

Update: June, 2009

## Unemployment Tax Alert



# INDIANA HB1379 INCREASES TAXES SIGNIFICANTLY FOR 2010 AND BEYOND

## Situation

House Bill 1379 signed into law by the Governor on May 15, 2009 increases unemployment taxes significantly for tax years 2010 and beyond.

## What Employers Need to Know

- Increases the taxable wage base from \$7,000 to \$9,500 beginning in 2010
- Increases the penalty rate from 5.6% to 12.0% beginning in 2010
  - A penalty rate will be assigned for 2010 to any employer that has an outstanding debt or report delinquency as of July 31, 2009
- Institutes a new set of rate schedules to be used beginning in 2010
  - Prior to 2010 there were only 4 schedules, now there are 9
  - Rates on all the new schedules are higher for all but the lowest brackets
- Set the rate schedule at the new Schedule B for 2010
  - The lowest 6 brackets have lower rates than 2009 with the minimum rate decreasing from 1.1% to 0.7%
  - The other brackets are significantly higher than 2009 with the maximum rate increasing from 5.6% to 9.5%.

## What You Can Expect

Through analysis and understanding of state unemployment tax changes, employers can be proactive in unemployment budget planning, impact studies and rate projections. In the event of an impending merger, acquisition, reorganization, or divestiture additional employment tax planning and compliance issues should be examined.

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