



# FUBA i s s u e s

Florida United Businesses Association

## OUR BUSINESS IS SMALL BUSINESS

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#### **BURDENSOME 1099 REPORTING REQUIREMENTS REPEALED**

Congress has repealed a controversial federal law that would have greatly increased recordkeeping and forms processing for small businesses. The law would have required businesses to issue 1099 tax form on all payments and purchases of \$600 or more in the calendar year to a single vendor. The requirement was originally passed by Congress in 2010 and would have become effective in 2012, creating additional paperwork burdens for businesses.

Thanks to this repeal, there will be no changes to the current law on Form 1099 reporting. Businesses should continue issuing a 1099 for annual payments of \$600 or more to service providers. Payments to most corporations remain exempt from this requirement. To view the IRS instructions and filing requirements for Form 1099, go to our website at [www.FUBA.org](http://www.FUBA.org) and click on *Small Business Alert*.

#### **FEDERAL UNEMPLOYMENT TAXES GOING DOWN**

Florida businesses pay 2 different unemployment taxes – to the state government and to the federal government. You pay your Florida tax to the Florida Department of Revenue every quarter, along with a UCT-6 form that lists all your employees and their payroll for that quarter. The unemployment tax rate you pay to the state of Florida can vary anywhere between 0.12% and 5.4%, depending on how many of your former employees have received unemployment benefits.

Florida businesses also pay a federal unemployment tax (this is the one that is going down). The federal tax is paid once a year,

when the IRS 940 return is filed. Since 1976, the federal tax rate has been 6.2%. On July 1, 2011, this rate went down to 6.0%. Florida employers do not have to pay this full amount, though; they get a 5.4% credit against that rate, lowering it to 0.6% (starting 7/1/11), or \$42 per year per employee. Before the 7/1/11, Florida employers paid 0.8%, or \$56 per employee per year for the federal unemployment taxes.

This means there will be 2 different tax rates that apply for the 2011 calendar year. From January 1st through June 30th, the rate is 6.2%; from July 1st through December 31st, the rate is 6.0%. The IRS is currently working on updating Form 940, Employer's Annual Federal Unemployment Tax Return, to reflect these 2 rates, and the form will be available before the due date of January 31, 2012. Please note: Even though Form 940 is only due once a year, you may have to deposit your federal unemployment tax before you file this return. If your federal unemployment tax is more than \$500 for the calendar year, the IRS requires you to deposit at least one quarterly payment. If you have questions about this issue, please contact your local accounting or tax professional.

#### **CHANGES TO FLORIDA UNEMPLOYMENT BENEFITS**

Effective August 1, 2011, there are major changes to Florida's unemployment law and how employees qualify for and receive benefits. These changes are intended to reduce fraud and to hold employees who receive benefits more accountable. They include:

- Employees have to file all claims for unemployment over the Internet.
- Claimants receiving unemployment benefits

must perform a work search by contacting at least 5 potential employers per week. Verification of the job search must be provided to the state over the Internet.

- To receive unemployment benefits, claimants must complete an initial skills review.
- If a claimant's severance pay per week is equal to or greater than the claimant's weekly amount of unemployment benefits, the claimant is not entitled to benefits for that week.
- An employee will not be eligible for benefits if they are fired for:
  - Chronic absenteeism or tardiness
  - Violation of the employer's work rules
  - Deliberate violation of a regulation that jeopardizes the employer's license
  - Misconduct that occurred either at work or after working hours

### **WORKERS' COMPENSATION EXEMPTION APPLICATIONS NOW AVAILABLE ONLINE**

Business owners can now apply for and renew their workers' compensation exemptions online through the state Division of Workers' Compensation's website. Only corporate officers and managing members of a limited liability company (LLC) engaged in the construction industry are eligible for an exemption. Once exempt, you do not have to pay workers' compensation premium on yourself, but you also have no right to collect workers' compensation benefits if you are hurt on the job.

To apply for or renew a workers' compensation exemption online, go to **[www.MyFloridaCFO.com/WC](http://www.MyFloridaCFO.com/WC)** and click on the box that says "DWC 250 Exemption Application." The fee for a construction industry exemption is \$50, and they must be renewed every 2 years. For corporate officers not in the construction industry, exemptions are free and do not expire.

After completing the application online, you must print it out and have it notarized. You then

have to mail it to the state Division of Workers' Compensation. If you are in the construction industry, you will need to include a check for \$50 as well as proof that you own at least 10% of the company.

If you have any questions about workers' comp exemptions, please call the FUBA offices at 800-262-4483 and ask for Karen or Lance.

### **ON-LINE SEMINARS AVAILABLE FOR BUSINESSES ON WORKERS' COMPENSATION AND WORKPLACE SAFETY**

The state Division of Workers' Compensation is continuing its series of free seminars on Florida's workers' compensation laws and workplace safety. These seminars are now available on-line so you can attend via your computer. All you need is a computer with Internet access and a telephone.

Each class is one hour long and covers the same topics:

- Who is required to have workers' comp insurance
- Who is eligible for exemptions from workers' comp
- Contractor responsibilities for workers' comp
- State enforcement of the workers' comp laws
- OSHA/Workplace Safety Inspections

Advance registration for these classes is required and can be made via the Division's website at **[www.MyFloridaCFO.com/WC](http://www.MyFloridaCFO.com/WC)**.

Below are the seminar dates. All seminars are from 2:00 p.m. – 3:00 p.m. (Eastern Time).

#### **Workers' Compensation:**

- October 12, 2011
- November 2, 2011
- December 14, 2011

#### **Workplace Safety:**

- October 13, 2011
- November 3, 2011
- December 15, 2011