

Fact Sheet

Effective January 1, 2020

CHANGE IN TAXABLE WAGE BASE FOR CATEGORY 20 RATED EMPLOYERS

What changed?

LB428 added language to the Nebraska Employment Security Law in sections 48-648 and 48-649 to 48-649.04 that specifically increases the taxable wage base from \$9,000 to \$24,000 for Unemployment Insurance (UI) Tax Category 20 employers.

What is taxable wage base?

The taxable wage base for employers in UI Tax Categories 1 through 19 is \$9,000. Employers pay tax on the first \$9,000 earned by every worker during the calendar year. Category 20 employers will pay on the first \$24,000 earned by every worker during the calendar year.

What was the purpose of this legislation?

The legislature introduced and passed this bill to re-establish a balance between UI taxes paid by Category 20 employers and benefits paid out to Category 20 workers who drew UI benefits.

How do I know I am a UI Tax Category 20 employer?

Your Combined Tax Rate Notice has your combined tax rate and your taxable wage base is \$24,000.

If I am a UI Tax Category 20 rated employer, how can I move to UI Tax Category 19?

By making a timely voluntary contribution, an employer can move down to the next rate and change their taxable wage base from \$24,000 to \$9,000.

How will I be notified of my Voluntary Contribution amount?

All employers who are eligible will receive notification of what voluntary contribution amount is required to move down the next tax rate.

Is a Voluntary Contribution required?

No, but it may be to your advantage. Payments may be conveniently made at dol.nebraska.gov/UIConnect.

How long do I have to respond to the Voluntary Notice?

Tax rate notices are sent out on or about December 10 each year along with the Voluntary Contribution Notice. You have until January 10 to respond.

How will I know if my rate was revised?

After receipt of your voluntary payment, you will receive a Revised Combined Tax Rate Notice with your revised rate for the upcoming calendar year.

If I was delinquent and assigned a UI Tax Category 20 and a \$24,000 taxable wage base, can I move out of Category 20?

If you file your delinquent reports by December 31, your rate will be recalculated. However, you won't be given the opportunity to make a Voluntary Contribution.

When does the new tax rate become effective?

January 1

Can I get an even lower rate through voluntary contributions?

No. Your rate can only be reduced one time through voluntary contribution.

Can I combine my voluntary payment with any other payments I'm making?

The exact amount of the voluntary payment is needed and cannot be combined with other payments.

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What is my projected taxable payroll for next year?

Tax category 20 pays taxes on the first \$24,000 of each worker's wages.

Example: worker makes \$30,000 yearly, taxable wage base \$24,000 x tax rate (5.4%) = \$1,296 taxes due

Tax categories 1-19 pay on first \$9,000 of each worker's wages.

Example: worker makes \$30,000 yearly, taxable wage base \$9,000 x tax rate (2.00%) = \$180 taxes due.

What do I return if I am mailing a check?

Return the original Voluntary Contribution Notice ONLY with your check, which MUST be postmarked by January 10, or it will be returned to you. See **Neb. Rev. Stat. §48-649.03(6)**.

What documents should I keep?

A copy of the Voluntary Contribution Notice and the Combined Rate Notice for your records.

Questions?

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