Interest Payment on Federal Funds Borrowed To Pay Unemployment Claims

What is the federal interest assessment related to unemployment tax?

This assessment is imposed by law on all contributing employers to collect the amount needed to pay the interest due on federal loans made to the State of Florida.

Why is Florida collecting the federal interest assessment?

Since Florida has borrowed funds from the federal government to pay unemployment compensation benefits, the state will have to pay interest on these funds. All contributing employers are required by law to pay a proportionate share of the interest through a special annual assessment.

Who must pay the federal interest assessment?

All contributing employers with an active or reinstated account status as of December 1, 2011, who had taxable wages of at least $7,000 for the fiscal year ending June 30, 2011, must pay a proportionate share of the federal interest assessment.

How is the amount due calculated?

The interest payment for 2012 is calculated by dividing the estimated amount of interest to be paid (as provided by the Revenue Estimating Conference on December 1, 2011) by 95% of the taxable wages for the preceding fiscal year (June 30, 2011).

Estimated federal interest payment due:	$ 43,300,000
Taxable wages for fiscal year ending 06/30/2011:	$ 49,294,034,773

$43,300,000 interest / (95% X $49,294,034,773) = .00092

This additional rate is then applied to each employer's one-year taxable wages for the period July 1, 2010 through June 30, 2011 to arrive at the proportionate share for each employer. Here is the additional rate applied to $7,000 taxable wages for one employee:

$7,000 taxable wages X .00092 additional rate = $6.44 per employee

How will I know how much to pay?

In February, the Department will mail an assessment notice (Form UCT-27Fi) to contributing employers informing them of their proportionate share. The notice includes a coupon that the employer should return with payment.

When is the federal interest assessment payment due?

Employers must pay their proportionate share of the federal interest assessment by June 30, 2012.

Will interest accrue if paid late?

Interest will begin to accrue on any outstanding amounts beginning July 1, 2012.

Can I pay online?

Yes. Employers may use the online bill pay system. From the Department of Revenue home page **(www.myflorida.com/dor)**, click on "More e-Services." Under "Pay a Bill," select "Single Bill." You do not have to be enrolled in our e-Services program to pay online. However, you will have to enter the OCR number found on the bottom, right hand section of your *Unemployment Tax Assessment Notice for Interest on Federal Advances* (UCT-27Fi).

Can I pay the federal interest assessment with my regular *Employer's Quarterly Report* (UCT-6) payment?

We encourage employers to remit the federal interest assessment as a separate payment with its specific coupon (at the bottom of Form UCT-27Fi) to ensure that it is deposited into the correct fund.

What will the Department of Revenue do with my federal interest payment?

The law requires the Department to collect this assessment and maintain the funds in a designated trust fund until directed by the Governor (or designee) to make the interest payment to the federal government.

What is the law mandating this assessment?

Section 443.131(5), Florida Statutes:

> ADDITIONAL RATE FOR INTEREST ON FEDERAL ADVANCES.—
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> (a) When the Unemployment Compensation Trust Fund has received advances from the Federal Government under the provisions of 42 U.S.C. s. 1321, each contributing employer shall be assessed an additional rate solely for the purpose of paying interest due on such federal advances. The additional rate shall be assessed no later than February 1 in each calendar year in which an interest payment is due. The Revenue Estimating Conference shall estimate the amount of such interest no later than December 1 of the calendar year preceding the calendar year in which an interest payment is due. The Revenue Estimating Conference shall, at a minimum, consider the following as the basis for the estimate:
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> > 1. The amounts actually advanced to the trust fund.
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> > 2. Amounts expected to be advanced to the trust fund based on current and projected unemployment patterns and employer contributions.
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> > 3. The interest payment due date.
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> > 4. The interest rate that will be applied by the Federal Government to any accrued outstanding balances.
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> (b) The additional rate assessed for a calendar year shall be determined by dividing the estimated amount of interest to be paid in that year by 95 percent of the taxable wages as described in s. 443.1217 paid by all employers for the year ending June 30 of the immediately preceding calendar year. The amount to be paid by each employer shall be the product obtained by multiplying such employer's taxable wages as described in s. 443.1217 for the year ending June 30 of the immediately preceding calendar year by the rate as determined by this subsection. The tax collection service provider shall make a separate collection of such assessment, which may be collected at the time of employer contributions and subject to the same penalties for failure to file a report, imposition of the standard rate pursuant to paragraph (3)(h), and interest if the assessment is not received on or before June 30. Section 443.141(1)(d) and (e) does not apply to this separately collected assessment. The tax collection service provider shall maintain those funds in the tax collection service provider's Audit and Warrant Clearing Trust Fund until the provider is directed by the Governor or the Governor's designee to make the interest payment to the Federal Government. Assessments on deposit may be invested and any interest earned shall be part of the balance available to pay the interest on advances received from the Federal Government under 42 U.S.C. s. 1321. In the calendar year that all advances from the Federal Government under 42 U.S.C. s. 1321 and associated interest are repaid, if there are assessment funds in excess of the amount required to meet the final interest payment, any such excess assessed funds shall be credited to employer accounts in the Unemployment Compensation Trust Fund in an amount equal to the employer's contribution to the assessment for that year divided by the total amount of the assessment for that year, the result of which is multiplied by the amount of excess assessed funds. However, if the state is permitted to defer interest payments due during a calendar year under 42 U.S.C. s. 1322, payment of the interest assessment shall not be due. If a deferral of interest expires or is subsequently disallowed by the Federal Government, either prospectively or retroactively, the interest assessment shall be immediately due and payable. Notwithstanding any other provision of this section, if interest due during a calendar year on federal advances is forgiven or postponed under federal law and is no longer due during that calendar year, no interest assessment shall be assessed against an employer for that calendar year, and any assessment already assessed and collected against an employer before the forgiveness or postponement of the interest for that calendar year shall be credited to such employer's account in the Unemployment Compensation Trust Fund. However, such funds may be used only to pay benefits or refunds of erroneous contributions.