



JUNE 2007 EMPLOYER INFORMATION NOTICE

2007 TAX INFORMATION:

New Employer Rate in 2007: 3.1%

Rate Range for Established Employers in 2007: 1.2% - 6.1%

Taxable Wage Base: \$15,000

Connecticut's MINIMUM WAGE: \$7.65 per hour

Reminder: If you use a payroll service, provide them with your 2007 UI tax rate. If you are calling with a problem, please have your unemployment insurance employer registration number ready.

IT IS EASIER THAN EVER TO FILE QUARTERLY RETURNS ON THE INTERNET!

You now have two Internet options. You can use our Web application CITWS, or you can use commercially available desktop payroll software that produces your unemployment insurance tax return and wage report and your state withholding return in one electronic file that is transmitted over the Internet.

OPTION 1: CONNECTICUT INTERNET TAX AND WAGE SYSTEM (CITWS)

Many enhancements have been made to the Agency's *Connecticut Internet Tax and Wage System (CITWS)*; however, the most exciting new feature is the **automatic calculation of excess wages**. Employers have the option to use the figure calculated by the system, or complete the calculation themselves if they prefer.

Join the more than 14,500 other employers who have already discovered the ease of online filing.

Log on to our Web site at:

<https://wage.ctdol.state.ct.us>

OPTION 2: USE FSET TO FILE QUARTERLY UNEMPLOYMENT AND WITHHOLDING TAXES ON THE WEB

There is now commercially available desktop payroll software from third party vendors that allows employers to file and pay quarterly unemployment and state withholding taxes over the Web using the Federal/State Employment Tax (**FSET**) format. The FSET file is produced by the payroll software. Currently, four approved vendors offer this service. To see the list, log on to:

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

Other Internet Services

Pay your taxes via Electronic Funds Transfer: Save yourself the trouble of writing out a check. Use our Electronic Funds Transfer feature. You choose the date on which we withdraw your funds. The option is available at: **<https://wage.ctdol.state.ct.us>**

Address Change: This too can be done on the Web at: **<https://wage.ctdol.state.ct.us>**

UI Trust Fund Overview

- State unemployment benefits are financed primarily through state payroll taxes, which are held in individual state trust fund accounts in the U.S. Treasury's Federal Unemployment Trust Fund. The funds secured from the state payroll taxes are invested by the Secretary of the Treasury in government securities in the same manner as are Social Security Trust Funds. Federal law prohibits the use of these funds for any purpose other than paying unemployment benefits or retiring debt incurred to pay unemployment benefits in the event of Trust Fund insolvency.

- Some unemployment insurance costs are recouped by a monthly billing. Qualified non-profit organizations, the state, the towns, the cities and their political or governmental subdivisions and federally recognized Indian tribes can opt not to pay the state payroll tax. They instead reimburse the state for costs already incurred.

- Some other unemployment benefits are financed through federal grants. These are used to pay benefits to former federal employees, to pay ex-service members, to pay extended benefits during periods of high unemployment, to pay workers displaced due to increased foreign imports or due to a shift in production to certain countries, and to pay workers displaced due to a disaster.

The unemployment insurance (UI) system has three basic goals:

- To provide to an eligible individual a temporary replacement of a portion of the wages lost due to unemployment

- To contribute to economic stability by maintaining the purchasing power of unemployed individuals.

- To stabilize employment levels by creating an economic incentive for employers to retain employees. The tax an employer pays can vary considerably based on how often an employer has employees who collect benefits. The unemployment costs attributable to an employer are compared to the employer's taxable payroll, and an "experience rating," is computed. The "experience rating" is based on the employer's record over the last three years. The experience rating process helps keep employers engaged in insuring that unemployment benefits are only paid to eligible individuals.

YOUR LOCAL FIELD AUDIT UNEMPLOYMENT COMPENSATION OFFICE LISTED BELOW CAN PROVIDE ASSISTANCE IF YOU HAVE QUESTIONS CONCERNING ANY UI TAX INFORMATION IN THIS NOTICE.

Bridgeport (203) 455-2725	Hartford (860) 256-3725	Norwich (860) 859-5700
Danbury (203) 797-4148	Middletown (860) 754-5130	Torrington (860) 626-6221
Enfield (860) 741-4285	New Britain (860) 827-7063	Waterbury (203) 437-3400
Hamden (203) 859-3325	New London (860) 439-7550	Willimantic (860) 423-2689

Thank you,
Jerry Fleming,
 U.C. Assistant Director of Accounts