

## Frequently asked questions about unemployment taxes –2019

### Tax rates

#### **Q. How are employers' unemployment-insurance tax rates calculated?**

**A.** Unemployment taxes in Washington are calculated using a formula that is written into state law. The Employment Security Department does not have independent authority to adjust the rates

There are two components of the state unemployment tax. The first component of the tax rate is the experience-based tax, which is based on the amount of unemployment benefits paid to former employees over the past four years. There are 40 experience-rate classes, and businesses move up or down those classes based on their past experience.

The second part of the tax rate is called the social-cost tax. It covers unemployment costs that cannot be recovered from specific businesses – so they are shared by all employers (e.g., benefits paid to workers whose company went out of business). During economic recessions, when benefits paid far exceed taxes collected, the social-cost tax also acts like a brake to slow the decline of the trust fund so employers aren't hit by sharper, more sudden tax increases in the future.

For **2019**, employers will pay taxes on the first **\$49,800** of each employee's wages.

#### **Q. How is the taxable wage base determined?**

**A.** The taxable wage base is determined by the state's average annual wage two years earlier (i.e., the 2019 taxable wage base is based on 2017 wages). The average annual wage increased from \$58,957 in 2016 to \$61,887 in 2017.

#### **Q. What are the highest, lowest and average tax rates in Washington?**

**A.** For 2019, employers in the lowest rate class pay 0.10 percent. Taxable employers in the highest rate class pay 5.7 percent (not counting delinquency or Employment Administration Fund taxes). The average rate in 2019 is estimated to be 1.03 percent – compared to 1.11 percent in 2018. (Employers who are delinquent in paying their taxes may have to pay an additional 2 percent delinquency tax.)

#### **Q. What is my Employment Security Department Number (ESD Number)?**

**A.** It is the account number you use to file your quarterly unemployment taxes (box 6 on the 5208-A form). It also is printed on the top right corner of your annual tax-rate notice and the statement of benefit charges we send you. The current format of the number is: 000123456789.

If the number begins with 600, 601 or 602 and is formatted like this: 60X 456 789, it is the Unified Business Identifier (UBI) number, not the ESD number.

If you cannot locate your ESD number, please call a [tax center](#).

**Q. When are unemployment taxes due?**

**A.**

Taxes are due by the last day of the month following the last day of each quarter.

Tax calendar

Quarter One (Q1)	January Q4 taxes due 1/31	February	March Q1 ends 3/31
Quarter Two (Q2)	April Q1 taxes due 4/30	May	June Q2 ends 6/30
Quarter Three(Q3)	July Q2 taxes due 7/31	August	September Q3 ends 9/30
Quarter Four (Q4)	October Q3 taxes due 10/31	November	December Q4 ends 12/31

**Q. How can an employer file unemployment tax reports with Employment Security?**

**A.** Employers can file quarterly tax reports electronically (preferred) or on paper forms. Electronic options include UIWebTax (Employment Security’s Web-based tax-reporting system) and Employer Account Management Services (EAMS), a one-stop menu of Internet tools for filing, paying and managing unemployment tax accounts. Visit the [EAMS](#) Web site for more information.

**Q. Can I submit a copy of a tax report?**

**A.** No. We do not accept photocopies because our scanning equipment cannot read the forms and the data must be hand-keyed. You can [request more forms by email](#).

**Q. How do I correct a tax report that has already been filed?**

**A.** Use the [amended tax report form](#) to make changes. These must be hand-keyed, so copies of the forms are acceptable.

**Q. What if the due date falls on a weekend or holiday?**

A. Your payment may be postmarked the following business day. See WAC [192-310-020](#)(a state regulation) for more information.

**Q. What if I have problems with penalties, interest or other charges?**

A. Please contact a [tax center](#). Most questions can be resolved through a discussion with one of our tax representatives.

If you do not agree with the results of your discussion, you may request that we [waive penalties and/or interest](#).

**Q. Does Employment Security provide one-on-one assistance with its tax reports?**

A. Tax help is available by calling a [tax center](#). Employers who file reports electronically can get help by calling 800-565-4660 or by [email](#).

**Q. My business moved. How do I update my address?**

A. [Email us your new address](#)– be sure to include your business name, your name, title, phone number and ES reference number – or use the [business change form](#).

Please let us know if your phone number also changed.

**Q. Why is my business being audited?**

A. We conduct audits on roughly 3,500 Washington employers each year. Audits include a review of payroll, financial and business records. The goal is to ensure that employers report hours and wages correctly and pay the appropriate amount in unemployment taxes.

We focus the majority of our audits on employers in industries that are more likely to misreport information or file incorrectly. However, we also audit based on information from other government agencies, improper reporting identified when former workers apply for unemployment benefits, tips and leads, and randomly selected employers, to ensure broader compliance.

**Q. Why do you need to review my check register, general ledger, profit and loss statement, etc. during an audit?**

A. These financial documents are considered accounting records and help us verify reported wages.

Employment Security joined three other state agencies in creating a new video, "[How to Prepare for an Audit: A Guide for Small Businesses.](#)" Employment Security's segment focuses on unemployment-insurance tax audits. The video answers basic questions such as: What should I expect when an audit occurs? and How should I maintain my records for unemployment insurance?