

Vermont Department of Labor

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THE FIRST QUARTER 2018 C101 REPORT FILING WINDOW IS NOW OPEN THE DUE DATE IS APRIL 30, 2018

Taxable Wage Base – Effective with the filing of the report due on April 30, 2018, for the quarter ending March 31, 2018, the taxable wage base increased from \$17,300 to \$17,600.

Wage and Hour Updates

Minimum Wage Change Effective January 1, 2018 – Vermont’s minimum wage increased on January 1, 2018 from \$10.00 to \$10.50 per hour. The basic wage for tipped employees increased from \$5.00 to \$5.25 per hour. Service or tipped employees are employees who customarily and regularly receive more than \$120.00 a month in tips for direct and personal services.

Change in Meals and Lodging Allowance – The amount an employer is allowed to deduct from an employee’s wages for meals and lodging has been updated. For information, visit our website at <http://labor.vermont.gov/wage-hour/>.

Electronic Payment – To ensure payments are received timely, employers are encouraged to utilize an electronic payment method. Choosing to pay electronically is another way to prevent interest charges from accruing on your account due to a late-arriving payment. To process an electronic payment, you will need to provide your Bank Account Number and Routing Number.

VT Employers to See Continued Unemployment Insurance Tax Relief

The Vermont Department of Labor announced Friday, March 2, 2018, three potential changes to the Unemployment Insurance (UI) program, that will ultimately reduce tax rates for employers beginning July 1, 2018. These anticipated changes will also reduce the taxable wage base amount that employers currently pay on unemployment taxes by \$2,000, beginning January 1, 2019, and on the benefits side, claimants are expected to see an increase in the maximum benefit amount effective July 1, 2018.

Nearly 22,600 employers remit state unemployment taxes to the Vermont Department of Labor on an annual basis. These taxes are deposited into the Unemployment Insurance Trust Fund and are used for the payment of unemployment insurance benefits to eligible claimants. The unemployment trust fund is “forward-funded”, meaning tax schedules are designed to raise more funds during periods of economic growth to ensure that there is adequate funding during economic recessions. The Department moved to Tax Rate Schedule IV (4) in July of 2017, which triggered a reduction in unemployment insurance tax rates for employers starting July 1, 2017. These new changes will be triggered by the anticipated move from Tax Rate Schedule IV (4) to Tax Rate Schedule III (3) in July of 2018.

Individual employers’ reduced taxable wage rates will vary according to their experience rating; however, the rate reduction anticipated in July of 2018 will reduce the highest UI tax rate from 7.7. percent to 6.5 percent. The lowest UI tax rate will see a reduction from 1.1 percent to 0.8 percent. Additionally, it is anticipated that on July 1, 2018, the maximum weekly unemployment benefit will be indexed upwards to 57% of the average weekly wage. The current maximum weekly benefit amount is \$466, which is expected to increase to \$513. The change in maximum weekly benefit amount is directly tied to the change in the Tax Rate Schedule.

For more information regarding tax schedules and rates, please visit the Vermont Department of Labor’s website: <http://labor.vermont.gov/unemployment-insurance/employers/ui-tax-rates/>

If you have questions or are in need of assistance, please contact the Vermont Department of Labor Employer Services Unit at 802-828-4344.