EMPLOYER TAX HANDBOOK
Jan. 1 - Dec. 31, 2020

Employment Security Department
WASHINGTON STATE
The Washington state Employment Security Department has produced this handbook to help employers comply with Washington state Unemployment Insurance (UI) law and to promote understanding of the overall UI program.

This handbook is based on current UI legislation; statements are intended for general information and do not have the effect of law. This handbook is not designed to cover all phases of the law or to answer all questions; it is designed as an overview.

The Employment Security Department is an equal opportunity employer/programs. Auxiliary aids and services are available upon request to individuals with disabilities. Language assistance services for limited English proficient individuals are available free of charge. Washington Relay Service: 711
Congratulations! Your business is registered with the Washington State Employment Security Department (ESD).

ESD has a long tradition of working with Washington’s employers to ensure economic success for both businesses and workers in our great state. I am pleased that you are conducting business in Washington and registering as a new or returning employer.

ESD pays unemployment benefits supporting both workers and the overall economy in our state—and working within the WorkSource system, we help businesses find qualified job applicants who have diverse skills that meet in-demand needs. We can also provide you and your business with information and resources to help you thrive:

**Information:**
- Economic statistics for your industry or geographical area through our Workforce Information Technology System to help guide your business decisions.
- Tax forms quickly and easily on-line or upon request.
- A comprehensive Glossary of Tax Terms and common reasons businesses face tax penalties so that you can steer clear of them.

**Resources:**
- Training on how to report unemployment insurance taxes and wages quarterly, as well as how to more efficiently and accurately use our on-line filing system.
- Enhanced customer service to address tax issues through our Account Management Center (AMC) or assistance with employment referrals through a business services specialist at one of our WorkSource offices statewide.
- Validating whether any of your new employees qualify your business for a Work Opportunity Tax Credit (WOTC) of up to $9,600 and providing guidance on how to apply for this tax credit.
- Help identifying payment options should you incur a financial emergency that leaves your business unable to pay taxes due in full.
- Assistance through our Shared Work Program in the event of a business slowdown. This program allows you to have employees work reduced hours and receive income support to reduce any layoff impact for your business and workers.
- Courtesy audits if you are unsure about your records through a no-cost Voluntary Audit Review Program.

At ESD, one of our top priorities is assisting you in building a prosperous business that employs individuals and supports working families. Business is the backbone of Washington’s economy and I value the critical contribution you make to our communities by employing Washingtonians and supporting the economy in both good times and bad. I look forward to working with you!

Sincerely,

Suzi Levine
Commissioner
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Register your business
Register with the Employment Security Department (ESD)
If you have employees in Washington, you must register with us to file quarterly wage reports and pay unemployment insurance taxes.

How registration works
When you apply for a business license and check the boxes to indicate you have or plan to hire employees, the Business Licensing Service notifies us. We register your business and send you a letter letting you know that your business is now registered with us. The letter includes general tax information for filing wage reports and paying taxes.

Start by applying for a business license
Sole proprietorships and general partnerships need only file a business license application with the Business Licensing Service to also register your business with ESD.

Corporations, limited partnerships, LLCs and LLPs must first create a business structure with the Office of the Secretary of State. After creating the business structure, they file a business license application with the Business Licensing Service. Additional information regarding starting and operating a business in Washington state can be found at the Governor’s Office for Regulatory Innovation and Assistance.

Set up your eServices account
Once you have registered your business, you need to set up an eServices account. eServices is a secure website for conducting your business with Employment Security Department online. If you or your third-party representative have not established an eServices account, please read this page to get started. This user guide also will help you sign in and navigate. The more you know, the easier it will be!
Businesses already licensed but hiring employees for the first time must refile a business license application with the Business Licensing Service.

**Why being registered is important**
Failure to comply with the law could cost you $1,000 or two times the total amount of unpaid unemployment insurance taxes for each quarter you operated without being registered, whichever is more.

**Update business information**
Use the Business Change Form to update any changes to your account.

Business has closed or no longer has employees

As long as your account has an active status with us, you are required to file a Quarterly Tax and Wage Report, even if you only file a No-Payroll report. If your business has closed and you want to deactivate your ESD account, please use the Business Change Form.

**Who to contact**
To find out the current status of your account, please contact the ESD Account Management Center (AMC).

✉️ OlympiaAMC@esd.wa.gov
📞 855-829-9243
WHO MUST PAY UNEMPLOYMENT TAXES

Who needs to file

1. Employers with employees covered by unemployment insurance.
2. Corporate officers who have been exempt from coverage. (However, they can voluntarily apply for corporate officer coverage by using our Voluntary Election Form).
3. If you do not have employees and your account is active with no payroll for the quarter, you will need to file a no payroll report.
4. Note: All employers must file a tax and wage report every quarter, including employers who have no payroll for a given quarter. You can file a no payroll report using Employer Account Management Services (EAMS).
5. Domestic Services: If you hire someone to perform domestic services in a private home, college club, fraternity or sorority, you need to report wages if those wages are $1,000 or more in a quarter. If your payroll reaches $1,000 in any quarter, you must report wages for the entire year and the following year. See RCW 50.04.160. You may find more information regarding domestic services in the IRS Household Employer’s Tax Guide, including employment tax guidelines.

What you need to know

What to report for each employee

1. Name
2. Social Security Number
3. Gross amount paid
4. The number of hours worked in the quarter
How to report hours

Round up hours to the next whole number as we do not accept fractions of hours.

1. Salaried employees – Report actual hours worked. If hours are not tracked, you will need to report 40 hours per week for full-time employees with a total of 520 hours per quarter.
2. Commissioned employees – Same as salaried employees stated above.
4. Vacation Pay – Report the number of hours for leave with pay.
5. Payment in kind – Report actual hours worked.
6. Pay in lieu of notice – Report the hours that would have been worked.
7. Severance pay, bonuses, tips and gratuities – Report zero (0) hours.
8. Sick Leave – If sick leave is taken under a qualified plan, report zero (0) hours. If sick leave is taken under a non-qualified plan, report the hours.
Who to contact
If you have questions, please contact an ESD tax specialist.

OlympiaAMC@esd.wa.gov
(855) 829-9243

Occupations exempt from unemployment insurance coverage

When employment is exempt from unemployment insurance (UI) coverage, the employee is not eligible to use this work to qualify for UI benefits. Certain employment may or may not be exempt from UI coverage, depending on the circumstances. See the exempt professions chart for the most up-to-date list of occupations and services exempted from unemployment insurance coverage.

Review the applicable RCW section completely, as the listed services may be covered by unemployment insurance under certain circumstances.

Who to contact
To determine whether your services are exempt or if you have any further questions, please contact the ESD Registration Unit.

Status@esd.wa.gov
855-829-9243, option 4.

“My initial reaction was ‘Wow, what an overload of information.’ Secondly, ‘every payroll department needs this book! If you follow these procedures, all your payrolls should be spot-on for All Departments and Agencies!’”

James D. Bacon
CPA PS
Determining if you are a qualified employer
Your tax rate depends on whether you are a qualified employer. To be a qualified employer for 2019, you must:
1. Have been a covered employer at some time between April 1, 2016 and March 31, 2017;
2. Have not had four or more consecutive quarters with no payroll in 2017 or 2018; and
3. Have submitted all tax and wage reports and all payments by September 30, 2019.

Determining your tax rate if you are a qualified employer
The unemployment insurance (UI) program is an experience-based system. Your tax rate depends on how much your former workers collect in unemployment benefits and the size of your payroll.

There are two main components of state unemployment taxes:

1. The experience rate
   The Employment Security Department (ESD) uses a 40-class tax rate schedule. To determine your rate class, we divide the cost of all unemployment benefits charged to you in the past four fiscal years by your taxable payroll for that same period. The higher your benefit charges are in relation to your taxable payroll, the higher your rate class and tax rate are going to be.
2. The social-cost (shared cost) rate

To calculate this rate, ESD determines a flat social-cost factor first. We then multiply it by a variable percentage which is based on your rate class. This allows us to recover some of the unemployment benefits we must pay that are not charged back to a specific employer.

These two components are added together when determining an employer’s unemployment insurance rate. The employer’s total tax rate also includes a portion for the Employment Administrative Fund (EAF). For more information, please refer to the Unemployment insurance tax fact sheets.

For 2019, the estimated average unemployment tax rate is 1.03 percent. Yearly tax rate notices were mailed in December 2019.

You may calculate your tax rate online for the current year by using the tax rate calculator.

Determining your tax rate if you are not a qualified employer

If you do not meet the criteria to be a qualified employer, we will calculate your tax rate as follows:

- Employer with a delinquent tax rate – The delinquent rate will be around one percent higher than the non-delinquent rate the first year you are delinquent, and about two percent higher the second year you are delinquent. An employer who receives a delinquent rate may reduce the experience part of the delinquent rate by half of a percent by paying off the entire debt or by entering into a deferred payment contract within 30 days after the employer’s delinquent tax rate notice is mailed. To view more info regarding employers who are delinquent on taxes, you should review (WAC) 192-320-036.
• New Employer – If you did not purchase an existing business, your tax rate will be the average of other employers with the same North American Industry Classification System (NAICS) code.

Non-profit organizations, government entities and public schools
Non-profit organizations with 501(c)(3) status, as well as government agencies and public schools (reimbursable employers), have the option of being assigned an experience-based tax rate or paying the full cost of all unemployment benefits drawn by their former employees. However, these reimbursable employers do not qualify for relief of benefit charges.

In addition to the options above, counties, cities and towns may elect to pay a local government tax into a separate, self-sustaining account within the unemployment trust fund.

Who to contact
You may find additional tax rate information regarding how to determine your tax rate on the ESD website. You may also email or call us.

✉ ESDExperienceRating@esd.wa.gov
📞 855-829-9243, option 3.
WHAT IS TAXED

You pay unemployment taxes on gross wages up to 80 percent of the average wage for the state (taxable wage base). Wages are taxable, whether paid as a fixed salary, on an hourly rate or on a piece-rate basis.

You must report all wages you pay an employee each quarter, even those that exceed the taxable wage base (excess wages). All wages must be reported for the quarter you paid them along with hours worked.

What are considered wages

Wages are defined as all compensation (remuneration) paid to an employee, including:

1. Salary, commissions, bonuses and value of gifts before deductions.
2. Compensation paid in lieu of cash.
3. Tips that are reported for federal income tax purposes.
4. Vacation and holiday pay.
5. Unsegregated expense allowances.
6. Severance pay or pay in lieu of notice.
7. An employee’s entire gross pay if he or she shares the cost of a 401(K) or cafeteria plan through salary reduction.
8. Meals and lodging – if you require an employee to eat and live on site and the total value of meals and lodging is 25 percent or more of total compensation (value plus salary).

What are not considered wages

For the purpose of unemployment taxes, wages do not include:

1. Sick leave (if you have a qualified plan).
2. Allocated tips.
3. Jury duty pay not reported for federal income tax purposes.
4. Death benefits.
5. Employee exercised stock options; however, you do need to report this in box 11 on the Quarterly Tax Report (5208A).

“This handbook is easy to read. It sequentially follows a new business’s relationship to Employment Security law, beginning with business registration and continuing on through the tax and reporting process.”

Philip J Jones
CPA 1983 – 2010
Hours you must report

When completing your tax and wage reports, you must report hours for:

1. All hours worked during the quarter.
2. Vacation pay – Report the hours for leave with pay. If you make a cash payment in lieu of vacation time, do not report those hours.
4. Commissioned and piecework employees – Report actual hours worked. If hours are not tracked, report 40 hours per week for full-time employees.
5. Pay in lieu of notice – Report the hours that would have been worked.
6. Salaried employees – Report actual hours. If hours are not tracked, report 40 hours per week.
7. Payment other than cash – Report actual hours worked.

Failing to report hours may result in a penalty. For severance pay, bonuses, tips and faculty employees, please see WAC 192-310-040. Our website shows the most common reasons for reporting zero hours.

Note: Do not report fractions of hours – round up to the next whole number.

Who to contact

If you have any further questions, please contact the ESD Registration Unit.

Email: Status@esd.wa.gov
Phone: 855-829-9243, option 4.
When taxes are due

You will need to file all of your tax and wage reports and pay your taxes by the last day of the month following the last month of the quarter. Should a due date fall on a weekend or state holiday, your tax and wage report may be postmarked by the following business day. Reimbursable-account payments are due one month after the taxable-account schedule below.

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<td>July 31</td>
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<td>Quarter Three (Q3)</td>
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<td>October 31</td>
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<td>Oct</td>
<td>January 31</td>
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Who to contact

If you have any questions, please contact the ESD Account Management Center (AMC).

✉️ OlympiaAMC@esd.wa.gov
📞 855-829-9243, option 4.
Choose a filing tool
that best fits your needs at [esd.wa.gov/file-taxes](esd.wa.gov/file-taxes).

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<td>X*</td>
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<td>Auto-calculate excess wages</td>
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<td>View your tax rate</td>
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<td>Get online help</td>
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<td>View and print prior quarterly tax report</td>
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*Access to secure services requires a one-time authorization from owners or officers.
Payment option: **ePay** is an electronic payment method that allows you to submit a payment online from your checking account. When you use ePay, you can schedule payment for the actual due date, even if you file your reports at an earlier time.

**Data-sharing agreement**

Under state and federal law, governmental agencies may access private and confidential employment information when necessary for specific official purposes including, but not limited to:

1. Verification of an individual’s eligibility for other government programs.
2. Compliance activities.
3. Fraud detection and criminal investigations.
4. Research and evaluation of publicly funded employment and training programs.
5. Studies concerning growth management.

Any information shared with other agencies will be treated as private and confidential, subject to penalties.

If you are interested in reviewing the requirements for data-sharing requests, please visit our [data-sharing website](#). For additional information regarding confidentiality and public record disclosure, refer to state law [RCW 50.13](#).
New employee information
When hiring a new employee, you need to provide us with the following information:

1. Full name.
2. Mailing address.
3. Date of birth.
4. Social Security number.

You can verify that your employees’ information matches Social Security Administration records online. If your new employee has not been issued a Social Security number, they must apply for a number within seven days after being hired and must provide you with a copy of the application.

New hire reporting
Washington state law (RCW 26.23.040) requires employers to report all new hires regardless of age, gender or the number of hours worked. The requirement also applies to rehires, if the employee hasn’t worked for your company within the past 60 days. Employers are required to report within 20 days of hire. States are required to report new hires to the National Directory of New Hires.

Visit the Department of Social and Health Services website for more information on new hire reporting requirements. If you have questions or need additional information, please contact the New Hire Directory using one of the following methods:
- Phone: 800-562-0479
- Fax: 800-782-0624 (Attn: New Hire Reporting Program)
Keep complete records
You must keep the following information on file for each employee for at least four years from the date taxes were paid (this includes employees whom you are not required to report):

1. Name.
2. Social Security number.
3. Dates of employment.
4. Basis of pay (e.g., hourly, monthly).
5. Location of work.
6. Daily record of hours worked.
7. Gross pay for each pay period.
8. Payroll deductions for each pay period.
9. Reason for discharge or quit, if applicable.

Failure to keep proper records could result in penalties.

If you hire a registered contractor or electrical contractor, you must keep records of the contractor’s Unified Business Identifier (UBI) account number and any amounts paid.

Request for relief of benefit charges against your account
Review the Benefit Charging Notice we send you if a former employee applies for unemployment insurance benefits. The notice gives the employee’s name and Social Security number and the information about the claim.
If you are a tax-paying, base year employer not otherwise eligible for relief of charges for the employee, you may ask us to not charge the benefits to your account when the employee:

1. Voluntarily quit and you did not cause the quit.
2. Was discharged for misconduct or gross misconduct connected with their work.
3. Was laid off as a direct result of a catastrophe, such as a fire, flood or other natural disaster.
4. Continues working for you on a regularly-scheduled permanent part-time basis and was employed with at least one other employer at the same time.
5. Was laid off after being hired to replace an activated military reserve or guard member when the military person is deactivated and returns to work.

Who to contact
If you need additional information, please contact us.

✉️ ESDExperienceRating@esd.wa.gov
📞 855-829-9243, option 3.
You must file complete and accurate tax and wage reports every quarter. Employers are charged penalties and interest when tax and wage reports and payments are late, incomplete or in an incorrect format. If contributions (payments) owed are not paid by the last day of the month following the end of the calendar quarter, or your payroll is misrepresented - payment penalties are assessed.

**General Information**

You must file complete and accurate tax and wage reports every quarter. Employers are charged penalties and interest when tax and wage reports and payments are late, incomplete or in an incorrect format. If contributions (payments) owed are not paid by the last day of the month following the end of the calendar quarter, or your payroll is misrepresented - payment penalties are assessed.

**Waiver Requests**

Employers can request a waiver of penalties and interest, but must meet the established criteria in the Revised Code of Washington (RCWs) and Washington Administrative Code (WACs) and will be assessed on a case-by-case basis.

An employer must request a waiver of penalties and/or interest in writing, including all relevant facts, be accompanied by available proof. In all cases the burden of proving the facts is on the employer. *(WAC 192-310-030(10))*

**NOTE: Approval for requests cannot be made over the telephone.**

The written request must include:

1. The individual’s name, title, and relationship to the employer (such as “attorney,” “employer representative,” “accountant,” etc.). If the request is sent by an employer’s representative, a power of attorney (POA) must be on file.
2. The signature of the individual.
3. The reason for the request.
4. What the request is for: penalties and interest or penalties only?
5. The quarters and years the request is associated with.
6. In addition verify that there are no delinquencies on the account and all tax due is paid before the waiver request is submitted to central office.
Unregistered employers
A quarterly penalty of $1,000 or two times the unemployment insurance taxes due for each quarter, whichever is greater, can be imposed on employers who knowingly fail to register with the Employment Security Department.

Late filing
You must file a tax report every quarter even if you didn’t have payroll. A $25 penalty will be charged to your account for each report that is not filed on time.

A one percent interest charge on your total taxes due per month is also assessed on any unpaid balance.

We also charge a late payment penalty fee in addition to the interest, as follows:

- First month: 5 percent of the total tax due or $10 - whichever is greater.
- Second month: an additional 5 percent of total tax due or $10 - whichever is greater.
- Third month: an additional 10 percent of total tax due or $10 - whichever is greater.

Late filing example
ABC Corporation files its second quarter tax report on October 29 - nearly three months late - and owes $5,400 in overdue taxes. ABC would be assessed $1,267 in penalties and interest, in addition to the total taxes owed as follows:

- $25 for the late tax and wage report;
- $162 in interest (1% x $5,400 x 3 months); and
- $1,080 in penalties (5%, 5% and 10% x $5,400).
Since ABC’s account was not current (paid in full) as of September 30, we would assess the delinquent tax rate. The experience part of the delinquent rate is one percentage point higher than what the non-delinquent rate would have been (two percentage points higher in the second year). After September 30, ABC could reduce the experience part of its delinquent rate by half of a percentage point by paying off the entire debt, or by entering into a deferred payment contract within 30 days after the employer’s first tax rate notice is mailed.

**Misrepresenting your payroll**

If you knowingly misrepresent the amount of your payroll on your quarterly tax and wage reports, you can be charged up to 10 times the total tax due. You can also be charged for the costs of auditing and all related fees.

**Failing to keep employment records**

If you fail to keep employment records, as required by law, we may assess you a penalty of up to $250 or 200 percent of the quarterly tax for each offense, whichever is greater.

**Three common mistakes to avoid**

1. Leaving the Social Security number field blank for at least one employee on a quarterly report.
2. Submitting a paper quarterly report that was not recorded on an original ESD form.
3. Reporting zero hours for at least one employee on a quarterly report (without a valid zero hours explanation).
Reporting zero hours

The following are the most common reasons for reporting zero hours for an employee who has received wages:

- **Back pay** - Report any payments you made to an employee to adjust the wages that you reported in a previous quarter.
- **Bonus** - Report any bonuses you paid an employee for hours worked in a previous quarter.
- **Cafeteria plan/401K plan** - Report the amount you paid to cover the cost of a benefit plan that ensures continued enrollment if no hours were worked during the quarter.
- **Commercial fisherman** - Report the wages you paid a commercial fisherman for hours worked in a previous quarter.
- **Commission** - Report any commissions you paid an employee for hours worked in a previous quarter.
- **Royalties/residuals** - Report the amount you paid an author or artist for the use, display or performance of previously created artistic or intellectual works.
- **Severance/separation pay/settlement** - Report the amount of severance pay you paid an employee following the end of employment. A settlement is an amount paid for a negotiated settlement for termination or violation of an employment contract.
- **Sick leave payout** - Report the amount you paid an employee for sick leave if no hours were worked during the quarter.
- **Tips/gratuities** - Report any tips or gratuities you paid an employee for hours worked in a previous quarter. Tips that employees report to their employer for federal income tax and the Federal Insurance Contributions Act (known as **FICA**) purposes are considered wages for UI tax purposes. Tips that employees do not report to their employer, are not reportable for state UI tax purposes.
Zero hours are appropriate only if the type of wages paid are similar to those listed above. You may be asked to explain why you reported zero hours. Failure to provide the reason (if requested) may result in a penalty.

For more about reporting requirements and penalties, read the regulation at WAC 192-310-030.

**Incorrect format**

You can file your tax reports electronically, preferably using the EAMS program, or on the paper forms that we provide. We do not accept faxed reports or any type of copies. It is important that you do not use photocopied paper forms. Filing in the wrong format means submitting your report on a non-ESD form, or sending in a report that our scanning equipment cannot read. To avoid these issues, file your quarterly taxes online. When you file online, there are no paper forms, so the risk of filing in the wrong format is eliminated.

**Penalty amounts**

The law sets penalty amounts for employers who repeatedly make mistakes on unemployment tax reports. The penalties are for employers who do not report all of the required information for each employee (names, Social Security numbers, hours worked and wages) or who file a report in the wrong format.

The first time an employer makes a mistake, we send a warning letter. After the first mistake, we charge a penalty. The penalty depends on how many mistakes the employer has made and if it owes unemployment taxes. See the table at the end of this section for penalty details.

**Non-sufficient funds (NSF)**

There is a $25 charge for payments returned due to nonsufficient funds. WAC 192-310-030
Incomplete reports

You must submit complete information on your tax report every quarter. Reports must include your:

2. Unified Business Identifier (UBI) number.
3. Employer Identification Number (EIN).

For each employee you must include:

1. Employee’s name.
2. Social Security number.
3. Hours and wages in the wage details of your report.

If your report contains duplicate or impossible Social Security numbers (such as 999-99-9998 or 999- 99-9999), it is considered incomplete and you may pay a penalty.
If you buy all or part of a business

If you buy all or part of a business, you must report it. If you fail to report properly, we may charge you the highest tax rate plus two percentage points for up to four years. RCW 50.29.062 and RCW 50.29.063.

Who to contact

If you have any questions, please contact the Employer Accounts Unit.

📞 855-829-9243

Penalty amounts for incomplete reports and reports filed in the wrong format.

<table>
<thead>
<tr>
<th></th>
<th>If you owe taxes</th>
<th>If you don’t owe taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st time</td>
<td>Warning letter</td>
<td></td>
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<tr>
<td>2nd time</td>
<td>10 percent of taxes due, but not less than $75 or more than $250</td>
<td>$75</td>
</tr>
<tr>
<td>3rd time</td>
<td>10 percent of taxes due, but not less than $150 or more than $250</td>
<td>$150</td>
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<tr>
<td>4th time (and every time after that)</td>
<td>$250</td>
<td>$250</td>
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</table>

Who to contact

For questions about penalties applied to your account, please contact the ESD Account Management Center (AMC).

✉️ OlympiaAMC@esd.wa.gov
📞 855-829-9243
Review employer notices to help prevent fraud

Fraud costs everyone. Costs for fraudulent claims are spread across all employers, meaning that all employers pay a share of the costs. You can help control these costs by thoroughly reviewing every notice we send you. If the person listed never worked for you, or has not had hours reduced or still works for you full-time, contact us immediately.

<table>
<thead>
<tr>
<th>Forms</th>
<th>Contact</th>
<th>Notice</th>
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</thead>
<tbody>
<tr>
<td>Benefit Charging Notice</td>
<td>855-829-9243</td>
<td><a href="mailto:esdexperiencerating@esd.wa.gov">esdexperiencerating@esd.wa.gov</a></td>
</tr>
<tr>
<td>Relief of Charges</td>
<td>855-829-9243</td>
<td><a href="mailto:esdexperiencerating@esd.wa.gov">esdexperiencerating@esd.wa.gov</a></td>
</tr>
<tr>
<td>Separation Info</td>
<td>Phone number listed on form</td>
<td>N/A</td>
</tr>
<tr>
<td>Wage Verification</td>
<td>Phone number listed on form</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Other tips for preventing fraud

When hiring new employees, verify that their Social Security numbers are correct. You can verify that an employee’s information matches Social Security Administration records online.

Who to contact

If your payroll or personnel data are compromised, or if you suspect fraudulent activity on your employer account, please contact the ESD Office of Special Investigations.

📞 800-246-9763
State Unemployment Tax Act (SUTA): State taxes

The State Unemployment Tax Act (SUTA) describes state unemployment taxes imposed on employers. The majority of employers are responsible for paying federal and state unemployment taxes. Each state determines its SUTA tax rate. In most states, employers are responsible for paying state unemployment insurance taxes to fund their state unemployment insurance system.

Washington’s unemployment insurance program is an experience-based system. In general, your tax rate depends on how much your former workers collect in unemployment benefits and the size of your payroll.

There are two main components of state unemployment taxes; the experience rate and the social-cost rate are added together to determine an employer’s unemployment insurance rate. The employer’s total tax rate also includes a portion for the Employment Administrative Fund (EAF).

State laws establish the tax rate for employers and typically use experience ratings or ratings based on the number of unemployed workers who filed for unemployment benefits within the tax year. Your state tax dollars cover the costs of providing unemployment benefits to unemployed Washington workers. EAF taxes finance work-search assistance and training for the unemployed.

State Unemployment Tax Act (SUTA) dumping

SUTA dumping, which is illegal, refers to tax evasion schemes where employers shuffle employees among different employers in order to get a lower tax rate. This causes tax shortages to fall upon honest employers who report and pay their taxes correctly.

Federal law requires the unemployment tax system to be fair for all employers. It specifically requires states to close the loopholes.
allowing employers who attempt to use SUTA dumping techniques as a way to achieve a favorable tax rate.

The law requires substantial penalties for individuals who attempt or recommend such illegal schemes. Offenders must pay the highest tax rate plus two percent, and also must pay substantial penalties in addition to all taxes due.

**Who to contact**

Protect your tax dollars by letting us know about an employer involved in or a tax adviser recommending SUTA dumping.

✉️ status@esd.wa.gov

**Underground economy**

Underground economy refers to employers who deal in cash (pay their employees “under the table”) or use other schemes to conceal their activities and true tax liability from government agencies. The underground economy includes tax evasion, fraud, cash pay, payments under-the-table and off-the-books. Other employers simply misclassify all or most of their payroll as independent contractors.

When employers operate in the underground economy, they do not pay their fair share of unemployment taxes and other business expenses. This gives dishonest employers an unfair advantage and causes inequitable competition in the marketplace by forcing honest businesses to pay higher taxes and expenses.

Employees of dishonest employers are also affected. They may not be able to claim unemployment benefits because of unreported wages, or their benefits may be delayed. They may be being paid below the minimum wage and/or working in an unsafe environment.
The underground economy erodes economic stability and working conditions in Washington. We identify and audit employers that operate in Washington but do not register or pay their unemployment taxes. These employers will have to pay penalties and interest on all taxes owed and likely will pay a higher tax rate.

Who to contact
If you know of an employer that does not pay its fair share of taxes, please report it. Your identity will be kept confidential.

✉ undergroundeconomy@esd.wa.gov
📞 (360) 902-9545

Federal Unemployment Tax Act (FUTA): Federal taxes
Employers are responsible for paying the Federal Unemployment Tax Act (FUTA) taxes for each employee. FUTA tax dollars paid to the federal government cover the costs of administering the unemployment insurance system nationwide, including the states’ administrative costs. These dollars help pay for extra weeks of benefits for workers during times of high unemployment.

The FUTA tax rate is 6 percent (0.06). Most employers qualify for a tax credit of 5.4 percent (0.054). This lowers the FUTA tax rate to 0.6 percent (0.006).

Some employers might not receive the full FUTA tax credit. This will happen if a state borrows money from the federal government to cover unemployment benefits, but cannot pay the loan back within two years. The state becomes a credit reduction state. When this happens, your FUTA tax credit is reduced, meaning your total FUTA tax liability increases. You only owe FUTA tax on the first $7,000 per year that you pay each employee. Wages you pay an employee beyond $7,000 per year are not taxed by FUTA.

Reduce your federal tax rate
If all of your unemployment taxes are paid as of January 31, you may reduce your Federal Unemployment Tax Act (FUTA) rate from six percent of the first $7,000 paid to each employee to 0.6 percent. The FUTA tax is six percent for 2019-2020.

Most employers receive a maximum credit of up to 5.4 percent against this FUTA tax. Every quarter, you must determine the FUTA tax liability by adding the first $7,000 of each employee’s annual wages paid and multiply by six percent. The credit reduction is a maximum of 5.4 percent made to state unemployment taxes that were paid timely.

When calculating the credit on your federal tax return, deduct the amount you paid in state unemployment taxes. Do not include Employment Administration Fund (EAF) taxes or calculate any offsets to your state tax since Washington is not a credit-reduction state. These instructions may vary depending on the federal tax form you use. For more information, read FUTA Credit Reduction.

**Increase your future savings by buying down your tax rate**

You can decrease your tax rate for the next year by at least four rate classes by making voluntary payments and reducing the amount of benefits charged to your account. These payments, plus a 10 percent surcharge, are in addition to your regular tax payment.

To be eligible, you must have been a qualified employer the previous year, and your tax rate must have increased at least 12 rate classes from the previous year. You will receive a letter in the mail if you are eligible to participate.
**SharedWork: An alternative to layoffs**

SharedWork is a voluntary program intended as an alternative to laying off skilled employees if your organization is experiencing a downturn. It allows you to reduce a permanent employee’s usual work hours between 10 and 50 percent, while the employee receives partial unemployment benefits. This helps your employees avoid the hardships of full unemployment while reducing your payroll costs.

SharedWork eligibility is extended to all employers, as long as at least two employees are enrolled. The program can involve your entire workforce or particular units of your business.

**Who to contact**

For more information, visit [SharedWork online](SharedWork@esd.wa.gov).

Email: [SharedWork@esd.wa.gov](SharedWork@esd.wa.gov)

Phone: 800-752-2500
Federal law requires that we conduct payroll audits on active employers each year. If we select your organization, the auditor reviews your organization’s records to ensure compliance with unemployment tax laws. If the results show you owe additional taxes, we provide details of the findings, including taxes, penalties and interest owed. We advise you how to report correctly in the future and discuss your payment options.

States are encouraged to maintain audit selection criteria that include indices that potentially reflect noncompliance. These include high employee turnover, sudden growth or decrease in employment, type of industry, location (geography) of employers, prior reporting history, results of prior audit and adjudicated determinations. Selection criteria for an audit is a combination of at least ten percent random audits of contributory employers and additional audit sources which include blocked benefit claims, employer audit history criteria, industry issues, agency cross-matches with the Washington State Department of Labor and Industries (L&I), Department of Revenue (DOR), and the Internal Revenue Service (IRS). This selection criteria may change periodically.

The audit program ensures compliance with Washington state UI tax laws by:

1. Establishing the correct amount of taxes due.
2. Reviewing tax and wage reports for the correct format and complete information required by WAC 192.310.010.
3. Educating employers on timely tax and wage reporting.
4. Encouraging electronic reporting (EAMS, ICESA format).
5. Assisting with electronic filing requirements.
6. Researching to determine if all employee wages and hours have been reported.
7. Ensuring all employees are reported under the correct Employment Security number.
8. Verifying the accuracy of the employees’ payroll per RCW 50.12.070.
9. Reviewing records to ensure employers correctly and timely pay all taxes due per RCW 50.24.010 and WAC 192-310-020.
10. Verifying registered employers are operating bona fide businesses.
11. Analyzing the financial status of delinquent employers for collection action.
12. Examining predecessor/successor and affiliate accounts for proper reporting and possible SUTA avoidance (also known as SUTA Dumping).

Visit the ESD website for more information about audits.

**Voluntary audit program**
We offer a voluntary audit program to review your records and verify you are reporting correctly – without fear of penalty. If the review finds you are not reporting correctly, we do not charge late-payment penalties or assign a delinquent tax rate. However, you have to pay all taxes due and any interest charges. The review may show that you have overpaid your taxes and result in a tax refund to you.

**Who to contact**
If you have additional questions or if you want to schedule a voluntary audit review, please contact us.

✉️ AuditCentral@esd.wa.gov
📞 360-902-9545
YOUR RIGHT TO APPEAL

What you can appeal
You have the right to immediately appeal any document we send you in which we explicitly tell you “You can appeal” or “You have the right to appeal.” But, for some important decisions, you will need to take an intermediate step before you have the legal right to file an appeal:

• If you are an employer who is part of the base year, but not the last employer the individual separated from and you receive a benefit charging notice telling you that your account will be charged for benefits paid to a former employee, you must first submit a request for relief of benefit charges. If we deny your request, you may then appeal that decision.

• If you disagree with your tax rate, you must first ask to have your tax rate reviewed. If we deny your request, you may then appeal that decision. If we change your tax rate and you still disagree with it, you must ask to have your tax rate re-reviewed.

• If you wish to have penalties or interest waived, you must first ask us to waive the penalties or interest. If we deny your request, you may then appeal that decision.

Pay attention to deadlines
Each document we send you has an important deadline on it. For example, you have thirty (30) days to file an appeal from the date of any appealable decision we send to you. If you miss a deadline, and you do not have good cause for missing that deadline, you may lose your right to appeal our decision.

Where to file your appeal
Each document we send you has specific instructions about where to send your appeal request. Please follow the instructions on the
document when you send in your request. If you send it to the wrong address, your appeal may not be filed in a timely fashion.

What you need to know

What to include in your appeal

When you send us your appeal, you must include the following information:

1. Organization name.
2. Account number (ESD Number).
3. Unified Business Identifier (UBI) number.
4. Address and phone number.
5. Reason for disagreeing with our decision.
6. Signature.
7. If your appeal concerns an unemployment insurance claim, the Social Security number of the claimant.

What happens next

The Office of Administrative Hearings (OAH) is a separate state agency that hears and makes decisions about tax and benefits appeals. OAH will send you a letter that includes the date and time of your hearing and the steps you need to take to prepare for that hearing. Most hearings are held by telephone.

If you cannot attend the hearing, you must call OAH before the hearing to ask for another hearing date. The telephone number to call will be in the hearing notice that is sent to you. If you fail to attend the hearing, you may lose your appeal, and the decision you wanted to change will stay in place.

An administrative law judge (ALJ) will hear your case. The judge who hears your case is neutral and not is employed by the Employment Security Department. After your hearing, the ALJ will make a decision based on the facts gathered during the hearing.
At the hearing, all testimony is given under oath. Your witnesses should have first-hand knowledge of the details of the case.

Within two to three weeks after the hearing, OAH will send you a written decision called an Initial Order explaining the result.

For more information you can download a brochure on how to file an appeal.

**Limited English skills**

If you or one of your witnesses does not speak English or has limited English skills, let us know that you need an interpreter and the language that you or your witness speaks. An interpreter will be provided at the appeal hearing at no cost to you.

What if you still disagree

If you disagree with OAH’s initial order, you can file a petition for review. Your petition for review must be made in writing and must be mailed to the Agency Records Center and postmarked and within 30 days of the date on OAH’s Initial Order.
Mail your petition for review to:

✉️ Commissioner’s Review
PO Box 9555
Olympia, WA 98507-9555

Your petition for review may be dismissed as improperly filed if it is mailed to any other address or sent by fax. A form and instructions for filing a petition for review will be attached to the end of the initial order.

Who to contact
For more information regarding appeals, please contact us.

✉️ Uitaxlegalappeals@esd.wa.gov
📞 360-809-3448
Public works contracts

Government entities can only accept bids for Public Works Contracts from bidders who have an account number with us. Bidders and subcontractors must verify that they are registered with us and have an account number before they begin the bidding process on a Public Works Contract. Potential bidders may request a Letter of Good Standing be sent to them by emailing publicworks@esd.wa.gov. Make sure to include ES#, UBI#, and business name in the email.

The Contractor Release of Retainage comes when a contractor completes a Public Works Contract. The public entity, awarding the contract will request permission to release funds by us. The public entity must request permission by sending a copy of the Notice of Completion form after the public entity has issued a notice of final acceptance. Services performed by a contractor under a Public Works Contract in the State of Washington must be investigated to determine if a liability to us exists. When the employer has paid their account in full, we will issue a Certificate of Payment and Contribution, Penalties and Interest on Public Works Contract to the public entity and send a copy to the employer. Failure to pay unemployment insurance taxes may cause a delay. We cannot send authorization to release funds until the employer has filed all of their tax reports and paid all of their taxes during the contract period.

The awarding public entity sends the Notice of Completion directly to us. There are two ways to submit this form. Email is the preferred submission method.
Mail the form to:

✉ Employment Security Department
   UI Tax and Wage Administration
   Attn: Public Works
   PO Box 9046
   Olympia, WA 98507-9046

✉ publicworks@esd.wa.gov

Work Opportunity Tax Credit (WOTC)
The Work Opportunity Tax Credit (WOTC) is a tax incentive for employers to hire certain Hard-to-place job seekers. The goal is to help these individuals become economically self-sufficient and to reward employers who give them a chance.

Worker eligibility
The following general categories of workers qualify for the WOTC:

1. Public assistance recipients, if they meet the eligibility requirements for food stamps under the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) or long-term TANF.

2. Several categories of military veterans.

3. Ex-felons hired within a year after their date of conviction, work release, or release from prison or jail.

4. People with disabilities participating in state or federal vocational-rehabilitation programs who’ve had an “individual written plan” for employment in the two years before being hired.
5. Anyone who received Supplemental Security Income (SSI) for any month in the 60 days before being hired.

6. Long-term unemployed individuals hired on or after Jan. 1, 2016 (must have been unemployed at least 27 consecutive weeks).

Application Forms
Find IRS forms 8850 and 9061 on Employment Security’s website at esd.wa.gov/WOTC.

Note: The WOTC program has been approved through December 31, 2019. Employers or their representatives must submit applications through our online filing system within 28 days of the job start date.

Who to contact
For more information about WOTC, please contact the WOTC unit directly.

✉️ esdgpwotc@esd.wa.gov
📞 800-669-9271 (for WOTC)

Washington state fidelity bonding program
Some businesses require employees who handle cash or valuables to be bonded. The Employment Security Department’s fidelity bonding program provides free bonds to workers who are denied coverage from a commercial carrier due to an arrest or conviction, a history of drug or alcohol abuse, poor credit or a dishonorable military discharge.
Benefits to employers
The Fidelity Bonding Program protects employers against employee theft, forgery, larceny and embezzlement. The bonds provide 100 percent coverage and have no deductible. The program makes it easier for “risky” job seekers to find jobs.

Fidelity bonds are intended to reassure and provide an incentive to employers to take a chance on a job applicant who may be perceived as undesirable.

Benefits to applicants
Generally, any at-risk job applicant is bondable, including:
- Ex-offenders.
- Recovering alcohol and drug abusers.
- Welfare recipients.
- Individuals with poor credit history.
- Dishonorably discharged veterans.
- Economically disadvantaged individuals with little or no work experience.

Bond amounts, limitations and expirations
The six-month bonds are issued in increments of $5,000 up to a total of $25,000 (based on the potential loss an employer might incur). Paperwork is minimal for job seekers and employers. Once the bond expires, the employer may purchase continuing coverage by contacting the national bonding program coordinator. Bonds do not cover liability due to poor workmanship, job injuries, work accidents, bail bonds, court bonds or bonding needed for self-employment.

Who to contact
For further information regarding the Washington state fidelity bonding program, please call us.

☎ 800-669-9271 (for bonding)
Disaster Unemployment Assistance (DUA)

When authorized by the President, Disaster Unemployment Assistance (DUA) is available to individuals who become unemployed due to a disaster and who are not eligible for regular unemployment benefits, including:

- Business owners and corporate officers.
- People who were injured in the disaster and cannot work.
- People who are prevented from starting a new job due to the disaster.
- Individuals who became head of their household due to a death caused by the disaster.

Disaster unemployment assistance is funded by the U.S. Federal Emergency Management Agency. Payment will be made to an unemployed worker, who as a direct result of a presidentially declared major disaster:

- No longer has a job.
- Is unable to reach their place of work.
- Cannot work due to damage to their place of work.
- Becomes the head of the household and is seeking work because former head of household died as a result of the disaster.
- Cannot work because of a disaster-incurred injury

Who to contact

Employment Security Department
Disaster Unemployment Assistance
PO Box 9046
Olympia WA 98507-9046
Rapid Response/Worker Adjustment and Retraining Notification (WARN) Act

Rapid Response: Solutions for Business

In our increasingly globalized and highly competitive economy, organizations are constantly growing or shrinking, or are facing barriers that keep them from growing. One of the biggest challenges many organizations face is having a workforce that is skilled enough to allow them to innovate and compete, and ultimately grow and prosper.

There are many state and local resources that can assist your organization. One such resource is called Rapid Response. Rapid Response is a pro-active, business-focused, and flexible strategy designed for two major purposes.

1. To help growing companies access the resources they need to continue to be successful, including helping meet existing and future talent needs.

2. To respond to announcements of layoffs and plant closings by quickly coordinating services and providing immediate aid to companies and their affected workers to ensure rapid reemployment and to minimize the negative impacts of the layoff.

Rapid Response teams will work with your company and any employee representative(s) (where applicable) to quickly maximize public and private resources to minimize the disruptions that are associated with job losses on your business, your workers, and the communities in which you do business and live. Rapid Response can provide customized services on-site at an affected your company, accommodate any work schedules, and assist company leadership and affected workers through the painful transitions associated with job loss.
Working with Rapid Response during layoffs or plant closings will result in multiple benefits to you as a business. The more quickly the Rapid Response strategy is implemented, the better off your company and workers will be. Providing Rapid Response to your workers will help assure:

- Higher productivity and worker morale and lower absenteeism during layoff event due to reduced stress.
- Lower unemployment insurance costs as workers are re-employed more quickly when services are begun prior to layoff.
- Decreased likelihood of sabotage or work disruptions.
- Media and rumor management. Rapid Response teams understand the often confidential nature of layoffs, and will work with the company to ensure confidentiality at all times.
- Better public relations for an employer. Rapid Response teams can also work with the media to highlight services an employer is providing to its workers during a layoff period, which will improve a company’s public image.

Rapid Response teams can also provide information to companies with regard to any state or federal requirements or laws for notification, including the Worker Adjustment and Retraining Notification (WARN) Act.
Amended Tax & Wage Report (EMS 5208D) – You may use this form to make a change to your tax or wage report from a previous quarter, whether you filed your original report electronically or on paper.

Business Change Form (EMS 5208C-1) – This form is used to report changes to your business status, including change of address or requesting inactivation of the ESD account. You must include your name and phone number for the change to be processed.

Business Ownership Change Form (EMS 5208C-2) - This form is required to make changes of owners or officers.

Tax Summary (EMS 5208A) – Quarterly Unemployment Insurance – Tax Summary –This form is used to report your taxes each quarter. You may also use it to file a no-payroll report.

Wage Detail (EMS 5208B) – Quarterly Unemployment Insurance – Wage Detail – This form is used to itemize wages for each employee.

If your tax report was filed electronically for the previous two quarters, we will not send this form. You may email us at taxforms@esd.wa.gov or call 855-829-9243, option 2 to request paper forms. This form is not available online and cannot be copied or printed because of the special “drop-out” ink required for our scanning equipment.
Amended Tax & Wage Report (EMS 5208D)

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<thead>
<tr>
<th>Social Security #</th>
<th>Name of Employee</th>
<th>AS REPORTED</th>
<th>CORRECT AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Hours</td>
<td>Wages</td>
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</tr>
</tbody>
</table>

| 12) TOTAL GROSS WAGES
| 13) EXCESS WAGES
| 14) TAXABLE WAGES
| 15) UI TAX DUE FOR THIS QUARTER
| 16) EAF
| 17) TOTAL TAX AMOUNT DUE
| 18) LATE PAYMENT PENALTY
| 19) INTEREST
| 20) LATE REPORT PENALTY
| 21) PRIOR BALANCE OR CREDITS
| 22) AMOUNT DUE
| 23) AMOUNT REMITTED

*REASON FOR ADJUSTMENT (MANDATORY)

FAX THIS FORM TO 360-902-9205
Business Change Form (EMS 5208C-1)

1) QTR/YEAR  
2) CURRENT UBI
3) CURRENT EIN
4) ESD NUMBER

5) IF THE MAILING ADDRESS OF YOUR BUSINESS HAS CHANGED, PLEASE ENTER NEW INFORMATION IN THE BOXES PROVIDED BELOW.

NEW MAILING ADDRESS / PO BOX

CITY

STATE

ZIP CODE

CURRENT MAILING ADDRESS

6) CHANGE IN PRINCIPAL BUSINESS PHYSICAL LOCATION
   (IF YOU CHECKED THE BOX ABOVE, SKIP TO ITEM 7)

STREET OR ROUTE NAME

CITY

STATE

ZIP CODE

BUSINESS EMAIL ADDRESS

7) IF PHONE OR FAX NUMBER CHANGED, ENTER IT BELOW

AREA CODE

PHONE NUMBER

AREA CODE

FAX NUMBER

8) □ CEASED BUSINESS - NO SUCCESSOR, PLEASE CLOSE ACCOUNT (ENTER DATES)

9) □ CONTINUING BUSINESS - NO EMPLOYEES, PLEASE CLOSE ACCOUNT (ENTER DATES)

10) □ NO LONGER HAVE WASHINGTON EMPLOYEES - PLEASE CLOSE ACCOUNT (ENTER DATES)

11) □ CHANGE IN BUSINESS ACTIVITY (DESCRIBE)

______________________________________________________________________________________________

12) □ SOLD, LEASED OR OTHERWISE TRANSFERRED BUSINESS:

   □ FULL SALE  □ PARTIAL SALE

% OF BUSINESS SOLD _________%

NEW BUSINESS NAME

NEW OWNER'S LAST NAME

FIRST NAME

AREA CODE

HOME PHONE NUMBER

13) □ CHANGE IN BUSINESS ENTITY - FIRST CHECK A BOX BELOW. THEN WRITE NEW BUSINESS NAME AND NEW UBI IN SECTION 12 ABOVE.

□ CORPORATION  □ PARTNERSHIP  □ LIMITED LIABILITY COMPANY (LLC)  □ LIMITED LIABILITY PARTNERSHIP (LLP)  □ OTHER

14) □ NAME CHANGE ONLY - WRITE NEW BUSINESS NAME IN SECTION 12 ABOVE.

15) CHANGE FORM PREPARED BY - LAST NAME

FIRST NAME

AREA CODE

PHONE NUMBER

MAIL OR FAX COMPLETED FORM TO:

Employment Security Dept., Registration Unit

PO Box 9046, Olympia WA 98507-9046

FAX 1-800-794-7657

For owner updates, use form 5208C-2 on the back.

ID 1212 (3/3/15) BUSINESS CHANGE FORM
EMS 5208C-1  CC 7542-032-821
Update Ownership Information (EMS 5208C-2)

All registered employers must complete this form to add or remove changes in ownership or officers. You also can use this form if you have not previously reported this information to the department. Your company’s business structure determines which information you must report.

DIRECTIONS: Check the box that represents your business structure*, then complete the required information for that structure in the spaces below. Use black ink.

☐ Sole proprietorship – include the business owner and spouse or state-registered domestic partner.
☐ Partnership – include all partners.
☐ Limited liability company – include all members (officers and owners).
☐ For profit corporation – include all corporate officers. Do not include shareholders or officers’ spouses.
☐ Nonprofit corporation – include all corporate officers, except those officers who volunteer their services and receive no compensation.
☐ Other (please specify):___________________________include information for at least one contact person.

1. Business Name
2. ESD Number
3. Preparer’s Name
4. UBI
5. Preparer’s Phone
6. EIN

Last Name: ___________________________ First Name: ___________________________ MI: ________ Social Security Number: ____________
Phone Number: ______________________ Email Address (optional): ______________________
Mailing Address: ______________________ State: ____________ Zip Code: ____________
City: ____________ Date became owner/officer: ____________
End date (if applicable): ____________

FOR PROFIT CORPORATIONS ONLY, PLEASE COMPLETE THE FOLLOWING:
Amount of stock owned: ☐ zero percent ☐ less than 10 percent ☐ 10 percent or more

[Signature]

Is this person related to other officers who own 10 percent or more (i.e., parent, stepparent, grandparent, spouse or state-registered domestic partner, children, brother, sister, stepchildren, adopted children or grandchildren)?
☐ Yes ☐ No

[Signature]

Send completed forms to ESD, Registration Unit
PO Box 9048, Olympia, WA 98507-9048 or fax to 1-800-794-7657

*Terms used in business structures are defined in rule. You can read the rule (WAC 192-310-010(2)(c)) online at esd.wa.gov/tax-wac. You may copy this form if additional space is needed. Please number your pages.
Quarterly Unemployment Insurance - Tax Summary

To file or pay electronically, go to esd.wa.gov/employer-taxes.

See separate instructions. Use black ink. Send only original forms with orange-ink boxes. Report any change in business status or address on Form 5208C.

NOTE: For all out-of-state wage reporting please check box 13 on this form, and visit ESD.WA.GOV/employer-taxes/forms-and-publications to complete form 5208B1.

EMPLOYER

1) UBI
2) EIN
3) QUARTER/YEAR
4) ESD NUMBER
5) BUSINESS NAME
6) DUE DATE (MMDDYY)

TAX PREPARER

7) FIRST AND LAST NAME OF TAX PREPARER
8) DATE PREPARED (MMDDYY)
9) PHONE (WITH AREA CODE AND ANY EXTENSION)
10) EMAIL ADDRESS OF TAX PREPARER
11) FAX (WITH AREA CODE AND ANY EXTENSION)

8)
NO PAYROLL THIS QUARTER?
CALL 888-836-1900 TO FILE. OR WRITE “X” IN THE BOX, FILL OUT #1 TO #11, AND RETURN THIS PAGE TO THE ADDRESS IN #26B.

9)
NUMBER OF CORPORATE OFFICERS EXEMPT FROM UNEMPLOYMENT INSURANCE.

10)
WAGES OF CORPORATE OFFICERS EXEMPT FROM UNEMPLOYMENT INSURANCE.

11)
TOTAL EXERCISED STOCK OPTIONS FOR ALL EMPLOYEES AND OFFICERS.

12)
NUMBER OF EMPLOYEES OF ALL TYPES WHO WERE PAID WAGES DURING THE PAYROLL PERIOD THAT INCLUDES THE 12TH DAY OF THE MONTH.

1ST MONTH
2ND MONTH
3RD MONTH

13)
INCLUDES OUT-OF-STATE WAGES
If yes, write “X” in this box, and visit esd.wa.gov/employer-taxes/forms-and-publications

13a)
OUT-OF-STATE WAGES
Total for this quarter

14)
TOTAL GROSS WAGES
The total amount in box #39 of all Wage Detail pages – Form 5208B.

15)
EXCESS WAGES
See instructions; taxable wage base is $ < base >

16)
TAXABLE WAGES
Subtract lines #13 and #15 from line #14

17)
UI TAX DUE THIS QUARTER
Multiply line #16 by the combined tax rate (breakdown in left column):
< combined tax rate >

18)
EMPLOYMENT ADMINISTRATION FUND (EAF)
Multiply the amount on line #16 by the EAF rate:
< EAF rate >

19)
TOTAL TAX DUE
Add lines #17 and #18

20)
LATE PAYMENT PENALTY
See instructions

21)
INTEREST
See instructions

22)
LATE-REPORT PENALTY
See instructions

23)
PRIOR BALANCE TO ADD (or credits to subtract)

24)
AMOUNT DUE
Add lines #19, #20, #21, #22 and #23

25)
PAYMENT AMOUNT SUBMITTED

26a) PAY ONLINE
At esd.wa.gov/employer-taxes

26b) PAY BY MAIL
1) Write a check to Employment Security Dept.
2) Write your ESD number on the check.
3) Mail your check plus tax and wage report to: Employment Security Department PO Box 34729 Seattle, WA 98124-1729

Sample
Quarterly Unemployment Insurance - Wage Detail

To file or pay electronically, go to esd.wa.gov/employer-taxes.

See separate instructions. Use black ink. Send only original forms with orange-ink boxes. Report any change in business status or address on Form 5208C.

NOTE: For all out-of-state wage reporting please check box 13 on Form 5208A, and visit ESD.WA.GOV/employer-taxes/forms-and-publications to complete form 5208B1.

For each employee:

32) Last Name
33) First Name
34) MI
35) Social Security Number
36) Hours
37) If 0 Hrs, Code
38) Total Paid This QTR (Add to Box #39)

Total Amount in #38 boxes on this page

ID: 1211 (11/18/2015) WAGE DETAIL
EMS 5208B
FREQUENTLY ASKED QUESTIONS (FAQS)

Q: I thought I closed my account online. Why am I still getting bills?
A: At this time ESD does not have the ability to close accounts online. The owner needs to either call the ESD Account Management Center at 855-828-9243 or submit a completed Business Change Form 5208C-1.

Q: Does ESD take payments over the phone?
A: No, we currently do not have that ability. Payments can be made by check or electronically using ePAY and EAMS.

Q: I sent an email to uifiles@esd.wa.gov and did not get a response.
A: That email address is only for submittal of work requests and does not provide responses to inquiries or concerns. Please email general inquiries to the ESD Account Management Center (AMC).

Q: Do I have to type in my employee data every quarter?
A: If you have access to locked services in EAMS, importing previously reported data is available.

Q: I filed my report but didn’t indicate that I am using a credit.
A: There is a section on the report confirmation screen titled “prior balance or credit” where you may indicate for your records the amount of credit used for the time period.

Q: I didn’t see a spot on the website or in the portal to update our account profile.
A: Please use our Business Change Form 5208C-1 to request an update to the account profile.
Q: I received a warning that my employee’s reported wages do not meet the minimum wage requirement. What does that mean?
A: ESD understands that there are situations that result in the warning being received but does not enforce the minimum wage requirement.

Q: Do I report hours worked in the quarter but were paid in the next quarter?
A: Employment Security Department wages are reported when they are paid or “as paid”.

Q: My password and profile on SAW isn’t working.
A: SecureAccess Washington (SAW) is a state maintained site and a portal to our filing system EAMS. For assistance with your login, please call the SAW help desk at (888) 241-7597

Q: I filed a report online and the system kicked me out before I could print the report or make the payment. Please tell me what I owe for the quarter I just filed.
A: Please email the ESD Account Management Center (AMC) and they will be able to tell you what you owe for the quarter you just filed.

Q: What is my tax rate going to be?
A: Tax rates are calculated based on industry averages for new employers and unfortunately we have no way to calculate that until an account is set up. Please refer to the Determining your tax rate section in this handbook for more information.

Q: How do I establish or reinstate an ESD Account?
A: To establish an active ESD account, please complete or update a Business License Application with the Department of Revenue indicating the business has or will have employee(s). ESD will establish the SUI Tax Account based on the application. Within
two to four weeks the business will receive a New Employer Packet by U.S. mail containing the ESD account number and tax rate notice.

For questions regarding the Business License Application please contact the Department of Revenue Business Licensing Service at (800) 451-7985 or by email.

If you have not received the New Employer Packet, or to follow up on your request, please email the ESD Registration Unit.

Q: How do I request an IRS Rectification?
A: To request an IRS Recertification please send an email to UIFiles@esd.wa.gov. Please include your ESD account number and “IRS RECERTIFICATION YEAR ____” in the subject line and include the Federal EIN in the body of your email/request.

Q: How do I request Power of Attorney on an account?
A: Please download the Power of Attorney Form.

The form can be submitted via:
Email: UIFiles@esd.wa.gov. Please include your business name, ESD account number, and “POWER OF ATTORNEY FORM” all in the subject line.
Mail: Employment Security Department
Power of Attorney
P.O. Box 9046
Olympia WA 98507-9046
Fax: (800) 794-7657

Q: How do I submit a Refund Request?
A: To request a refund, please follow the steps provided on your Quarterly Credit Statement or fill out the Refund Request Application.
The form can be submitted via:

Email:  [UIFiles@esd.wa.gov](mailto:UIFiles@esd.wa.gov). Please include your business name, ESD account number, and “REFUND REQUEST” all in the subject line.

Mail:  Employment Security Department
Refund Request
P.O. Box 9046
Olympia WA 98507-9046
Fax:  (800) 794-7657

**Q:** How do I close or deactivate an account?

**A:** To have an ESD account deactivated please use the [Business Change Form 5208C-1](http://www.esd.wa.gov).

The form can be submitted via:

Email:  [UIFiles@esd.wa.gov](mailto:UIFiles@esd.wa.gov). Please include your business name, ESD account number, and “BUSINESS CHANGE REQUEST” all in the subject line.

Mail:  Employment Security Department
Business Change Request
P.O. Box 9046
Olympia WA 98507-9046
Fax:  (800) 794-7657

**Q:** How do I request relief of Benefit Charges?

**A:** To request Relief of Benefit Charges, please send a written request with the following information:

- Applicant’s name and Social Security number
- Dates the claimant worked for you
- Detailed information about the reason(s) he or she is no longer working

The written request can be submitted via:

Email:  [UIFiles@esd.wa.gov](mailto:UIFiles@esd.wa.gov). Please include your business name, ESD account number, and “REQUEST RELIEF OF BENEFIT CHARGES” all in the subject line.
Q: How do I request a tax rate review?
A: To request a Tax Rate Review send an explanation as to why you believe your tax rate is not accurate and any supporting documents to:

Email: UIFiles@esd.wa.gov. Please include your business name, ESD account number, and “TAX RATE REVIEW YEAR(S)_____” all in the subject line.

Mail: Employment Security Department
Tax Rate Review
P.O. Box 9046
Olympia WA 98507-9046
Fax: (800) 794-7657

Q: How do I update my address or report a business change?
A: To request an update to your business profile please use the Business Change Form 5208C-1.

The form can be submitted via:
Email: UIFiles@esd.wa.gov. Please include your business name, ESD account number, and “BUSINESS CHANGE REQUEST” all in the subject line.

Mail: Employment Security Department
Business Change Request
P.O. Box 9046
Olympia WA 98507-9046
Fax: (800) 794-7657
Q: How do I update my business ownership information?
A: To update Ownership Information please use the Owner/Officer Change Form 5208C-2.

The form can be submitted via:
Email: UIFiles@esd.wa.gov. Please include your business name, ESD account number, and “OWNERSHIP UPDATE FORM” all in the subject line.
Mail: Employment Security Department Ownership Update P.O. Box 9046 Olympia WA 98507-9046 Fax: (800) 794-7657

Q: How do I request a penalty be waived?
A: There are multiple options to submit a Waiver Request: Online Request Form, email, fax or mail. If you submit your waiver request by email, fax or mail, the following information must be included in your request:

• Title of individual making request (e.g. attorney, accountant, employer representative)
• Mailing address
• Quarter(s) and year(s) of the request
• An explanation of the situation and the reason you believe you should not be charged penalties

Email: UIFiles@esd.wa.gov. Please include your business name, ESD account number, and “WAIVER REQUEST” in the subject line.
Mail: Employment Security Department Waiver Request P.O. Box 9046 Olympia WA 98507-9046 Fax: (800) 794-7657
Q. How do I file my quarterly tax reports electronically in Washington state?
A. Employer Account Management Services (EAMS) is a full-service, online tool for filing, paying and managing your tax account.

Q. When are my reports and taxes due?
A. You must file all of your tax and wage reports and pay your taxes by the last day of the month following the last day of each quarter. If you file a late report, we will charge you a penalty. When a due date falls on a weekend or state holiday, your report may be postmarked the following business day. For more specific information about tax due dates, see WAC 192-310-020. Reimbursable-account payments are due one month after the taxable-account schedule.

Q. How do employers mail overnight documentation (tax reports/payments) to KeyBank (ESD Lockbox provider)?
A. When employers want to overnight documentation (tax reports/payments) to KeyBank (ESD Lockbox provider), they should only use FedEx or U.S. mail. FedEx and U.S. mail will deliver overnight items to the KeyBank Lockbox at PO Box 34729, Seattle, WA 98124. Employers who opt to use UPS must use the physical address of Lockbox: 1109 Pacific Ave, Tacoma, WA 98402.

Please note - UPS will not deliver to a PO Box, and instead notifies KeyBank they have mail they are unable to deliver. Key Bank then has to contact UPS and give them the physical location address, which can cause a one or two day delay in delivery. In some instances, UPS returns the item to the sender.
Q. Once I file using an electronic option, must I always use that same reporting method?
A. No, you may choose the option that best suits the needs of your business.

Please note: If you file using an electronic method for two consecutive quarters, you will no longer receive paper forms in the mail.

Q. Do I need to sign up or register to use an electronic filing method?
A. Because Employer Account Management Services (EAMS) allows access to services containing confidential data, you will be required to register and login through Secure Access Washington prior to use.

Q. How do I change my bank account information in the ePay system?
A. Your bank account information can be changed when you make your payment by selecting the “I will provide new bank account” information button.

Q. My business has closed or I no longer have employees. Do I still need to file a report with Employment Security Department?
A. As long as your account has an Active Status with us, you are required to file a Quarterly Tax and Wage Report, even if you only file a No-Payroll report.

Use the Business Change Form 5208C-1 to close your business account or if you no longer have employees. Contact your tax account management center to find out the current status of your account with us.
Q. How do I calculate excess wages?

A. Every year we establish a maximum taxable wage amount or wage base. When an employee’s year-to-date wages exceed that wage base, the wages are considered excess wages and are not taxable.

Example: In 2019, if an employee earned $20,000 per quarter and if the taxable wage base was 49,800 excess wages are calculated as follows:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Quarterly Wages</th>
<th>Taxable Wages</th>
<th>Excess Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$0</td>
</tr>
<tr>
<td>2</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$0</td>
</tr>
<tr>
<td>3</td>
<td>$20,000</td>
<td>$9,800</td>
<td>$10,200</td>
</tr>
<tr>
<td>4</td>
<td>$20,000</td>
<td>$0</td>
<td>$20,000</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$80,000</td>
<td>$49,800</td>
<td>$30,200</td>
</tr>
</tbody>
</table>
Q. I receive an error message when I attempt to enter a Social Security number in EAMS. How do I correct this so I can continue filing?

A. According to information provided by the Social Security Administration, numbers that begin with a 9 are ITIN numbers issued by the Internal Revenue Service to be used for tax reporting purposes. They are not valid Social Security numbers.

**Example:** 9XX-XX-XXXX

It is also important to know that the Social Security Administration has not issued Social Security numbers with all zeroes in the first, middle or last portion of the number. They are not valid Social Security numbers.

**Examples:**
- 000-XX-XXXX
- XXX-00-XXXX
- XXX-XX-0000

If you receive an error message in EAMS and you cannot obtain the correct SSN in time to file, you must enter zeroes for all SSN digits; if the system will not accept zeroes, leave the SSN blank in order to continue filing. You may receive a penalty for the incomplete report. Contact the Social Security Administration for more information regarding Social Security numbers. You can verify Social Security numbers at the U.S. Citizenship and Immigration Services [E-verify website](https://www.e-verify.gov).

Q. What is an Automated Clearing House (ACH) debit?

A. The ACH debit method allows you to transfer funds by authorizing us to electronically withdraw funds from your bank account. Your account will be debited only upon your initiation, only for the amount you specify and on the date you specify.
Q. Is there a charge for using ePay?
A. There is no charge for using ePay. You will be responsible for any fees charged by your financial institution for the actual transfer of funds. In addition, your bank’s standard overdraft fees will also apply if sufficient funds are not available for the amount of the debit.

Q. How do I cancel a pending electronic payment?
A. To cancel a payment entered through ePay, call our ESD Account Management Center 855-829-9243, or you may email the Employer Accounts Unit. Our staff can cancel a payment provided it has not already been sent to your bank for processing. To manage your electronic payments, we encourage you to use Employer Account Management Services (EAMS) with features that allow you to cancel pending electronic payments.

Q. What is ESD’s company ID for ACH withdrawals?
A. Our company ID is: UITAX-EPAY

Note: The company ID must be exactly like the above ten characters, without spaces and with all letters in uppercase. Some bank accounts have a corporate block which prohibits ACH withdrawals from unauthorized companies. If you have such a block on your bank account, contact your bank and authorize ESD to debit your account by providing ESD’s company ID.
1099 Audit - an audit based on non-employee compensation information supplied by the IRS.

Access Washington - the Washington state government Internet site.

Account Balance - the accumulative total of all credits or debits outstanding on an employer’s account.

ACH Debit Date - the date an employer requested an ACH payment be withdrawn from their bank account.

Active Account - an employer’s account that is open.

Additional business location (Physical Location Address) - an additional physical address, in Washington, for the employer.

Affidavit of Earnings - a document used to request wage documentation from UI Claimant if the employer refuses to provide wage data to resolve a blocked claim.

Amended Tax and Wage Report (5208D) - used by employers to amend previously filed tax and wage reports.

Amount Remitted - the payment amount received from an employer.

Annual Taxable Wage Base (RCW 50.24.010) - the maximum amount of wages subject to taxation for any employee paid by the same employer in a given year.

Appeal - a written petition or request from an employer or their representative to the Office of Administrative Hearings (OAH) or
a higher court to dispute a determination made by Employment Security Department (ESD), or to dispute an unfavorable ruling by a lower court.

**Arbitrary reports** - completed when all attempts to secure an actual tax report have failed. This report “arbitrarily” estimates wages based on historical reporting of the employer, generally 1.3 times the average historical amount, which generates a tax due amount for the quarter.

**As Earned Wages** - wages adjusted to reflect the quarter earned rather than the quarter paid.

**Assessed** - an Order and Notice of Assessment that has been served by ESD against a delinquent employer.

**Assessment** - any posted liability to the account.

**Average Annual Wage** *(RCW 50.04.355(a))* - total wages paid as reported by all employers in Washington state, divided by the average number of workers reported in the calendar year.

**Automated Clearing House** (ACH) - inter-bank electronic funds clearing and transfer.

**Base Year** *(BY)* *(RCW 50.04.020)* - the first four of the last five completed calendar quarters immediately preceding the effective date of an unemployment insurance claim (also known as primary base year).

**Benefit Charge** *(RCW 50.29.021)* - the amount debited to the experience rating account of a base year employer for benefit payments to former employees. The amounts are prorated when there are multiple employers in a former employee’s base year.
**Benefit Cost Rate** - benefits paid (including the state’s share of EB but excluding reimbursable benefits) as a percentage of total wages in taxable employment.

**Benefit Non-Charging** (aka relief of charges) - some benefit payments are not charged to the experience rating account of a taxable employer. Some of the non-charging occurs automatically, but in other situations, after the initial (first) notification that a former employee has applied for unemployment benefits, the employer has 30 days to request non-charging of benefits.

**Benefit Ratio** ([RCW 50.29.027](https://laws.leg.wa.gov/CodeOfWashington/Title50/029-UI-and-ESD/50.29/)) – the calculation measuring the individual employer’s experience with unemployment during the base period. Divide sum of benefit charges by sum of the taxable payroll in the last four fiscal year (July 1 through June 30) to get a six digit decimal. This six digit decimal is the benefit ratio.

**Benefit Year** ([RCW 50.04.030](https://laws.leg.wa.gov/CodeOfWashington/Title50/004-UI-ESD/50.04/)) - a period of 52 consecutive weeks that begins with the Sunday preceding the date a claim for unemployment benefits is filed.

**Billing Statement** - a monthly invoice that details an employer’s past due amounts, current charges, and missing quarterly reports.

**Blank** - information that is not present or is missing.

**Bonus Pay** - an extra amount of money given to an employee as a reward in addition to normal pay and is reportable for UI.

**Bulk Filing** - a filing method to submit quarterly reports for multiple employers in the same file.

**Business** - a company that has employees and is required to register with and report to ESD, unless otherwise noted.
**Business Change Form** (5208C) - the form used by employers to submit any business changes.

**Business Mailing Address** - the mailing address for the business (aka employer mailing address).

**Business Name** - the name by which an employer is known (aka trade name or DBA).

**Calendar Quarter** (or quarter) - a period of three months dividing the fiscal year into four sections:  First quarter - January 1 through March 31, second Quarter - April 1 through June 30, third quarter - July 1 through September 30 and fourth Quarter - October 1 through December 31.

**Calendar Year** - the period of 12 consecutive calendar months beginning January 1 and ending December 31.

**Claimant** - an individual (former employee) who files a claim for unemployment benefits.

**Client Company** - any employer who enters into an agreement with a Professional Employer Organization (PEO).

**Combined Wage Claim** (CWC) - a claim filed in one state which includes wages from multiple states.

**Commissioner** ([RCW 50.04.060](https://ww3.wa.gov/glacak/glossary)) - the administrative head of the Washington state Employment Security Department.

**Compensation** - an amount of money or other form of remuneration to pay for work done.

**Compliance** - conforming to Washington state laws, rules, and regulations.
**Computation Date** (RCW 50.29.010) - as used by experience rating is July 1 of any year.

**Constructively paid** - wages that are set aside, by mutual agreement of both parties (employer and employee) to be paid at a later date.

**Contractor Bonds** - Contractors who do business in this state must obtain a surety bond or open an assigned savings account to protect the homeowner from any damage. The Attorney General’s office, on behalf of the state tax agencies, can collect unpaid taxes by filing a lawsuit against the bond or savings account.

**Contractually paid** - for purposes of liability for, collection of, and assessment of contributions, wages which are deemed paid when contractually due.

**Contribution** - a UI tax payment.

**Corporation** - a chartered legal entity with rights, privileges, and liabilities beyond those of an individual.

**Corporation/LLC Endorsement Expiration Date** - the date after which a corporation or LLC’s registration with the Secretary of State is no longer current.

**Covered Employee** - any individual that may be eligible for unemployment insurance benefits.

**Covered Employer** (or subject employer) - an employing unit that is subject to the taxing provisions of the Employment Security Act.

**Covered Employment** - employees whose wages are reportable for unemployment insurance tax purposes.
**Covered Wages** - wages for all employees who are not exempt corporate officers that are reported for unemployment insurance tax purposes and does not include exercised stock options.

**Current Quarter** - the most recently completed quarter from the current calendar date.

**Cut-Off Date** ([RCW 50.29.010](#)) - as used by experience rating is September 30 of each year.

**Debt** - any quarterly reports or payments owed the department.

**Deferred Payment Contract** (DPC) - a contract between a debtor employer and the department in which the debtor agrees to make a down payment and subsequent monthly payments for a set period of time (usually within one year) and further agrees to send tax reports and payments to the department on a timely basis for the duration of the contract period. The department, on its part, agrees to take no further legal action against the debtor as long as the conditions of the contract are met. The department, however, reserves the right to serve a Notice of Assessment and file a lien and/or warrant to secure the department’s claim.

**Delinquent Employer** - an employer who has either not filed a quarterly tax report on time or has filed the report without payment.

**Delinquent Report** - a quarterly tax report not submitted by an employer by the quarterly report due date.

**Delinquent Tax Rate** - the tax rate assigned to employers who fail to do what the law requires.

**Determination** - an official decision by ESD staff regarding the unemployment claims of an individual or the tax status of an employer.
**Domestic Employer** - an individual who hires someone to work in or around their home.

**EAMS** - the collection of internet services available to employers and their representatives.

**Earned Tax Rate** - the tax rate assigned to a qualified employer when they have gained enough experience.

**Electronic Funds Transfer (EFT)** - the transfer of funds that is initiated through computer based systems. Also commonly called a wire transfer.

**Employee Count** - the number of employees who were working for an employer on the 12th day of each month during a quarter.

**Employee Gross Wages** - the amount an employer pays to an employee in a quarter before payroll deductions.

**Employee Hours** - the number of hours worked by an employee.

**Employer (RCW 50.04.080)** - a company that has employees and is required to register with and report to ESD, unless otherwise noted.

**Employer Identification Number (EIN)** - the number assigned to employers by the Internal Revenue Service (IRS). It is a nine-digit number, sometimes mistaken by employers as their ESD number. The EIN begins with two digits followed by a dash and then seven digits. Example: 91-1234567 (formerly known as FEIN).

**Employer Mailing Address** - the mailing address of record where all correspondence is sent.

**Employment (RCW 50.04.100)** - services rendered for remuneration under any type of contract or agreement by full-time or part-time workers, whether permanent or temporary.
**Employment Administration Fund** (EAF) - a separate and identifiable account within the Administrative Contingency Fund. The fund is paid by employers and is used to assist the unemployed.

**Employment Security Department** (ESD) - the department of Washington state government responsible for unemployment insurance.

**E-Pay** - an Automated Clearing House (ACH) method for employers to pay balances electronically. When this option is used, the funds to pay quarterly taxes are automatically drawn from the employer’s bank account on the date it is authorized.

**ESD Number** - a number issued by ESD and used to identify and establish an employer account (formerly ES Reference Number).

**Excess Wages** - the non-taxable wages of an employee in excess of the current year’s taxable wage base.

**Experience** ([RCW 50.29.010(5)](https://laws.wa.gov/cw/50/50-029-000/50-029-010-5)) - as used by the Experience Rating and Benefit Charging Unit, the process by which an employer becomes qualified for a variable tax rate based on their “experience” as an employer. To qualify, an employer must have had employment during the past three calendar years, have had no period of four or more consecutive quarters of no payroll during that time, and have no delinquent tax reports or payments prior to the cut-off date of September 30.

**Experience Rate** – the array calculation factor plus graduated social cost factor plus solvency surcharge.

**Experience Rating** - a method of taxation under which an employer’s tax rate varies according to the employer’s experience with unemployment insurance claims of former employees.
Experience Year - State law uses July 1 - June 30 as the “year” to calculate tax rates (instead of the calendar year). The new tax rates are calculated based on experience years and are in effect for the following calendar year.

Failure to Maintain Records Penalty - a charge to the employer for not following unemployment insurance record keeping requirements. (RCW 50.12.070(3))

Failure to Provide UBI Number Penalty - the penalty assessed to the employer for failing to acquire or retain on record a UBI Number for each contract employee within their employ.

Failure to Register Penalty - the penalty assessed to the employer for failing to register with ESD as an employer in Washington state. Failure to comply with the law could cost you $1,000 or two times the total amount of unpaid taxes for each quarter you operated without being registered, whichever is more.

Flat Social Cost Factor - the annual calculated value used to determine the social cost factor for a taxable employer.

Four Digit NAICS Code - the narrowest or most specific description of employer activities used for industry averaging.

Fraud - any act, omission, misrepresentation, or concealment with the intent to deceive.

Fraud Audit Penalty (aka misrepresentation penalty) - a charge to the employer for knowingly misrepresenting the amount of wages subject to unemployment insurance.

FUTA (United States Code Title 26, Subtitle C, Chapter 23) - the Federal Unemployment Tax Act that authorizes the IRS to collect a federal employer tax used to fund state workforce agencies. For IRS forms, go to IRS forms and publications.
**General Partnership** - a business entity comprised of one or more individuals who contribute money, labor, or skills to a business and who share personal liability for the business’s debts.

**Graduated Social Cost Factor** - the flat social cost factor adjusted for employer experience.

**ICESA** - an electronic form of reporting used by tax reporting agencies and some large employers.

**ICESA Format** - a standard format for electronically submitting tax and wage reports used by large employers and employer representatives.

**Inactive Account** - an employer’s ESD account is closed; the employer is not liable for future quarterly reporting as long as the account remains inactive/employees are not hired in the future.

**Inactive Date** - the date when an employer ceases to employ employees or continue in business.

**Incomplete Quarterly Report** - a quarterly report that does not include every required element. Examples: Blank SSN fields, zero hours without an explanation, missing ESD account number on report.

**Incomplete Report** - the entire wage report is not submitted along with the tax report. Required information is not on the wage report (Social Security numbers, names, hours, or wages). No employer account number and Unified Business Identifier (UBI) number is included on the tax or wage report.

**Incomplete/Incorrect Report Penalty** - a charge for a quarterly report that is submitted without all required elements or the format was incorrect.
Incorrect Format - a report is not in the right format when it is not filed on the most current version of EAMS, ICESA or, for paper filers, the paper form used was not provided by the department. The wage report provided the department is not used correctly, i.e. more employees than allowed per page are entered or required data is not formatted correctly.

Industry Average Tax Rate - a weighted average tax rate for a specific business activity. This rate is assigned to employers who do not have enough experience in the tax system.

Insolvencies - formal, legal actions by an individual or a business that is unable to meet obligations to creditors. The most common form of insolvency is bankruptcy.

Internal Revenue Service (IRS) Audit - an audit based on information received from IRS indicating suspected noncompliance.

Labor and Industries (L&I) Audit - an audit based on information received from Department of Labor and Industries indicating suspected noncompliance.

Late Payment Penalty - a fee that must be charged for payments that are not received by the due date.

Late Report Penalty - the charge for a late quarterly report.

Liable Date - the first date an employer paid wages.

Limited Liability Company (LLC) - a hybrid of a partnership and a corporation where the owners are not personally responsible for the business and all profits/losses pass directly to them without the business being taxed. The Black’s Law definition, 7th Edition is “a company - statutorily authorized in certain states - that is characterized by limited liability, management by members or managers, and limitation on ownership transfer.”
**Limited Liability Limited Partnership** (LLLP) - a limited partnership that has elected to shield general partners from liability.

**Limited Liability Partnership** (LLP) - a hybrid of a limited liability company and partnership where each partner is liable for the business’s debts, but not for professional negligence or malpractice of the other partners.

**Limited Partnership** (LP) - a business entity comprised of one or more general partners and one or more limited partners.

**Lockbox** - a term used to refer to the commercial bank contracted by ESD to deposit the payments and process the corresponding tax and payment forms that are mailed to the bank from the employer. A courier transports the documents to the Tax Accounting Unit daily.

**Lockbox Payment** - a payment via check, money order or any acceptable legal tender submitted by an employer directly to the lockbox.

**Maximum Benefit Amount** (MBA) - the maximum amount of benefits an individual may receive during a benefit year (or duration of benefits).

**Misrepresentation** - a false statement of a material fact.

**Misrepresentation Penalty** (aka fraud audit penalty) - a charge to the employer for knowingly misrepresenting the amount of wages subject to unemployment insurance.
**Monthly Billing Statement** - this statement is generated monthly to employers who have one or more quarters with outstanding balances due to the department or one or more delinquent quarterly tax reports.

**NAICS (North American Industry Classification System)** - national standard that classifies businesses based on the business’ business activity. Each classification has a specific number assigned to it.

**New Employees** - the number of employees discovered during an audit that were not previously reported.

**New Employer (aka NAICS Rate)** - a new employer either:
1. Has not reported any employees in the 12 months beginning with the qualification date, or
2. Had four or more consecutive quarters of no payroll in the two calendar years immediately preceding the computation date (July 1):
   - To determine the qualification date find the computation date (July 1), go back to April 1 two years before the computation date, go forward 12 months to see if the employer has reported any employees from April 1 (beginning of second quarter) through March 31 (end of first quarter).
   - Generally, the average array calculation factor and average social cost factor for all employers who have the same NAICS code.

**New Hire Reporting** - the required reporting of all newly hired and rehired employees to Department of Social and Health Services (DSHS) Division of Child Support (DCS).
**No Payroll** - a quarterly report that indicates zero employees or zero reportable wages.

**No Payroll Report** - a quarterly report that indicates no payroll was paid in the quarter.

**Non-charged Benefits** (RCW 50.29.021) - unemployment insurance benefits that are paid to claimants, but are not charged against a base year employer.

**Non-Liable Employer** - an employer without employees or whose employees are not covered by unemployment.

**Non-Qualified Employer** - an employer that is delinquent or does not have enough experience.

**North American Industry Classification System Code** (NAICS) - a designator assigned to classify an employer according to the primary business activity.

**Order and Notice of Assessment** - better known as a Notice of Assessment or N/A this document assesses an employer for taxes due. The employer has 30 days to appeal the notice. After 30 days has elapsed without appeal, the law allows us to begin civil legal action against the employer.

**Partnership** - a voluntary association of two or more individuals who jointly engage in business.

**Past Due Tax Amount** - the dollar amount owing for an employer which represents the tax assessed for the quarter less payments allocated to the tax assessment once the quarter due date has passed.

**Payment** - the monetary amount that an employer submits.
**Payment Received Date** - the date the payment is received by the department.

**Payment Source** - information that identifies how a payment was submitted.

**Penalty** - a charge to the employer for not following the rules in reporting information or paying their unemployment insurance taxes.

**Personal Representative** - an administrator for an employer.

**Power of Attorney** (POA) - an individual or business that has authority to act on behalf of an employer. A POA should be on file for an employer with a third party tax preparer. This allows ESD to speak with the tax preparer regarding the tax account.

**Predecessor** - an employing unit that transfers during any calendar year either a portion of or all of its operating assets, or the operating assets of a separate unit or portion of its trade or business, to another employer, whether by sale, lease, gift or any legal process. A predecessor is the former owner of a business.

**Primary Employer Account** - an employer account that is identified with the first nine digits of the ESD number and represents the account as a whole and is based on one or more sub-accounts.

**Principal Business Location** (PBL) - the primary physical address in Washington state for the employer.

**Principal Liability** - the person(s) or business with primary responsibility for a financial obligation of a subcontractor.

**Prior Balance** - the total amount of unpaid taxes, penalties, interest or legal fees identified by quarter as of the first of the current month.
**Professional Employer Organization** (PEO, Employee Leasing Company) - an organization that provides human resources and services to an employer(s) in a co-employment relationship.

**Professional Limited Liability Company** (PLLC) - a limited liability company organized for the purpose of providing professional services (where the state requires a license to provide services such as doctors, lawyer, and dentists).

**Professional Limited Liability Partnership** (PLLP) - a limited liability partnership organized for the purpose of providing professional services (where the state requires a license to provide services such as doctors, lawyer, dentists, etc.).

**Public Works Contract** - work performed by a contractor for a governmental agency, municipality or school district.

**Qualified Employer** ([RCW 50.29.010(5)](https://apps.leg.wa.gov/billsearch/) - as used by experience rating is an employer who becomes eligible for a variable Tax Rate by fulfilling two requirements: a specified duration of employment and timely submission of payments and quarterly reports.

**Qualification Date** - April 1, two years before the year of the computation date.

**Quarter** - is one-fourth of a calendar year, divided into three consecutive months beginning with January.

**Quarter Currently Due** - is the quarter due from the most recently completed quarter:

<table>
<thead>
<tr>
<th>Quarter Currently Due</th>
<th>Wages Paid</th>
<th>Report &amp; Tax Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>January 1 – March 31</td>
<td>April 30</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>April 1 – June 30</td>
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</tr>
<tr>
<td>3rd Quarter</td>
<td>July 1 – September 30</td>
<td>October 31</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>October 1 – December 31</td>
<td>January 31</td>
</tr>
</tbody>
</table>
**Quarterly Report** - the Tax and Wage Report submitted by the employer in an approved format for reporting tax and wages.

**Quarterly Report-Tax** - a summary of taxes [owed or not owed] based on wages paid by an employer for a specific time period.

**Quarterly Report Due Date** - April 30, July 31, October 31, or January 31 when a quarterly tax and wage report is due, unless the day falls on a Saturday, Sunday or legal holiday; otherwise it will be the next business day.

**Quarterly Tax Payment Due Date** - April 30, July 31, October 31, or January 31, unless the day falls on a Saturday, Sunday or legal holiday; otherwise it will be the next business day for taxable employers.

**Quarterly Tax Report Summary** (5208 A) - the report used by employers to file tax information.

**Quarterly Wage Detail Report** (5208 B) - the supporting wage details reported by employers with their Quarterly Tax Summary (5208A form) to detail the gross wage amount reported on the quarterly tax report.

**RCW** - the Revised Code of Washington (laws).

**Rate year** - calendar year (January 1 through December 31).

**Recalculation** - a tax rate adjustment.

**Refund** - a credit given back to the employer for overpayment.

**Reimbursable Employer** (RCW 50.44.060 and 070) - a non-profit organization or government agency that is billed (not taxed) for the unemployment insurance benefits drawn by its former workers.
**Reimbursable Payment Due Date** - May 31, August 31, November 30, or February 28 (leap years - February 29), unless the day falls on a Saturday, Sunday or legal holiday; otherwise it will be the next business day.

**Reinstate** - re-opening an ESD account that has been closed less than one year. If the ESD account has been inactive for longer than one year the Business License Application (with the Department of Revenue) will need to be updated to reinstate the ESD account.

**Remuneration** - all compensation paid for personal services, including commissions and bonuses and the cash value of compensation paid in any medium other than cash. The reasonable amount of gratuities (tips) shall be estimated and determined in accordance with WAC 192-310-070.

**Report Delinquency** - a Quarterly Tax and Wage Report which an employer has failed to file.

Report Filing Due Date - April 30, July 31, October 31, or January 31 when a Quarterly Tax and Wage Report is due, unless the day falls on a Saturday, Sunday or legal holiday; otherwise it will be the next business day.

**Report Received Date** - the date the report is received by the department.

**Representative** - an individual or company authorized by the employer to manage aspects of the employer’s account.

**SecureAccess Washington** (SAW) - an internet service/portal managed by the Washington Department of Enterprise Services that allows access to multiple online government services through the use of a single user ID and password.
**Severance Pay** - a sum of money paid to a terminated employee based on length of employment and is reportable for UI purposes.

**Significant Number** - a number of errors based on the number of employees for an employer.

**Social Cost Factor** ([RCW 50.29.025](https://app.leg.wa.gov/bill/id/1997/1icht/)) - a component of each employer’s total tax rate assigned to recover socialized costs.

**Social Purpose Corporation (SPC)** - a social purpose corporation, while subject to all provisions applicable to other corporations, must be organized to promote a general social purpose that is intended to positively affect certain constituencies. The corporate name of a social purpose corporation must include one of the following: “social purpose corporation,” “SPC,” or “S.P.C.”

**Social Security Number** - the nine digit number issued by the Social Security Administration to identify an individual who may work or receive government services.

**Socialized Costs** - benefit payments that are not assigned directly to any individual employer. Socialized costs are comprised of three components: inactive account charges, ineffective account charges, and non-charges.

**Sole Proprietor** - the owner of a business.

**Sole Proprietorship** - an individual, married couple, or couple in a registered domestic partnership engaged in a business enterprise.

**Solvency Surcharge** - additional tax added on if the trust fund looks like it’s going to run out of money.

**Subpoena Duces Tecum** - a legal document issued for delinquent tax reports that requires an employer to appear and produce records to create the missing tax reports on a specific date, place and time.
**Successor** - an employing unit that acquires a portion of or all of the operating assets of another employer, or the operating assets of a separate unit or portion of another employer’s trade or business, whether by purchase, lease, gift or any legal process. The new owner of a previously established business.

**SUTA** - the State Unemployment Tax Act, also commonly referred to as SUI - State Unemployment Insurance.

**SUTA Dumping** - what occurs when an employer forms a new company and transfers some employees to the new company with lower tax rates for the purpose of avoiding unemployment taxes.

**SUTA Investigation** - an examination of predecessor/successor accounts to determine if the employer attempted to manipulate and circumvent the experience rating system in order to obtain a lower tax rate.

**Tax Contribution** - a payment from a taxable employer based on taxes due.

**Tax Mailing Address** - the mailing address used to send tax documents.

**Tax Overpayment** - the amount remitted was greater than the total amount due.

**Tax Rate** (RCW 50.29.025) - the percentage assigned to each employer to be applied against taxable wages paid to each employee up to the tax ceiling called the annual taxable wage base.

**Tax Rate Year** - the year for which a tax rate is assigned to an employer’s account.
**Tax Warrant** - a legal document for the proceeding of court actions against a debtor employer. It is recorded in the Office of the County Clerk for the Superior Court.

**Taxable Employer** - an employer that pays unemployment insurance based on a percentage of wages paid.

**Taxable Payroll** - wages paid by an employer subject to taxation.

**Taxable Wage Base** - amount of each employee's wages paid by taxable employers that are taxed for UI purposes (aka wage base).

**Taxable Wages** - wages subject to taxation.

**Third Party Administrator** - an organization that processes insurance claims or certain aspects of employee benefit plans for a separate entity.

**Timely** - receiving a required item on or before the deadline.

**Total Account Balance** (collections) - total amount due.

**Total Benefit Charge** - sum total of the benefit charges for all employers in a state fiscal year.

**Total Excess Wages** - sum total of the amount of wages paid by the employer to each employee in a calendar year that are greater than the annual taxable wage base.

**Total Gross Wages** - total amount of wages paid by an employer for all employees in a quarter before any payroll deductions.

**Total Social Cost** - amount left over after subtracting the one year total of taxes paid by all employers from the total benefit charges.
**Total Tax Due** - sum of the total of the UI tax due amount and the EAF total amount.

**Total Taxable Payroll** - total amount of one state fiscal year’s taxable wages for all taxable employers.

**Total Taxable Wages** - amount of all employee wages that are subject to taxation in a quarter.

**Total Wages** - wages reported on Line 14 of the Tax Report (EMS 5208A) indicating all remuneration paid for employment in a given calendar quarter. This includes the cash value for all remuneration paid in any medium other than cash by an employer during any calendar year, to an individual in its employment. For the full text of the Law see [RCW 50.24.010](#).

**Transaction** - any change made to an employer’s account.

**Transaction Date** - date a change to an employer’s account occurred.

**Transaction History** - system record of all action taken on an employer’s account.

**Transfer** - action of moving information from one employer’s account to another.

**Transfer Date** - date that one business acquires the assets of another business.

**Transferee** - one to whom a transfer is made.

**Transferor** - one from whom the transfer is made.

**Transferred Experience** - benefit charges and taxable wages transferred from predecessor to successor.
**Trust Fund** (or UI trust fund or state trust fund) - Washington’s reserve account within the Federal Unemployment Insurance Trust Fund, financed by the state’s covered employers, and used only to pay unemployment insurance benefits to eligible workers of Washington employers. (This is where the UI portion [not the EAF] of employers’ quarterly tax payments go.)

**Unemployment Insurance (UI)** – the unemployment insurance program in the state of Washington, which is administered by the department and which provides unemployment insurance benefits to eligible individuals and collects employer taxes that pay for benefits and administrative costs.


**UI Tax Due** - taxable wages times the combined UI tax rate.

**UI Tax Rate** - one component of a tax rate that is assigned based on the experience of the employer.

**Underground Economy** (UE) - individuals and unregistered businesses that conceal their activities and true tax liability.

**Unemployment Insurance Trust Fund, Trust Fund, or UI Trust Fund** - Washington’s reserve account within the Federal Unemployment Insurance Trust Fund, financed by the state’s covered employers, and used only to pay unemployment insurance benefits to eligible workers of Washington employers.

**Unified Business Identifier** (UBI) - a number assigned to companies doing business in Washington state by DOR through the Business License Application process or by the Secretary of State’s Office (SOS).
**Voluntary Tax Contribution Options** *(RCW 50.29.026)* - the list of payments an employer may pay to credit benefit charges that will decrease their tax rate.

Voluntary Tax Contribution Payment Purpose - a payment received to pay for an experience rating buy down, and is processed through the treasurer to the benefit account. The purpose is to lower the total benefit charges used in the employers’ experience rating calculation of the following years tax rate.

**Waiver Request** - a written communication from an employer asking for relief of penalty and interest charges for specific quarters.

**Warrant** - a legal document recorded in the Office of the County Clerk for the Superior Court against a debtor employer to reduce a lien to judgment. It acts as a basic document for the proceeding of court action.
ESD CONTACT INFORMATION

Account Management Center
☎ 855-829-9243 (855-Tax Wage)
✉ OlympiaAMC@esd.wa.gov

ESD Forms Request
☎ 855-829-9243
✉ Taxforms@esd.wa.gov

ESD Tax Appeals
☎ 360-890-3448
✉ Uitaxlegalappeals@esd.wa.gov

ESD Audit
☎ 360-902-9545
✉ Auditcentral@esd.wa.gov

Tax Rates – Benefit Charging
FAX #: 800-301-1796
✉ ESDexperiencerating@esd.wa.gov

Public Works Contracts
☎ 360-890-3449
✉ Publicworks@esd.wa.gov
Mailing addresses
Send printed wage reports, payments, completed documents or correspondence to the correct address below.

Tax and benefit appeals:
ESD-Tax Appeals
PO Box 9046
Olympia, Washington 98507-9046

Benefit charging requests, appeals and correspondence:
ESD-Experience Rating/Benefit Charging Unit
PO Box 9046
Olympia, Washington 98507-9046

Mail paper checks after electronic filing:
ESD-Electronic Filing
PO Box 34467
Seattle, Washington 98124-1467

Past-due billing statement payments:
ESD-Billing Statement
PO Box 34949
Seattle, Washington 98124-1949
Tax rate requests, appeals and correspondence:

✉️ ESD-Experience Rating/Benefit Charging Unit
PO Box 9046
Olympia, Washington  98507-9046

Wage report forms and tax payments made by check to:

✉️ ESD-Paper Wage Reports
PO Box 34729
Seattle, Washington  98124-1729