



New York State Department of Labor
Unemployment Insurance Division
Liability and Determination Section
State Office Building Campus
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Benefit Reimbursement

The Benefit Reimbursement program lets employers reimburse the Unemployment Insurance Fund for benefits paid to their former employees in place of paying on a tax rated basis. The following groups that are tax exempt under Section 501 (c) (3) of the Internal Revenue Code qualify for this option:

- Nonprofit organizations organized and run only for:
 - religious
 - charitable
 - scientific
 - literary or
 - educational purposes and
- Government entities

Indian Tribes can choose to elect the benefit reimbursement option. For more information, refer to form IA318IT, Unemployment Insurance Coverage for Indian Tribes.

Election of Benefit Reimbursement Option

A newly liable nonprofit organization or government entity may request Benefit Reimbursement on Registration Forms NYS 100N or NYS 100G or submit the request within 30 days after the quarter in which your UI liability takes effect. Previously liable nonprofit organization or government entities may choose the reimbursement option by submitting a written request to the Unemployment Insurance Division by December 31 of the year before you want it to take effect.

Any request must include a copy of your 501 (c) 3 IRS tax exemption notice. You will be notified, in writing, when your request was either approved or denied.

Charging of Benefits

We base the charges on the same general formula applied to employers who pay Unemployment tax.

If you choose the benefit reimbursement option, we send you a Notice of Benefit Reimbursement Charges. This lists charges made to your account for benefits paid to former employees. You can review these charges and tell us if you think benefits have been improperly paid or improperly charged to your account.

Obligations

Employers who choose this option must reimburse the Unemployment Insurance Fund on a dollar for dollar basis for all benefits paid to their former employees and charged to their accounts. This applies to benefit payments that we calculate based on remuneration paid to employees on or after the effective date the option became effective.

If you choose the benefit reimbursement option, we will bill you at the end of each calendar quarter for the amount due. This quarterly bill is for the net amount of benefits charged to your account in that quarter.

Payment is due:

- By the last day of the month after the close of the calendar quarter or
- 15 days after the billing date

whichever is later.

If you do not pay on time, we charge interest at the rate of 12% per year. We may cancel the reimbursement option if you do not pay within 30 days after the notification by the Commissioner of Labor.

You must file Form NYS-45, Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return (and Form NYS-45ATT, if applicable). You must include the Employer Registration Number, Withholding Tax Identification Number, Employer name, quarter and year and the number of employees each month. Complete Part A, line 1, Part B if applicable, Part C (or NYS-45ATT) and sign the signature line. You must fill out the form as instructed, even though you don't owe any tax and may not have to pay any benefit reimbursement. You can now file your NYS-45 electronically through the Department of Taxation and Finance's Online Tax Center at www.nystax.gov.

Sharing Benefit Reimbursement Costs

Nonprofit organizations or government entities can choose the benefit reimbursement option as a group to share the cost of benefits paid to former employees. The members of the group shall be “severally and jointly” liable for reimbursement. Write to the Liability and Determination Section if you want to set up such a plan.

Ending the Benefit Reimbursement Option

You can stop the benefit reimbursement option on the first day of any calendar year by filing a written notice with the Liability and Determination Section before the start of that year. You are then liable on a tax contribution basis. You remain liable for any benefits paid based on remuneration paid to employees up to the date of termination.

The Commissioner may cancel the benefit reimbursement option if you fail to make any required payments. You remain liable for any benefits paid based on remuneration paid to employees up to the date of cancellation.

Benefit Reimbursement versus Tax Contributions

To decide whether to select the Benefit Reimbursement option or the Tax Contribution option, you will need to compare the cost of each program.

Contributions due from those employers electing the tax contribution method equal the employer's annual total tax rate multiplied by the first \$8,500 of annual remuneration paid to each employee. The total tax rate is made up of the normal tax rate and, under certain circumstances, a subsidiary tax rate (both reflect the employer's experience in the unemployment insurance system) plus a Re-employment Service Fund rate of 0.075%

Newly liable employers, assigned a tax rate of 4.1% (the sum of a 3.4% normal tax rate, a 0.625% subsidiary tax rate and a 0.075% Re-employment Service Fund rate), are required to pay an annual tax of up to \$348.50 for each employee (reflecting the \$8500 taxable wage base multiplied by a total tax rate of 4.1%). When an employer qualifies for a normal tax rate based on experience, the total rate ranges from 1.5% to 9.9%.

An account is set up for each taxpaying employer as a bookkeeping method to measure the employer's account balance. This is used in calculating the normal tax rate and the subsidiary tax rate. The account balance is the sum of all taxes credited to the employer account minus all benefits paid to former employees and charged to the account. It does not represent a cash amount available to the employer, nor can it be used to offset benefit payments if an employer changes from the tax basis to benefit reimbursement. If an employer changes to the benefit reimbursement method, any account balance in the tax basis account is retained to be used if the employer returns to the tax basis.

Employers electing the benefit reimbursement option must reimburse the Unemployment Insurance Fund, dollar-for-dollar, for benefits paid to their employees and charged to their accounts. The weekly benefit rate equals 1/26 of a claimant's highest quarter earnings in all covered employment during the base period used to establish the claim unless the claimant's highest quarter earnings are \$3,575 or less. Then, the weekly benefit rate will be 1/25 of these earnings. The current weekly benefit rates range from \$64 to \$405. For further information regarding charges to employer accounts, request pamphlet IA 318.2, Unemployment Insurance Benefits – An Employer's Guide.

Currently, a claimant is entitled to up to 26 full benefit payments, of which the first seven are chargeable to the employer who last employed the claimant prior to the filing of the claim. The remaining nineteen are prorated, based on remuneration paid, among all the claimant's employers. An additional 13 weeks of Extended Benefits may be payable during periods of high unemployment. Only one-half of each Extended Benefit payment is charged to the employer's account (except governmental entities are charged the entire amount).

Other factors that must be considered include:

- The potential number of employees who can be expected to qualify for unemployment insurance benefits using their employment with the employer.
- The length of time these workers are likely to be out of work before finding other employment.
- The weekly benefit rates of these employees. This depends on their quarterly earnings in all covered employment during the base period used to establish their claims.

Direct any questions about the benefit reimbursement option and tax contribution method to the Liability and Determination Section at the address and telephone number on the front of this form.