment Assistance. Call the fraud hotline at 800-342-9909, or submit the information online at floridajobs.org/Reemployment-Assistance-Service-Center/reemployment-assistance/claimants/fraud-and-identity-theft. Select "Fraud and Overpayments."
- ___ Notify the Department of Revenue as soon as possible of any changes in ownership, location, or type of business activity online at floridarevenue.com/taxes/updateaccount.
- ___ Your reemployment tax account number (a seven-digit number) should be included on all reports, checks, and correspondence.
- ___ Correspondence regarding a former employee should include the employee's social security number in addition to your account number.
- ___ If you need reemployment tax assistance, visit floridarevenue.com/taxes/rt or call a Florida Department of Revenue representative at 850-488-6800, Monday through Friday, excluding holidays.