

CT Department of Unemployment Insurance TAX

Employer Information Notice

December 2013

2014 TAX INFO:

IMPORTANT UPDATE

Rate for Newly
Established
Employers
in 2014:
4.8%

Rate Range
for Established
Employers
in 2014:
1.9%-6.8%

2014 Taxable
Wage Base:
\$15,000

Effective
Oct. 6, 2013
and thereafter,
the Maximum
Weekly Benefit
Rate for All New
Claims Is:
\$590

New Legislation Mandates Quarterly Electronic Filing & Payment of UI Taxes

Legislation submitted by the Connecticut Department of Labor (CTDOL) this year to improve Unemployment Insurance (UI) operations has passed. Public Act No. 13-141 mandates that all employers file UI tax and wage reports and make UI payments electronically effective with the 1st calendar quarter 2014. Currently, approximately 35,000 employers file UI tax and wage reports via paper each quarter.

Transitioning to electronic methods will save CTDOL several hundred thousand dollars in data entry costs annually and will also allow staff to be reallocated to other priority tasks such as delinquent UI tax collections, UI tax fraud detection and prevention and other enforcement activities.

In order to comply with this mandate, several options are available and are outlined below. If you are already utilizing one of these methods, please continue to do so. If not, you must make arrangements prior to the filing and payment of your 1st calendar quarter 2014 UI tax return.

CT Internet Tax & Wage System (CITWS); this system allows you to file and pay your quarterly returns one of two ways:

1. **Tax and Wage Reporting System.** This method requires that you manually enter quarterly wage detail (names and SS#s reported in the previous quarter will be brought up automatically) and the system will calculate any taxes due (or you can override if necessary). The benefit of this method is that there are a number of built-in safeguards that prevent errors such as use of an incorrect registration number, which can result in delays in the posting of the return and subject you to additional fees, as well as payment at an incorrect tax rate; underpayments are subject to interest and penalty charges.

Any updates from the Department of Labor on the
UI Trust Fund will be posted on the
Department of Labor Website:
www.ct.gov/dol under "Unemployment Taxes"



New Legislation (cont'd)

2. File Transfer Protocol (FTP). This option is generally preferred by employers with more than 20 employees as it eliminates manual entry. In addition to registering on CITWS, this method also requires a separate registration for the FTP option at;

http://www.ctdol.state.ct.us/uitax/ftp_form1.htm

The transfer of the file is secured using 128 bit Secure Socket Layer (SSL) encryption.

For further information regarding the differences between the two methods, as well as other services available through CITWS, please use the links below:

<https://sso.ctdol.state.ct.us/English/CommonLogin/CommonLogin.aspx>

<http://www.ctdol.state.ct.us/progsupt/unemplt/LogInFAQs.htm#employers>

Options provided by outside vendors:

1. For a fee, Payroll Agents will file UI tax returns and make UI tax payments on your behalf.

2. Federal/State Employment Tax (FSET) software contained in software programs provides a means of electronically filing and paying your UI taxes and state withholding taxes. Information about the FSET process, together with a list of approved vendors, may be found at this link;

<http://www.ctdol.state.ct.us/uitax/FSET2.htm>

As Public Act 13-141 requires all payments to be made electronically, even if you choose one of the above two options, you should still register on CITWS. This will allow you to make stand-alone electronic payments in the event that there are additional monies due on your account, such as interest, penalty, fees, or special assessments.

Classification of Workers in Professional Occupations

The audit division has reported several recent cases of professionals, such as doctors, lawyers and dentists being misclassified as independent contractors. These individuals are being paid for per diem services performed at an employer's business location and for the employer's clients.

Employers appear to be treating these workers as independent contractors based solely on the fact the workers have their own professional practices outside of such per diem assignments. However, professional status or industry practice does not automatically make a worker an independent contractor.

Employers must also consider factors relating to direction and control over the services, how the services fit into the business of the employer, and where the services are performed.

If you are unsure of the status of one of your workers please refer to CT General Statutes Section 31- 222(a)(1)(B)(ii), also known as the "ABC" test. If further clarification is needed, feel free to contact your local Field Audit Office listed below.

Carl Guzzardi
UI Director of Accounts

Your local Unemployment Field Audit Office can assist you and answer any questions about the unemployment insurance information provided in this notice.

Bridgeport (203) 455-2725
Danbury (203) 797-4148
Hamden (203) 859-3325
Hartford (860) 256-3725
Middletown (860) 754-5130
New Britain (860) 827-6260

New London (860) 439-7550
Norwich (860) 859-5700
Torrington (860) 496-3340
Waterbury (203) 437-3400
Willimantic (860) 786-6200