



## Tax Information Publication

# TIP

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### 2021 Reemployment Tax Legislative Changes

Law changes effecting Florida reemployment tax from the 2021 Legislative Session:

- Reissuance of 2021 rates
- Adjust the tax rate calculation for 2022
- Adjust the tax rate calculation for 2023 through 2025
- Distributes funds collected from remote sales to the Unemployment Compensation Trust Fund

#### Overview of Reemployment Program

The reemployment assistance program is a federal-state partnership, funded through reemployment tax paid by employers. The tax collected is distributed into the Unemployment Compensation Trust Fund (UC Trust Fund) and used for the sole purpose of paying reemployment assistance benefits to eligible claimants. Chapter 443, Florida Statutes, calculates employers tax rates by using three major factors: benefit ratio, variable adjustment factor and final adjustment factor.<sup>1</sup>

Throughout this Tax Information Publication (TIP), “Department” means the Department of Revenue and “employer” means contributory employer.

#### Reissuance of 2021 Rates

The new rate calculation determined by the Department excludes all benefit charges from the second quarter of 2020 and prevents the application of the positive adjustment factor, which normally increases rates automatically if the trust fund balance is below a certain amount. The new tax rates have been posted on the Department’s website and a new Notice of Tax Rate (Form RT-20) will be mailed to employers which will replace the RT-20 notices that were mailed in December 2020. The new notice is effective for all wages paid in 2021. Pursuant to Executive Order #21-80, COVID-19 Reemployment Assistance/Payment of Employer Contributions, the due date for payment of reemployment tax for the quarter that ended March 31, 2021, has been extended to May 31, 2021. **This extension applies only to the payment; to be considered timely, employers must complete and file the *Employer’s Quarterly Report* (Form RT-6) no later than April 30, 2021.**

After the Department receives the *Employer’s Quarterly Report* for the first quarter of 2021, it will issue a *Notice of Amount Due* (Form RT-27D), which will state the amount owed. The amount will be based on the taxable wages reported for the first quarter multiplied by the employer’s new tax rate. Employers who mail in their payment will need to include the *Notice of Amount Due* coupon with the payment.

<sup>1</sup> The benefit ratio is determined by dividing the previous three years of benefit charges for former employees of the employer by the taxable payroll of that employer for that same three-year period. The variable adjustment factor and the final adjustment factor include shared costs including benefit payments that are not charged to a specific employer, excess charges that cannot be collected, such as charges in excess of an employer’s 5.4% maximum rate, and the amount of money in the UC Trust Fund. Each employer’s tax rate therefore reflects their benefit cost (benefit ratio) plus their portion of the shared costs (noncharged benefits, excess benefits and trust fund amount) needed to keep the reemployment assistance program solvent.

The payment must be postmarked on or before June 1, 2021, to be considered timely. If paying by electronic payments, to be considered timely the payment must be initiated and a confirmation number received no later than 5:00 p.m. ET, on May 28, 2021, and indicate a debit date of June 1 (May 31 is a holiday). Payments may be scheduled up to 30 days in the future.

If an employer has already filed and paid, there is no need to amend the return. The system will automatically recompute the tax rate and issue a refund, if applicable.

Employers who had an Earned Tax Rate (Reason Code G) or were at the Minimum Rate (Reason Code D) will see a decreased rate. Some employers at the Maximum Tax Rate (Reason Code E) will see a decreased rate. Employers at the Initial Tax Rate (Reason Code F), the Penalty Tax Rate (Reason Code A), the Standard Rate (due to audit noncompliance - Reason Code I), the SUTA Rate (Reason Code H) or the Standard Tax Rate (due to outstanding indebtedness - Reason Code B) will not see a rate change.

### **Adjustments to 2022 Rate Calculation**

Tax rates effective January 1, 2022, will exclude charges from the second, third and fourth quarters of 2020 and all benefit charges paid as a direct result of a government order to close or reduce capacity of a business due to COVID-19, as determined by the Department of Economic Opportunity. The tax rate calculation will also exclude the application of the positive adjustment factor (trust fund trigger). Lastly, benefit charges from the first and second quarters of 2021 may be decreased if the Office of Economic and Demographic Research (EDR) estimates total tax collection for rate year 2022 will exceed \$475.5 million. Since EDR has until January 1, 2022, to advise the Department whether to decrease benefit charges, the Department has until March 1, 2022, to post rates for the 2022 calendar year.

### **Adjustments to 2023-2025 Rate Calculation**

Tax rates effective January 1, 2023 through December 31, 2025, will exclude charges from the second, third and fourth quarters of 2020 and all benefit charges paid as a direct result of a government order to close or reduce capacity of a business due to COVID-19, as determined by the Department of Economic Opportunity. The tax rate calculation will also exclude the application of the positive adjustment factor (trust fund trigger). Lastly, benefit charges from the first and second quarters of 2021 may be decreased if EDR estimates total tax collection for rate year 2022 will exceed \$475.5 million. These changes to the tax rate calculation are repealed if the trust fund reaches \$4,071,519,600 on June 1.

### **Distributions to the Unemployment Compensation Trust Fund**

The Department shall make three distributions, each in the amount of \$324,533,334, to the UC Trust Fund on or before July 25, 2021, August 25, 2021, and September 25, 2021. In addition, beginning July 2022, and on or before the 25th day of each of the following months, the Department shall distribute \$90 million monthly to the UC Trust Fund. The funds distributed to the UC Trust Fund are as a result of the remote sales portion of the new law. The Department is required to end monthly distributions when the Department receives certification from EDR that the ending balance of the UC Trust Fund exceeds \$4,071,519,600 or on December 31, 2025, whichever is earlier.

**References: Section 443.131, Florida Statutes; Sections 16 and 17, Chapter 2021-2, Laws of Florida**

### For More Information

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit the Department's website at [floridarevenue.com](http://floridarevenue.com) or call Taxpayer Services at 850-488-6800, Monday through Friday (excluding holidays).

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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