



Florida Department of Revenue
Tax Information Publication

TIP

No: 0960BB-01

Date Issued:
July 1, 2009

**UNEMPLOYMENT TAX
INCREASED TAXABLE WAGES &
MAINTENANCE OF A HIGHER EARNED TAX RATE**

The Florida Unemployment Compensation Trust Fund has been paying out more funds than it has been taking in, due to increased unemployment in Florida. As a result, temporary changes were made to unemployment tax law during the 2009 legislative session to increase funds being paid into Florida.

Increased taxable wages resulting in additional tax to be paid for 5 years

Section 443.1217(2)(a), Florida Statutes (F.S.) was amended to increase the amount of taxable wages for unemployment tax. Effective January 1, 2010, employers must pay tax on the first \$8,500 of wages per calendar year, rather than the first \$7,000 of wages per calendar year. This change will not affect the unemployment tax return filed after January 1, 2010, to report the wages paid during the last quarter of 2009. The amount of wages subject to unemployment tax will remain at \$8,500 through December 31, 2014. The taxable amount will return to the first \$7,000 of wages effective January 1, 2015.

The Department of Revenue annually provides the calculation of the employer's tax rate to each employer. **The taxable payroll for the computation of an employer's contribution rate shall still be determined by excluding wages in excess of the first \$7,000 per individual per calendar year, although the employer will be paying unemployment tax on the first \$8,500 per individual for wages paid in calendar years 2010 through 2014.**

Maintenance of a higher earned tax rate

The computation of an employer's unemployment tax rate is based on three calculations and may not exceed 5.4%.

- Benefit ratio
- variable adjustment factor
- final adjustment factor

Section 443.131(3)(e)1.c., F.S. was amended to allow the calculation of a *higher positive adjustment factor* to be applied **sooner** to the computation of an employer's unemployment tax rate. Effective January 1, 2010, through December 31, 2014, the sooner application of a higher positive adjustment factor will permit the final adjustment factor to be maintained for a longer time, thus increasing the tax paid into the Unemployment Compensation Trust Fund.

Beginning January 1, 2015, the application of the *negative adjustment factor* to an employer's unemployment tax rate will occur **later**. The factor will be smaller and will be maintained for a shorter period. The new law provides that the negative adjustment factor will be suspended in any year in which the Florida Unemployment Compensation Trust Fund owes the federal government for an advance to cover the payment of unemployment benefits.

References: Sections 443.1217(2) (a) and 443.131(3) (e)1.c., F.S.

FOR MORE INFORMATION

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Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 5050 West Tennessee Street, Building L, Tallahassee, FL 32399-0112.

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