

All about State Unemployment Tax Rates (Experience Rates)?

Typically unemployment insurance, SUTA (**S**tate **U**nemployment **T**ax **A**llowance) provides benefits for employees who are unemployed through no fault of their own. This insurance is typically provides temporary partial income for employees who lost their job, but are available and actively looking for work.

In most states, only Employer(ER)'s fund this insurance program, but in few states, both ER and Employee (EE)'s fund this program. Monies collected will be used to pay for those EEs who have lost job temporarily, typically for around 3 to 6 months or till they get a job whichever is earlier.

Most companies pay a flat percentage on a base amount towards SUTA fund. This number varies. For example, State of Texas, for every new company, collects, on the first \$9,000 of EE salary, a 2.7% SUTA fee, an amount of \$256 for each EE worked in that year.

What is experience rate?

Every employer has an account with each state jurisdiction for SUTA. Typically every 6 months or 1 year, State Jurisdiction(s) will send a letter stating each employer - a revised base amount and percentage, on which the ER must pay toward SUTA for each of the EE(s) in their payroll. This experience rate is based on many factors, like, no. of claims employees make who lost their job, job risk (typically a manufacturing have higher insurance amount than an IT company) et al. This experience rate kicks in typically after 2 to 3 years of initial base rate/amount explained in the previous section. Again, this differs from state to state as well as ER to ER.

Initial SUTA rates for some states are shown below.

Scenario1: we are calculating Iowa State Unemployment Tax (SUTA), Entered Current Regular Wages Amount \$1000 in the Below Screen Shot show.

Input

The screenshot shows the 'PayCheck Details' form for Iowa. The 'Tax Type' is 'Withholding Tax' and the 'Tax Authority' is 'IA'. The 'Current Regular Wages' is entered as 1000. A red cloud labeled 'Current Amount' points to the 'Current Regular Wages' field.

Output

The screenshot shows the 'Federal Taxes' and 'State Taxes' summary. A red cloud labeled 'UNEMPLOYMENT' points to the 'EE Unemployment Tax (SUTA)' line item in the State Taxes section.

Category	Item	Amount
Federal Taxes	Employee Taxes	
	ER PICA Tax	0.00
	Withholding Tax	0.00
	EE PICA Tax	0.00
	EE Medicare Tax	0.00
	EE Railroad Retir Tier I Social Security Tax	0.00
	EE Railroad Retir Tier I Medicare Tax	0.00
	EE Railroad Retir Tier II Social Security Tax	0.00
	EE Railroad Retir Tier II Medicare Tax	0.00
	WorldLocation VHM Tax	0.00
Total EE Taxes	73.82	
State Taxes	Employer Taxes	
	ER Medicare Tax	0.00
	ER Unemployment Tax (FUTA)	0.00
	ER Railroad Retir Tier I Social Security Tax	0.00
	ER Railroad Retir Tier I Medicare Tax	0.00
	WorldLocation ER Unemployment Tax(SUTA)	0.00
	WorldLocation EE Unemployment Tax	0.00
	Net Pay	
	Gross Pay	1000.00
	Total Deductions	126.88
Net Pay	873.12	

Based on input \$1000 output will displayed below.

Scenario2: we are calculating TEXES State Unemployment Tax (SUTA), Entered Current Regular Wages Amount \$1000 in the Below Screen Shot show.

Input

The screenshot shows the 'PayCheck Details' form for Texas. The 'Tax Type' is 'ER Unemployment Tax (SUTA)' and the 'Tax Authority' is 'TX'. The 'Current Regular Wages' is entered as 1000. A red cloud labeled 'Current Amount' points to the 'Current Regular Wages' field.

Output

The screenshot shows the 'Federal Taxes' and 'State Taxes' summary. A red cloud labeled 'UNEMPLOYMENT TAX' points to the 'EE Unemployment Tax (SUTA)' line item in the State Taxes section.

Category	Item	Amount
Federal Taxes	Employee Taxes	
	ER PICA Tax	0.00
	Withholding Tax	0.00
	EE PICA Tax	0.00
	EE Medicare Tax	0.00
	EE Railroad Retir Tier I Social Security Tax	0.00
	EE Railroad Retir Tier I Medicare Tax	0.00
	EE Railroad Retir Tier II Social Security Tax	0.00
	EE Railroad Retir Tier II Medicare Tax	0.00
	WorldLocation VHM Tax	0.00
Total EE Taxes	27.98	
State Taxes	Employer Taxes	
	ER Medicare Tax	0.00
	ER Unemployment Tax (FUTA)	0.00
	ER Railroad Retir Tier I Social Security Tax	0.00
	ER Railroad Retir Tier I Medicare Tax	0.00
	WorldLocation ER Unemployment Tax(SUTA)	0.00
	WorldLocation EE Unemployment Tax	0.00
	Net Pay	
	Gross Pay	1000.00
	Total Deductions	971.00
Net Pay	27.00	

Based on input \$1000 output will display on below.

Conclusion:

To handle all the above guidelines for SUTA, we have developed smart-rules US Payroll Tax Engine™ just to handle these and much more. In the following scenarios, we will explain how effectively we handle SUTA calculation(s) to be correct, all the time.

About Us

We passionately develop business solutions, products and offer services to our customers. Our offerings cover the gamut of Payroll Systems, Taxes, Finance, Banking, Payment Cards, Business Process Optimization and HRIS (Human Resources). Our products include US Payroll Tax Engine, ACH Automation, Employee Verify (I-9) Automation, and real-time Credit Card Integration with ERPs like SAP®.

We help you address onshore and offshore technical resource requirements with contract, contract-to-hire and direct hire **our recruiting services (Staff Augmentation)**. We understand the challenges that many businesses face when looking for qualified staffing professionals. We make sure to respond to your needs with prompt, efficient, tailored services to exceed your recruitment expectations everyday and on every hire.

For our excellence in products/solutions - quality, commitment and services, **US Dept of Commerce**, awarded TWO years in a row 2009 and 2010 Houston, TX award for **Best Software and Services**

Our revolutionary state of art **US Payroll Tax Engine** is at <http://www.PayMyCheck.info>

Our real-time Employee verification system (**E-Verify**) is at <http://www.MudiamInc.com/I9Automation>

We, as SAP® Service Partner, help implement SAP® solutions in the areas of HRIS, Portals and Finance. We also host and support SAP® clients for post-production remote support using our expert level platinum resources that will help client in every possible way.

We, as Microsoft® ISV Partner, develop solutions for business community, a state of the art, ACH Automation product hosted as SaaS at <http://www.ACHbiz.com>



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