

UNEMPLOYMENT INSURANCE INFORMATION FOR NONPROFIT & MUNICIPAL EMPLOYERS

As of July 1, 2024, ALL nonprofits, regardless of size, will be required to be registered with the VT Department of Labor to participate in Unemployment Insurance.

In 2023, the Vermont Legislature passed H. 217 (Act 76), which eliminated the unemployment insurance exemption for nonprofit entities employing three or fewer employees. Beginning July 1, 2024, ALL nonprofit entities must register with the VT Department of Labor to provide unemployment insurance to their employees.

Nonprofit and municipal entities have to option to participate as a taxable or reimbursable employer. This document provides an overview of these two options, as well as how to register or change how you participate.

To learn more and for help evaluating the best option for your organization, please refer to the *Unemployment Guide for Nonprofit & Municipal Employers*.

Common Good Vermont is a statewide program of United Way of Northwest Vermont



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As a Vermont nonprofit or municipal employer, you have the option to elect how you will finance the payment of unemployment insurance benefits. You may choose to be either a “taxable” employer, and pay state unemployment insurance taxes, or a “reimbursable” employer, and reimburse the unemployment insurance trust fund for benefit claims made against you.

Taxable	Reimbursable
<ul style="list-style-type: none"> • Pay quarterly taxes on taxable payroll (capped amount) • New employer tax rate is 1% <ul style="list-style-type: none"> ◦ After one full calendar year of participating in unemployment insurance, tax rate is based on the employer’s experience rating (based on amount of benefit charges in 3 year period) • Benefit claims paid from unemployment insurance trust fund are charged to your tax rate • Taxable entities other than 501(c)(3)s pay federal unemployment taxes 	<ul style="list-style-type: none"> • Billed quarterly dollar for dollar for benefit charges attributable to their account <ul style="list-style-type: none"> ◦ No costs incurred until a former employee files for benefits ◦ Nonprofit employers have the option to pay a percentage of their payroll each calendar quarter towards their benefit costs • Will not be relieved of “charges” (payments) for any reason • Not required to pay state or federal unemployment taxes

HOW TO REGISTER AS A NEW EMPLOYER

- You are required to register within the third quarter of 2024 (July – September).
 - You will have 30 days from the date of registration to elect reimbursement status. The default status is taxable.
 - You must file a quarterly wage and contribution report by October 31, 2024 that reports all wages paid to employees during the third quarter.

The Department of Labor will provide additional information on how to register with the Unemployment Insurance Employer Services Unit in the coming months. In the meantime, please feel free to reach out to the Department with any questions at Labor.UllInformation@vermont.gov.

CHANGING FROM ONE OPTION TO THE OTHER

Nonprofit and municipal employers may elect to change their method of payment, provided:

1. Written notice must be filed at least 30 days prior to the beginning of the calendar year for which the change is to be effective.
2. Such change in election shall remain in effect for not less than two full calendar years.
3. Special Note: *A Reimbursable employer changing their method of payment to taxable is liable to make payments as if they were still a reimbursable employer for each claim that is filed based on wages paid while the account was reimbursable. These payments are in addition to any tax payments that may also be due.*