

# FAQs UI - Businesses

**Q: When and how do I become liable to pay unemployment insurance?**

**A:** [Liability](#) varies depending on the type of business and wage payments.

We have an [on-line](#) application to assist you with this process and registration.

**Q: How do I open an account for unemployment insurance and how is the new account rate determined?**

**A:** You can open an account [on-line](#) or by downloading and returning [Form C-1 \[PDF\]](#), Status Report. New [employer rates](#) are assigned by industry classification and full successor rates are based on the previous employer's experience history of benefits charged against their account versus taxable payroll.

**Q: What do I have to do if I sell or close my business?**

**A:** You must notify us of ANY changes in your business structure. This can be done by completion of [C-36 form \[PDF\]](#). Additionally, if a potential buyer of your business requests such, you must provide them with your experience rating.

**Q: How am I determined a successor and if I am, will I be eligible for a transfer of the predecessor's rate?**

**A:** If you acquire substantially all the assets of an existing liable business and continue that business, you may be determined a full [successor](#) and eligible for a transfer of the predecessor's rate. A partial acquisition of an existing liable business, which you continue, is not eligible for a transfer and would be rated as a new employer.

**Q: How is my experience rate computed?**

**A:** [Experience rates](#) are computed annually and are effective July 1<sup>st</sup> through June 30<sup>th</sup>. They are calculated by using the employer's three most recently completed calendar years history (taxable wages divided by benefits charged against their account)

**Q: Are employee or employer contributions to cafeteria plans and 401K plans considered covered wages?**

**A:** The employer contributions are nontaxable. The employee contributions are taxable.

**Q: Are officer earnings, wages paid to spouses, etc., considered covered wages?**

**A:** Officers of corporations are employees of the corporation. You must report all gross wages paid to officers of the corporation. There are some situations where employment is [exempt](#) from coverage.

**Q: My employees work in more than one state. Where do I report and pay my unemployment insurance?**

**A:** Generally wages are reported to the state in which the services are performed UNLESS the employee works in more than one state. Further information on [localization](#) is provided.

**Q: Why should I have to pay unemployment taxes if I'm the corporate officer?**

**A:** As an employee of the Corporation, you may be eligible for Unemployment Compensation benefits providing you meet all of the eligibility requirements.

**Q: How do I figure excess wages and taxable wages on my Employer's Quarterly Wage and Contribution Report?**

**A:** Excess wages are the wages paid to each employee above and beyond the [taxable wage base \[PDF\]](#). Further information is provided under [Filing UI Tax Reports](#) and [C-101 and instructions \[PDF\]](#).

**Q: Do I have to report a worker on my Contribution report if the total amount paid is under \$600.00, if I paid cash and/or was just "trying them out"?**

**A:** An employer must report all amounts paid to a worker if the work performed is covered under the Unemployment Compensation laws, regardless of the amount. Further information regarding [proper reporting](#) and covered employment is provided in the Employer's Manual.

**Q: Why can't the Vermont Department of Labor obtain wage amounts from the Vermont Tax Department?**

**A:** Mainly it's because different liability and covered employment test exist. That said, both department share information to insure compliance.

**Q: What generally determines which employer accounts will be audited?**

**A:** Being selected for an audit should not be construed that the employer has done something wrong. Each quarter several accounts are selected through a random audit program to meet federally mandated requirements. Additionally, if the department has reason to suspect an employer is not properly reporting its workers, an audit will be conducted to insure compliance of the Unemployment Compensation laws.

**Q: How much do I have to pay in UI taxes?**

**A:** For employers just starting a business, calculating the tax amount can be difficult, as various factors can alter the rate. To avoid improper calculation, you are encouraged to contact the [field auditor \[PDF\]](#) in your area or our Employer Services Unit.

**Q: Why do I get so many different forms from the department related to Unemployment Insurance claims?**

**A:** There are a number of requests the department makes of employers related to the unemployment claim process. What those requests are and the reason they are made are as follows:

1. A Wage & Separation Data Request (Form B-70W) is mailed when we need wages that have not yet been reported to qualify a claimant under "monetary method" two or three. This request must be

completed and returned within 10 days of the mailing date; failure to do so will result in a penalty being assessed.

2. A Notice of Potential Charges to Your Unemployment Benefit Account (Form B-10NS) is mailed to all base period employers when a claimant is determined to be monetarily eligible for benefits, and the employer's account has been determined to be potentially liable for a percent of all the benefits paid.

3. A Request for Separation Data (Form B-8F or B-10S) is mailed to the claimant's most recent employer to determine the reason for the claimant's separation from the employer. Failure to return forms when required by the due date indicated will result in a penalty being assessed.

**Q: When is an employer required to respond to a Request for Separation Data B-10S or B-8F form?**

**A:** The employer is required to respond if:

- (B-10S form only) Gross wages paid to the individual, during the time period indicated on the form, are incorrect;
- The individual was fired or let go for reasons other than lack of work;
- The individual voluntarily quit, voluntarily retired, or separated due to a health reason;
- The individual received or will receive payments at separation time or related to separation;
- The individual is on family leave or was hired to cover for an worker on family leave;
- The individual still works part-time;
- The individual will not return to work on the date specified;
- The individual is receiving a monthly pension paid by the employer;
- The individual is currently working for an Educational Institution and the "Effective date" noted on the form falls within a week of closure;
- You have reason to believe the individual should not be filing for benefits; or
- Was not the employer's employee or worked for someone else subsequently.

[Instructions for completing requests for separation forms](#) (B-8F or B-10S) are also available.

**Q: If an employee quits, how can they collect?**

**A:** A former employee, who quits a job with the last employing unit, may collect benefits if it is found that the reason for the quit is attributable to the employer's action. One example of such action by the employer is failure to abide by the terms of the hiring agreement. The [burden of proof \[PDF\]](#) for this type of separation lies with the claimant. Only the separation from the last employing unit is potentially disqualifying.

**Q: How is the employer's percentage of liability for an employees' benefit amount determined?**

**A:** The percentage of liability is equal to the percentage of wages paid by the employer in the base period. A taxable employer's account will only be relieved under certain circumstances. A reimbursable employer's account can only be credited for benefits charged when the claimant repays overpaid benefits.

**Q: My business is being charged for unemployment insurance benefits. Why was I charged and how will this affect my experience rate? Is there anything I can do in the future to lower my rate?**

**A:** Benefits are paid from the Unemployment Compensation Trust Fund and are charged proportionally to the [experience rating](#) record of the base period. Benefit charges against your account will likely increase your rate. It is difficult to predict exactly how much the impact will be, as there are variables in the formula. To [lower your rate](#), benefit charges would need to be lowered or eliminated. Further information on [reducing UI cost](#) is provided.

**Q: How can a former employee file a claim in more than one benefit year?**

**A:** A former employee cannot establish two benefit years at the same time. Once one benefit year (a period of 1 year beginning when the claimant originally establishes a new claim) ends, a new benefit year may be established only if the individual has had additional employment and was paid the required wages in the new base period. Wages **not** used in determining the weekly benefit amount for the previous benefit year may fall within the new benefit year established. In such cases, the employer would be proportionally charged again unless the claimant separated under disqualifying circumstance before the new benefit year was established.

**Q: Why does an employer need to complete Form D-254 requesting weekly wages when information was previously submitted on the Employers Quarterly Wage and Contribution Report?**

**A:** On the Contribution Report, wages are reported quarterly while payment is issued weekly, thus the employer's weekly breakdown of wages earned from employment beginning on Sunday and ending on Saturday is critical to the case. This detailed information will identify which weeks, if any, have been improperly paid and will allow the department to take action against those who have received improper payments for failure to report gross wages earned. In such cases, the individual will be required to repay the benefits, and the taxable employer's account will be credited with its portion of the improperly paid dollar amount.

**Q: Why does an employer get Form D-254 for wage verification if the person never worked for them?**

**A:** This occurs when an employer submits an incorrect social security number on the quarterly wage report or when the Department of Labor transposes a social security number upon entry into the department's wage file. When this occurs, the employer should simply return the form, making reference the individual was never employed by that business.

**Q: On Form D-254 what does "Last day worked prior to this time period" mean?**

**A:** We are looking for separation information relative to the weeks indicated on the form. If the claimant did not separate from employment during the weeks indicated, annotate "N/A". If you have further questions regarding proper completion of audit forms, please contact the Program Integrity Unit at 802-828-4333.

**Q: How does an employer complete Form D-254 if their workweek does not end on a**

## **Saturday?**

**A:** For hourly employees, the most accurate way to do this is to indicate how many hours were worked during each of the days indicated on the form. Once the employer has done this, the employer can usually multiply the number of hours by the hourly rate, considering any differentials or overtime rates. When using this method, it is not uncommon for the form to have hours and gross wages indicated in each of the daily boxes. For example: 5.5/\$55 would translate into the person working 5.5 hours, (hourly rate of \$10), resulting in total gross wages of \$55.00.

**Q: What does an employer do with Form D-254 if the claimant didn't work for them during the weeks in question?**

**A:** Check the appropriate box on the form indicating claimant did not work during the weeks requested and return the form in the envelope provided to prevent future request for the wage information.