

State Unemployment Insurance Tax

Employment tax spotlight



The dynamic nature of state tax changes can make it difficult for employers to maintain compliance with the specific requirements of those jurisdictions. State Unemployment Insurance (SUI) tax contributions are an important cost in doing business in any state.

KPMG LLP's (KPMG) Employment Tax professionals can help companies identify payroll and unemployment insurance tax issues related to their new employment footprint and the varied compliance requirements.

Unemployment insurance is a federal-state program jointly financed through Federal and state employer payroll taxes. Generally, employers must pay both state and Federal unemployment taxes if: (1) they pay wages to employees totaling \$1,500, or more, in any quarter of a calendar year; or (2) they had at least one employee during any day of a week during 20 weeks in a calendar year, regardless of whether or not the weeks were consecutive. However, some state laws differ from the Federal law.

State law determines individual state unemployment insurance tax rates. The SUI tax, paid to state workforce agencies, is used solely for the payment of benefits to eligible unemployed workers.

States where there are employees located generally will require the employer to establish a SUI tax account to remit SUI taxes.



KPMG Service Offerings

Perform Due Diligence covering all aspects of Mergers and Acquisitions, including SUI rate impacts, registrations and transfer documentation as required.	Determine Sourcing of Wages	Assist with SUI tax audits	SUI rate notice reconciliation <ul style="list-style-type: none">• To determine if the charges to the contribution rate are correct	SUI filing options <ul style="list-style-type: none">• i.e., voluntary contributions
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Reserve Transfers

- A transfer of business may have important consequences for a business's UI tax rate and reserve account.
 - The impact can be positive if the employer takes over a SUI account of a business with a lower rate; or
 - The impact can be negative if the employer takes over the account of a business with a high tax rate.

Contact us

To discuss how the KPMG Employment Tax team can help you navigate your tax notices and audits, please contact one of the individuals listed below.

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