

Want to Pay Lower UC Taxes?

Partner with the Alabama Department of Labor to Reduce Improper Unemployment Compensation (UC) Benefit Payments and Taxes.



Why do improper UC benefit payments matter to you? This matters to you because you, the employer, pay for these benefits through higher taxes. In 2010, American employers faced an estimated \$6.86 billion in additional UC costs due to improper payments of UC benefits.

Unemployment Compensation is a safety net program that helps cushion the impact of economic downturns for communities, states and the nation by providing temporary income support for qualified unemployed workers. However, improper payment of benefits is a serious problem that has a financial impact on employers.

Improper payment of benefits is often the result of inaccurate or insufficient information necessary to determine a claimant's eligibility for benefits claimed. Employers can help reduce improper payments and potentially higher taxes by providing information needed to make an accurate determination of claimant eligibility.

Be an active partner with UC to improve payment accuracy by following these required steps:

1. **Report all new and rehired employees to the State Directory of New Hires by the due date, as required by federal law.** Since October 1, 1997, all employers are required to report each newly hired or recalled employee to the Alabama Department of Labor. The information must be furnished within seven days from the date of hire or reemployment. (Employers reporting electronically may transmit twice monthly, not less than twelve (12) days or more than sixteen (16) days apart.) Employers who fail to report newly hired or recalled workers may be fined up to \$25.00 for each violation. Timely reporting helps prevent payment of ineligible UC claims after an individual has returned to work. [Click here to learn more about New Hire Reporting!](#)
2. **Respond promptly to any Request for Verification of Weekly Earnings from UC.** Verification of an employee's weekly earnings ensures that the correct amount of UC benefits is paid for weeks of partial unemployment. Failure to respond to a request for verification of earnings can result in an improper payment of UC benefits.
3. **Provide complete and accurate Employee Separation Information.** Employers are required to provide employee separation information to the state UC program by the specified due date. This information is used, in part, to determine the claimant's eligibility for UC benefits. Remember, you can respond to requests for separation information online by clicking [here!](#)
4. **File and pay your tax returns timely.** Avoid unnecessary interest and/or penalties. Timely filed wages and taxes are used to calculate your benefit ratio. Without full credit for taxes and wages, your rate could increase. [Click here to access employer services.](#)

Remember: Employers that do not comply with state and federal UC requirements for providing employee information risk higher costs through increased taxes, fines or other penalties.

For more information check out our [Employer Information Page!](#)

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