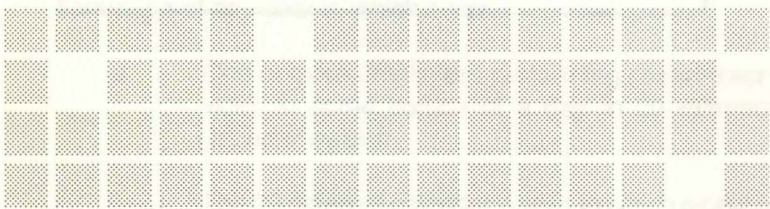


# **Job Insurance**

## **Information For**

# **Employing Units**





**This pamphlet is designed to assist individuals and organizations employing workers in Iowa to comply with the Iowa Employment Security Law. Statements in this pamphlet are for general information purposes only and do not have the effect of law or rule.**

## What Are Employing Units?

Under the Iowa Employment Security Law, an employing unit is any individual (sole proprietor) or type of organization that has or had in its employ one or more persons performing service within Iowa. An employing unit also includes any partnership, association, trust, estate, joint stock company, insurance company or corporation (domestic or foreign), a receiver, trustee, or successor in a bankruptcy, a trustee or successor thereof, a legal representative of a deceased person or a state or local government.

## Who Must Register?

Most employing units going into business for the first time in Iowa are required to register with Job Service of Iowa, Department of Employment Services, by filing a Report to Determine Liability form. This report must be filed no later than 30 days following the first date of employment.

## Who Are Liable Employers?

A liable employer is an employing unit which falls into one or more of the following classifications, and as such, is required to pay job insurance taxes.

### 1. Number of Workers or Amount of Wages

An employing unit becomes a liable employer retroactively to January 1 of any year in which it has:

- a. One or more employees performing covered services in some portion of a day in *20 different calendar weeks*.

The 20 different calendar weeks in which workers are employed need not be consecutive and the same individuals need not be employed in each week. Workers in all establishments operated by the same employing unit must be included in the count. Part-time workers count the same as full-time workers.

- c. Paid *cash wages* of \$20,000 or more to *agricultural* laborers during any calendar quarter in the current calendar year or in the preceding calendar year, or employed 10 or more *agricultural* workers in some portion of a day in 20 *different calendar weeks* in the current calendar year or in the preceding calendar year.
- d. Paid *cash wages* of \$1,000 or more to domestic workers during any calendar quarter in the current year or the preceding calendar year.

Nonprofit religious, charitable, scientific, literary or educational organizations, or organizations working for the prevention of cruelty to children or animals are required to pay job insurance taxes. They may, however, elect to reimburse the Iowa job insurance trust fund for any unemployment benefits paid that are attributable to service in their employment instead of paying quarterly contributions into the fund. Any organization requesting consideration for reimbursable status must possess a 501-c-3 I.R.S. tax exemption letter.

Governmental entities are also subject to the provisions of the Iowa Employment Security Law. Such entities are required to reimburse Job Service for any job insurance benefits paid that are attributable to service in their employment. A governmental entity, however, may elect to pay contributions if the election is made within the time specified by law. Further details concerning special provisions relating to these entities may be obtained by calling or writing Job Service.

## 2. Successorship

Any employing unit becomes an employer and liable for job insurance taxes by acquiring either the organization, the trade or business, or substantially all of the assets of another liable employer. The acquisition need not be by purchase, but can be by rental, lease, inheritance, merger, mortgage, foreclosure, etc.

The number of workers employed when the ownership changes



acquisition. Effective July 1, 1990, any employer planning to sell or otherwise transfer all or part of a business is liable to the acquiring employer for actual damages and attorney fees if the employer fails to disclose or willfully discloses incorrect information to the acquiring employer regarding job insurance benefits charged against the transferring employer's account.

### **3. Federal Liability**

Any employing unit which is liable for taxes under the Federal Unemployment Tax Act is also a liable employer under Iowa law if it has one or more workers performing services in Iowa and such services are subject to the federal tax. For complete information regarding the Federal Act, consult the Director of the Internal Revenue Service in Des Moines, Iowa.

### **4. Elective Coverage**

An employing unit which is not a liable employer may elect to become liable, thereby covering its workers under the Iowa Employment Security Law so that they may be eligible to receive job insurance benefits. Employers liable through elective coverage become liable for taxes as of the effective date stated in the application.

If an employing unit wishes to elect coverage under the Iowa Employment Security Law, the necessary forms may be obtained upon request from Job Service. Election for coverage is subject to approval by Job Service.

## **Excluded Workers and Wages**

Certain types of workers are not included in making an employee count to establish whether an employing unit is an employer and is liable for job insurance taxes or in determining the wages on which an employer is required to pay tax. The following is a listing of the more commonly excluded services and wages.

1. Individual owner of a business (sole proprietor).

4. Children under 18 years of age in the employ of a father or mother or partnership consisting of their parents.
5. Husband or wife working for his or her spouse.

(The exclusions listed in items 3, 4, and 5 apply to an individually owned business. They do not apply to a partnership unless an exempt family relationship exists between the employee and each of the partners; for example, if a father is working for a partnership consisting of his two sons. These exclusions do not apply when the employing unit is a corporation.)

6. Service performed in the employ of a school, college, or university by a student who is enrolled and regularly attending classes, and by the student's spouse if the spouse was hired under a program to provide financial assistance and is advised of the fact at the time of hire.
7. Service performed by a student for an employer as a formal and accredited part of the curriculum of the school.
8. Sick or disability pay if payments are made under an employer plan which applies to the workers generally.

**NOTE:** Other services and workers may be excluded. If any doubt exists about whether an individual is an employee or whether certain services are excluded from job insurance coverage, the facts should be presented in writing to Job Service with a request for a ruling.

### **Notifying Job Service of Liability**

It is the responsibility of each employing unit to notify Job Service when it qualifies as an employer as defined in this pamphlet.

### **Employer Account Number**

Each employing unit is assigned an employer account number at the time a determination is made establishing its employer status. This number should appear on all correspondence and forms

## Required Records

While all employing units are not required to pay job insurance taxes, Job Service may legally require them to file certain reports and permit designated Job Service auditors to review or copy any of their books and records. Every individual or organization employing workers in Iowa must maintain adequate payroll records showing the names and social security numbers of its workers, number of persons employed, the days and calendar weeks during which they worked, and their earnings for periods during which they worked.

## New Employers Not Eligible for Computed Rates

The beginning tax rates for newly covered employers in 1990 are:

Construction	7.4%*
Non construction	1.0%*
Governmental entities which have elected contributory status	0.10%

\*Plus an administrative surcharge of 0.06% on all employers except government or 501-c-3 nonprofit entities.

## Taxable Wage Base

The taxable wage base for all Iowa employers in 1990 is \$11,900.

## Timely Reporting Requirements

Employers are required to submit quarterly contribution and payroll reports within 30 days after the end of each quarter to avoid interest and penalty.

**Newly liable employers must submit quarterly contribution and payroll reports retroactive to the first day of employment in the calendar**



If you have questions about job insurance coverage or need an explanation about how to fill out a form related to job insurance contributions, you may call the Field Audit Section of DES in Des Moines at 515-281-5640. Or, you may contact a field auditor at one of the following Job Service offices:

<b>Office</b>	<b>Telephone</b>
Atlantic	712-243-5793
Burlington	319-753-1954
Carroll	712-792-2708
Cedar Rapids	319-364-2601
Council Bluffs	712-328-8474
Creston	515-782-2119
Davenport	319-386-5200
Dubuque	319-556-5800
Fort Dodge	515-576-0741
Iowa City	319-351-1035
LeMars	712-546-8170
Marshalltown	515-752-6435
Mason City	515-423-2357
Newton	515-792-3004
Oskaloosa	515-673-0285
Ottumwa	515-684-5401
Sioux City	712-252-2855
Spencer	712-262-1971
Storm Lake	712-732-1583
Waterloo (East)	319-235-9864
Waterloo (West)	319-235-1471
Webster City	515-832-4011



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