

Unemployment Compensation Tax Services (UCTS)



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY

Overview

Who are we?

What do we do?

How can we help?

Why are we here?



pennsylvania

DEPARTMENT OF LABOR & INDUSTRY
OFFICE OF UNEMPLOYMENT COMPENSATION TAX SERVICES

Presenters

Bryan Hodos, CPA
UC Tax Supervisor
bhodos@pa.gov
814-650-7516

Susan Shirey
UC Tax Agent
susshirey@pa.gov
412-339-4963



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY

Unemployment Compensation Tax Services (UCTS)

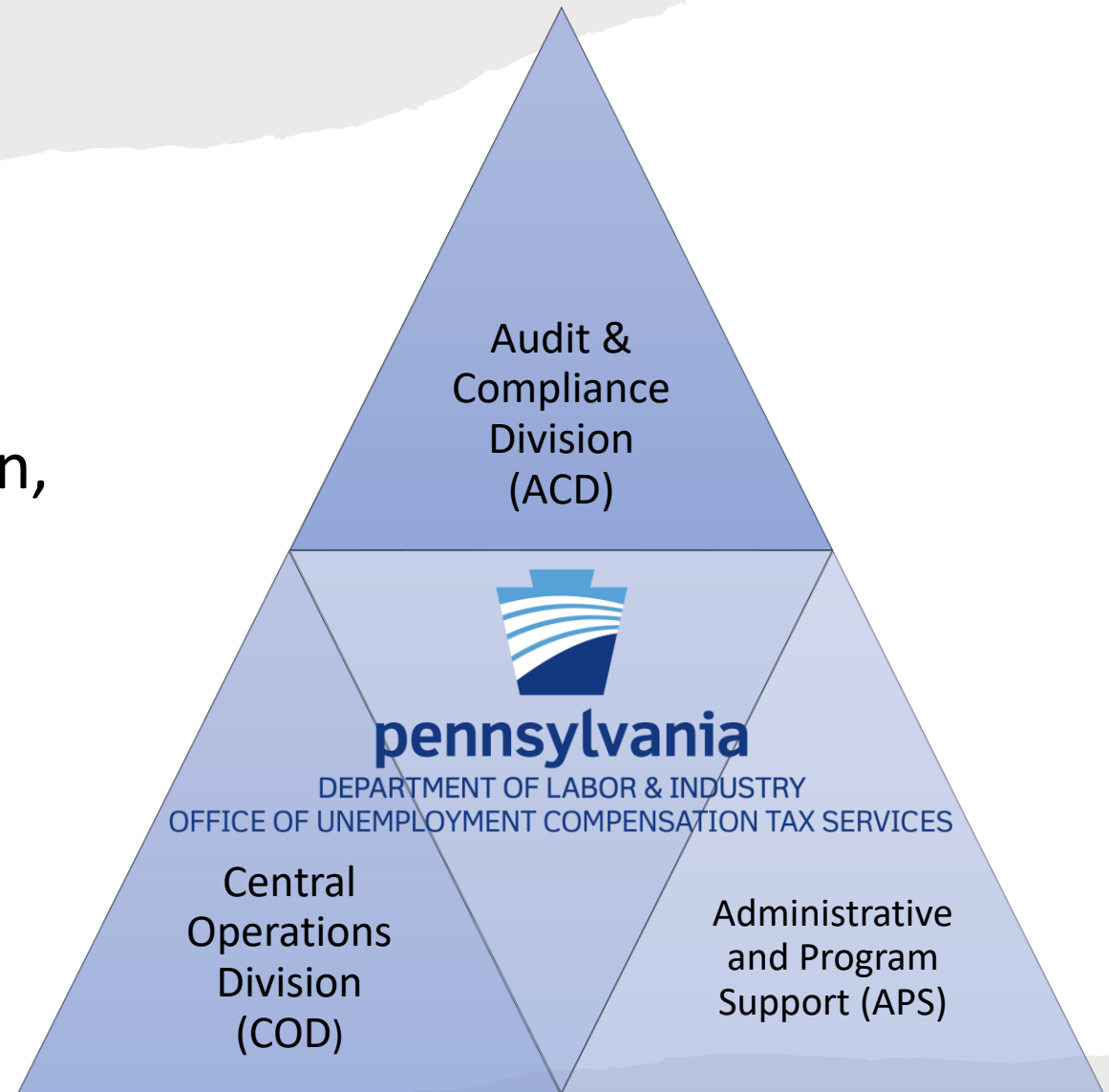
- Administers Unemployment Compensation (UC) Law
- Ensures compliance with the reporting and contribution provisions of UC law
- Provides services to the employer community on UC matters



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY

Who We Are

- Assist employers with registration, rating, reporting and tax responsibilities for UC



Who We Are NOT

UC Benefits

- We are unable to answer
 - Why your former employee received benefits
 - Why your former employee did not receive benefits
 - How much your former employee received
 - Why there was a delay in receiving benefits



Audit and Compliance Division (ACD)

- Educates employers on their responsibilities related to registration, rating and reporting employee wages and payment of UC taxes through individual contacts as well as public outreach
- Ensures compliance with state UC tax laws with audits and employer contacts



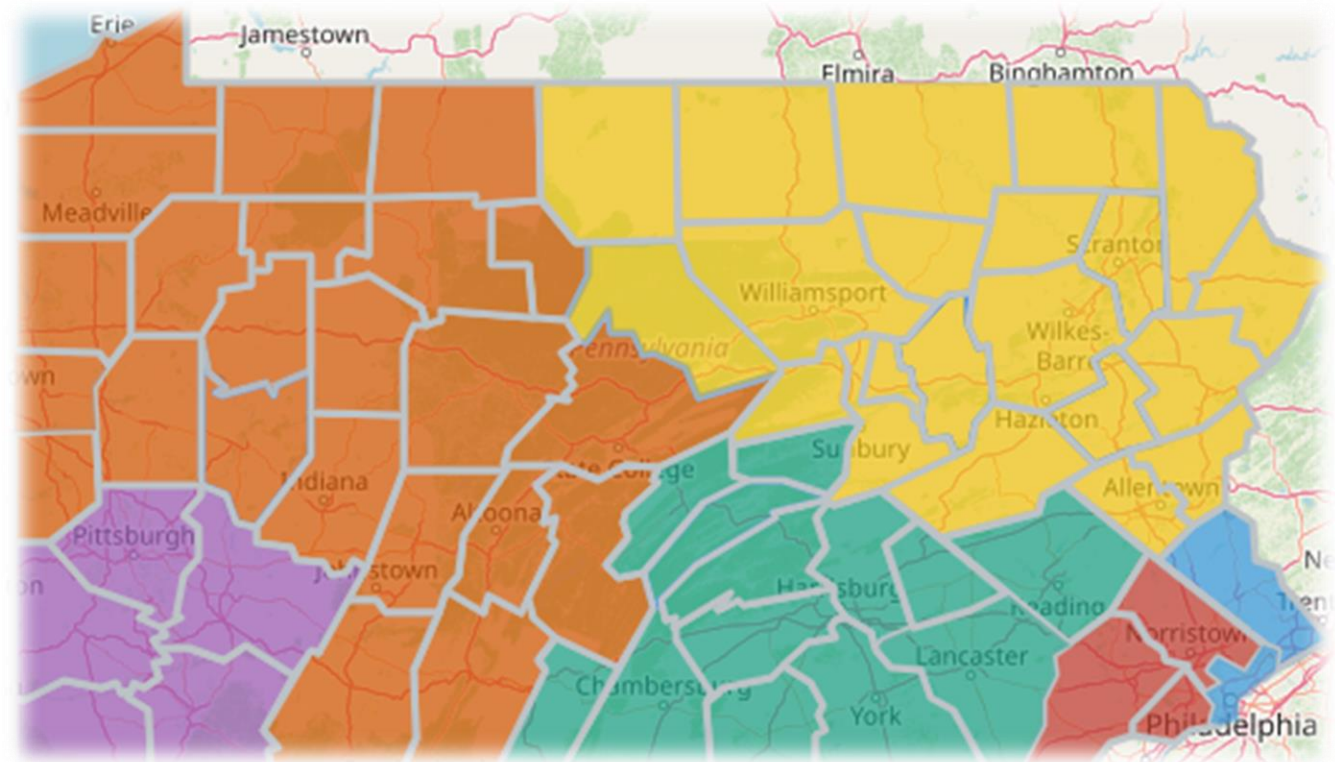
Audit and Compliance Division (ACD)

- Assists employers with filing quarterly wage reports which allows determination of eligibility when UC claims are filed
- Negotiates payment plans to resolve delinquent tax balances to ensure the solvency of the UC Trust Fund
- Initiates escalated collection actions (if necessary)



Audit & Compliance Division (ACD)

ACD field staff is organized into 15 teams in six regions and are based in the communities they serve across the state.



Audit and Compliance Division (ACD)

Collections Support Unit (CSU) (717-772-4421)

- Performs routine and specialized collection activities including bankruptcy filings, Treasury Offset Program (TOP), Reimbursable employer account delinquencies

Audit Support Unit (ASU)

- Provides audit inventory support to audit staff

CSU & ASU staff are based in Harrisburg.



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY

Central Operations Division (COD)

Employer Account Services (EAS)

- Process transfers of experience record and reserve account balances
 - Approve refunds
 - Adjudicate rate appeals
 - Review employer accounts
 - File liens
 - Certify wages and contributions paid for FUTA
- 1-866-403-6163

Data Funds Management (DFM)

- Respond to employer inquiries (e-mail, UCMS, telephone, chat and fax) regarding:
 - Quarterly report filing and/ or payment
 - Assistance with file uploading
 - Electronic payments
 - Clearance certificates
- 1-866-403-6163 Option 2

Employer Tax Services (ETS)

- Responds to employer and TPA inquiries (e-mail, UCMS, telephone, chat and fax) regarding:
 - Contribution rates
 - Business transfers
 - Account balances
 - Interest/penalty charges
 - Accessing UCMS (keystone ids/passwords/errors)
 - All general employer tax related UC questions
- 1-866-403-6163 Option 1

Central Operations Division (COD)

Registration and Document Management (RDM)

- Receive and review the Online Business Tax Registrations (OBTR) submitted by employers through the Department of Revenue's MyPath system
- Enter paper registration documents into UCMS
- Process changes to business name and address

Reserve & Experience Correction (REC)

- Correct the experience and reserve account balances for employers when errors are detected
- Review all incoming mail received in the bureau and distribute/ categorize it appropriately

Status Determination Unit (SDU)

- Issue determinations on employer liability, predecessor/ successor business acquisitions including mandatory/ non-mandatory experience transfers
- Investigate wage protests received from the UC Service Centers
- Issue determinations on reimbursable elections

COD staff is based in Harrisburg.

Administrative and Program Support (APS)

- Maintains Unemployment Compensation Management System (UCMS)
- Ensures compliance with US Department of Labor (USDOL) regulations
- Mostly internal functions to support ACD and COD
 - Procurement and budgeting
 - Coordinates personnel actions
 - New employee orientation
 - Inventory and deployment of equipment and furniture
 - Fraud detection

APS staff is based in Harrisburg.



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY



pennsylvania

DEPARTMENT OF LABOR & INDUSTRY

How Do We Help

How Do We Help

- Educate employers/ Third Party Administrators (TPAs) of their obligations
- Answer any questions related to an employer's account
- Assist/ demonstrate how to use UCMS for self-service actions
- Assist in bringing account into compliance by assuring registration, rating and reports are filed timely and correctly
- Negotiate payment plans (benefits of entering a payment plan)
- Recalculate employer's contribution rate, as appropriate



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY

How You Can Help Your Clients

- Assure your clients register correctly and update any changes to ownership/ business structure/ contact information
- Register as a Third-Party Administrator (TPA)
- Review annual rate notices each year before the appeal deadline of March 30
- File reports and make payments timely and electronically to avoid penalties
- Use correct contribution rates when filing reports and making payments
- Read email notices



How You Can Help Your Clients

- Encourage your employers to stay/ become compliant by
 - Entering a payment plan for delinquent balances
 - Avoiding assessments for missing and late quarterly reports/ registration
 - Filing appeals in response to assessments timely
 - Providing records and payments electronically and timely
 - Classifying workers properly

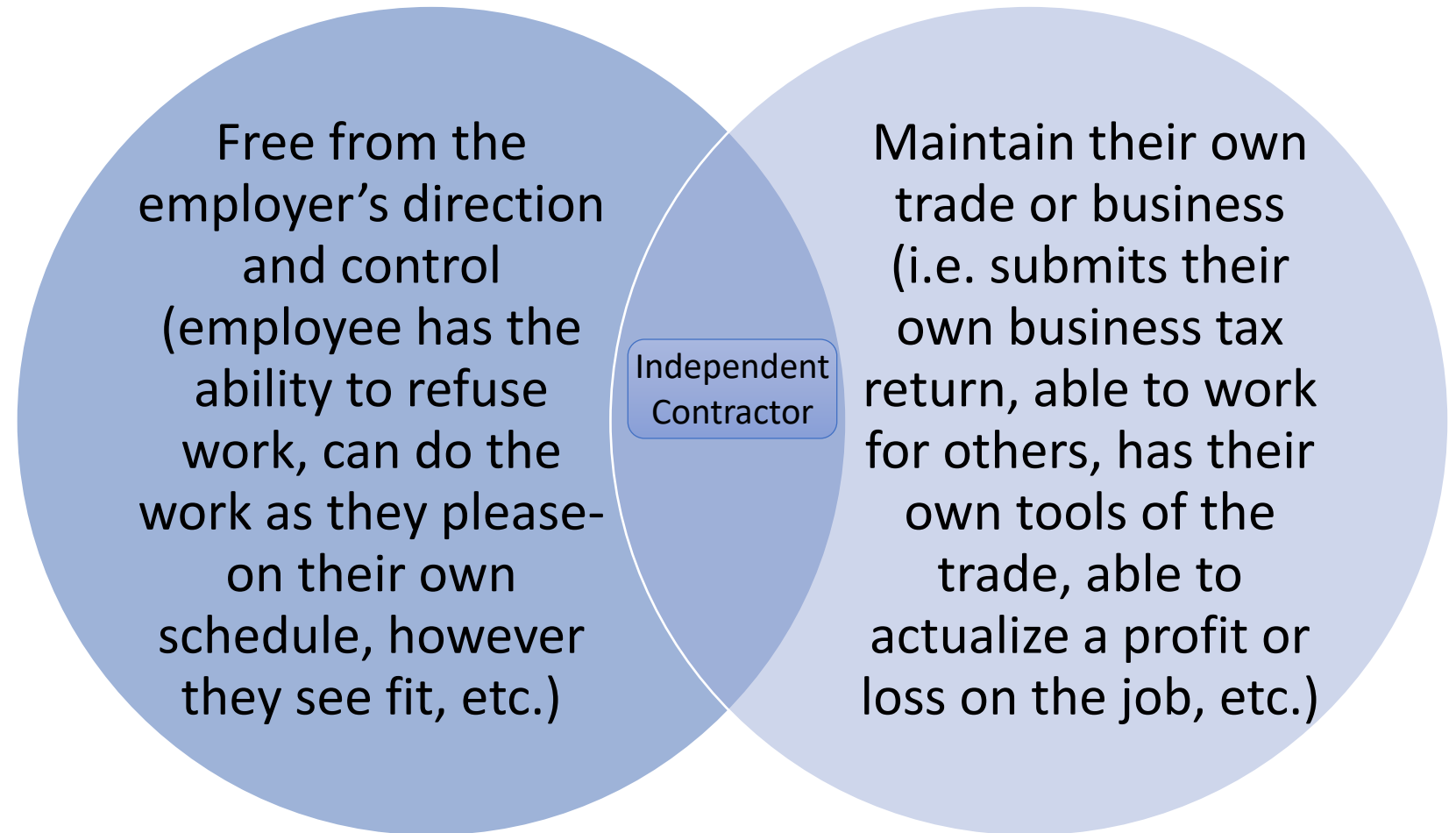


pennsylvania
DEPARTMENT OF LABOR & INDUSTRY

Worker Classification

Purdon's 43 PS Section 4 (l)(2)(B)

Every individual provided payment for services rendered is considered an employee unless they meet the following criteria:



Free from the employer's direction and control (employee has the ability to refuse work, can do the work as they please- on their own schedule, however they see fit, etc.)

Independent Contractor

Maintain their own trade or business (i.e. submits their own business tax return, able to work for others, has their own tools of the trade, able to actualize a profit or loss on the job, etc.)

Construction Workplace Misclassification Act (ACT 72)

- Construction is defined as the “erection, reconstruction, demolition, alteration, modification, custom fabrication, building assembling, site preparation and repair work done on any real property or premises under contract, whether or not the work is for a public body or paid from public funds.”
- Act 72 contains a narrow definition of “independent contractor.” No individual may be classified as an independent contractor *unless* the individual:
 - A. Has a written contract to perform construction services with the business or person,
 - B. Is free from control or direction over the performance of these services, and
 - C. Is customarily engaged in an independently established trade, occupation, profession or business.

Construction Workplace Misclassification Act (ACT 72)

An individual is “*customarily engaged in an independently established trade, occupation, profession or business*” only if:

1. The individual possesses the essential tools to perform the services independent of the business for which the services are performed.
2. The individual must realize a profit or suffer a loss for the project.
3. The individual must have a proprietary interest in their business.
4. The individual must have a business location separate from the business or person for whom the services are being performed.
5. The individual independently performed the same services for another person, or was available and able to independently perform these services for another person and represented that these services could be independently performed for another person.
6. The individual must maintain liability insurance of at least \$50,000 during the term of the contract.

Common Worker Classification Issues by Business Type

- Corporations
 - Corporate officer compensation must be reported as wages
- LLCs- How does the business file federal taxes?
 - 1120S- Members compensation must be reported as wages
 - 1065 (multiple members) or 1040 (single member)-
Members compensation is not reported as wages



Common Worker Classification Issues by Business Type

- Partnerships
 - Partners are considered self- employed and do not report their compensation as wages
 - Family employment is excluded from coverage IF an individual is employed by a son, daughter or spouse or a child under the age of 18 is employed by a parent AND ALL partners have the SAME relationship to the employee.
- Sole Proprietorships (SPs)
 - SPs are considered self- employed and do not report their compensation as wages
 - Family employment is excluded from coverage IF an individual is employed by a son, daughter or spouse or a child under the age of 18 is employed by a parent.

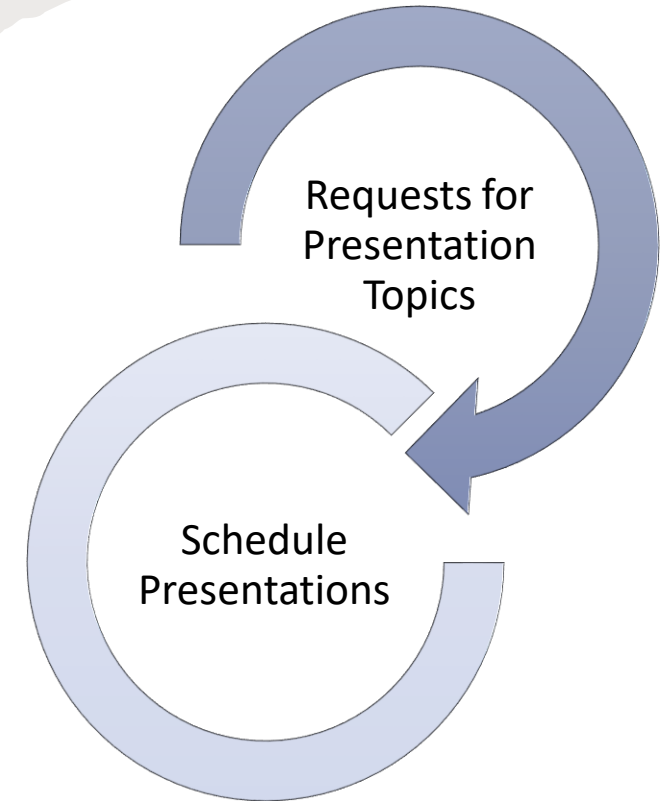


pennsylvania

DEPARTMENT OF LABOR & INDUSTRY

Speaker's Bureau Survey

- We are currently developing other presentations. Our goal is to incorporate public outreach
 - What topics would you be interested in hearing more about?
- Additional Presentations are Available from Benefits/Referee Office
- Brief Survey to Get Feedback
 - Topics to Be Discussed
 - Method of Presentation (in person vs webinar)





Thank You.
Questions?

Bryan Hodos, CPA- UC Tax Supervisor

bhodos@pa.gov

814-650-7516

Susan Shirey- UC Tax Agent

susshirey@pa.gov

412-339-4963