

FUTA Tax Adjustment Alert

Please note that Federal Unemployment Tax will be adjusted on the last pay of the year 2011 to include a surcharge assessed by IRS to employers in certain states. Federal Unemployment Tax (FUTA) is reported on Form 940 annually. FUTA is an employer tax paid into the federal unemployment fund. As needed, states may borrow on these funds to supplement their benefit payments. If loans are not repaid in a timely manner, IRS will assess a FUTA surcharge to employers in those states in arrears at a rate of .3% per year.

A .3% surcharge would equate to a maximum of \$21 per year, per employee assuming that the employee has earned at least \$7,000 in 2011.

To ensure an accurate tax remittance, this assessment is calculated on the last pay of the year. IRS recently announced the affected states detailed below. The assessment is reported on Form 940, Schedule A. Please refer to the following IRS web page for official communication.

<http://www.irs.gov/businesses/small/article/0,,id=250782,00.html>

State	Rate	State	Rate
Arkansas	.003	Nevada	.003
California	.003	New Jersey	.003
Connecticut	.003	New York	.003
Florida	.003	North Carolina	.003
Georgia	.003	Ohio	.003
Illinois	.003	Pennsylvania	.003
Indiana	.006	Rhode Island	.003
Kentucky	.003	Virginia	.003
Michigan	.009	Virgin Islands	.003
Minnesota	.003	Wisconsin	.003
Missouri	.003		

Please note, your Department Summary Report will not reflect the assessment in your employer FUTA tax amount. This report will only calculate the tax on the current payroll taxable wages. There will be a message on the report to warn you of this. Please refer to your Tax Liability Report for the accurate amount of FUTA tax debited with this payroll. If you need assistance, please contact us at 610-337-3000.