

Colorado Department of Labor and Employment
Unemployment Insurance Operations
P.O. Box 8789, Denver, CO 80201-8789
303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area)

UNEMPLOYMENT INSURANCE HANDBOOK FOR EMPLOYERS

This handbook provides general information and does not constitute legal advice. For questions involving legal interpretations or when litigation is involved, always refer to the Colorado Revised Statutes (CRS), which are published and enacted according to Article 5 of Title 2, CRS. The statutes dealing directly with unemployment insurance law (Articles 70 to 82 of Title 8, CRS) are known as the Colorado Employment Security Act (CESA). To view CESA online, visit <http://www.colorado.gov/cdle/ui> and click on **Unemployment Law**.

The current version of this publication is available online. Go to <http://www.colorado.gov/cdle/ui>, and click on **Employer Handbook**.

To request a hard copy of the current version of this publication:

- Write to the Colorado Department of Labor and Employment, Unemployment Insurance Operations, P.O. Box 8789, Denver, CO 80201-8789.
- Call the Customer Contact Center at 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).
- Send an e-mail to unemp.tax@state.co.us.



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INTRODUCTION

This handbook provides information about your rights and responsibilities as a Colorado employer in regard to the Unemployment Insurance (UI) Program. The information contained in this handbook is intended to help you understand the requirements of the Colorado Employment Security Act (CESA) and how the UI Program functions to ensure CESA requirements are met.

Reading this handbook may save you time, effort, and money. For example, if you:

- File quarterly tax-and-wage reports and pay taxes on time, you will avoid interest and penalties (for more information, refer to “When Are Quarterly Tax-and-Wage Reports and Taxes Due?” on page 18).
- Submit a voluntary tax payment by March 14, you may be entitled to a lower tax rate (for more information, refer to “Why Should a Voluntary Tax Payment Be Made?” on page 29).
- Exercise your legal right to appeal the payment of UI benefits to a former employee, you may conserve the balance in your experience-rating account that is used to compute your yearly tax rate (for more information, refer to “What Are the Decisions That a Claimant May Receive?” on page 37).

UI is not a welfare program. It is temporary income to help workers who are unemployed through no fault of their own. When a UI claim is filed, the claimant’s social security number (SSN) and alien permit number, if applicable, are verified. Only U.S. citizens and certain aliens are eligible to receive UI benefits. UI benefits are paid only to unemployed workers who meet the entitlement and eligibility requirements defined in CESA.

The following are a few important facts about the value of the UI Program to our economy.

- No other insurance program, public or private, so effectively safeguards the income of the worker and the economic stability of the community.
- Since World War II, the United States has endured major recessions. Each time, providing UI benefits was an important factor in recovery. UI benefits help prevent a sharp drop in consumer spending, thus averting a possible full-scale depression.
- UI benefits help maintain purchasing power in a community where workers have been laid off and help prevent the secondary unemployment of people who provide goods and services that workers purchase.
- UI benefits help maintain skill levels of the labor force. Unemployed workers who receive weekly UI benefit payments can afford to take a reasonable amount of time to find a job in their customary occupation instead of accepting work at a lower skill level to meet living expenses.

If you have questions about the UI Program or issues with your UI tax account that do not appear to be covered in this handbook, call or e-mail the Customer Contact Center.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

UNEMPLOYMENT INSURANCE INTEGRITY, TAX AUDITS OFFICE LOCATIONS AND CONTACT INFORMATION

Offices of the UI Integrity, Tax Audits branch are located throughout the state. UI tax auditors are assigned to each office to inform you about UI tax reporting requirements and processes for Colorado employers.

Before visiting a Tax Audits office in your area, call to verify the location has not changed.

Colorado Springs

1259 Lake Plaza Drive, Suite 120
Colorado Springs, CO 80906-3542
719-576-0429
Fax 719-576-0451

Glenwood Springs

51027 Highway 6, Suite 173
Glenwood Springs, CO 81601-2551
970-945-1263
Fax 970-928-0885

Grand Junction

222 South 6th Street, Room 103B
Grand Junction, CO 81501-2768
970-248-7343
Fax 970-248-7032

Denver—Physical Address

251 East 12th Avenue
Denver, CO 80203
303-318-9100
1-800-480-8299 (outside Denver-metro area)
Fax 303-318-9205

Longmont

1500 Kansas Avenue, 4D
Longmont, CO 80501-6542
303-827-7427 or 303-827-7441
Fax 303-651-0288

Pueblo

212 West 3rd Street, Room 102
Pueblo, CO 81003-3413
719-553-4550
Fax 719-553-4560

Fort Collins

200 West Oak Street, Suite 5000
Fort Collins, CO 80521
970-498-6609
Fax 970-498-6677

Denver—Mailing Address

P.O. Box 8789
Denver, CO 80201-8789
303-318-9100
1-800-480-8299 (outside Denver-metro area)
Fax 303-318-9205

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

UNEMPLOYMENT INSURANCE PROGRAM CONTACT INFORMATION

Customer Contact Center—Employer

303-318-9100 (Denver-metro area)
1-800-480-8299 (outside Denver-metro area)
unemp.tax@state.co.us

Appeals Branch

303-318-9299 (Denver-metro area)
1-800-405-2338 (outside Denver-metro area)
Fax 303-318-9248

Customer Contact Center—Claimant

303-318-9000 (Denver-metro area)
1-800-388-5515 (outside Denver-metro area)
internet.claims@state.co.us

Hearing Impaired

303-318-9016 (Denver-metro area)
1-800-894-7730 (outside Denver-metro area)

Fax Numbers—Appeals and Requests for Job-Separation

303-318-9014 (Requests for Job-Separation Information)
303-318-9248 (Appeal requests)

WEB-SITE ADDRESSES

www.colorado.gov/cdle/ui

This Web site provides information about the UI Program.

www.servicelocator.org

This Web site provides information about One-Stop Career Centers, child-care providers, and transportation services.



Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

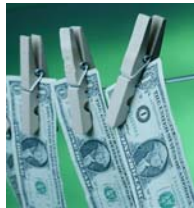
UNEMPLOYMENT INSURANCE OPERATIONS, TAX

DO EMPLOYEES PAY INTO THE UNEMPLOYMENT INSURANCE PROGRAM?

It is unlawful for any employer to require an employee to release or waive any rights to UI benefits or to require payment or repayment into a UI benefits fund. You can be prosecuted for pursuing such activities.

WHO MUST PAY UNEMPLOYMENT INSURANCE TAXES?

You are liable to pay UI taxes starting with the first payroll issued during the calendar year. This liability requirement also applies if your account is reinstated.



According to CESA, you may be required to pay UI taxes if, as of January 1, 1999, you meet one or more of the following requirements:

- Paid wages of \$1,500 or more in a calendar quarter during the current or preceding calendar year.

-or-

- Employed at least one person for some portion of a day in each of 20 different weeks during the current or preceding calendar year.
- Employed domestic help in a private home and paid cash wages of \$1,000 or more to one or more workers in any calendar quarter. This provision applies also to local college clubs and/or local chapters of a college fraternity or sorority.
- Either paid cash wages of \$20,000 or more to one or more agricultural workers in a calendar quarter or employed ten or more agricultural workers for some portion of a day in each of 20 different weeks during a calendar year.

- Are an agricultural crew leader. You are considered an agricultural crew leader if you:
 - Furnish workers to perform farm labor for another person.
 - Pay, either on your behalf or on behalf of another person, the workers you furnish for farm labor.
 - Have not made a written agreement with another person under which the farm workers are designated as employees of that person.
- Are a religious, educational, or charitable nonprofit organization who meets the description in the federal Internal Revenue Code (IRC) 501 (c)(3) and employed four or more employees for some portion of a day in each of 20 different weeks during a calendar year. You are required to pay UI taxes even if you are exempt from federal unemployment taxes under the Federal Unemployment Tax Act (FUTA) 3306 (c)(8).
- Are subject to FUTA.
- Acquired all of a Colorado trade, business, organization, or a substantial portion of the assets from a predecessor employer who is liable to pay UI taxes.
- Acquired a part of a trade, business, or organization of an employer that, if considered separately, would be an employer as defined by CESA.
- Are a state agency, state-operated hospital or school of higher education, or a political subdivision of the state.
- Voluntarily elected to participate in the UI Program and your voluntary election is approved.

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

WHICH WORKERS ARE COVERED FOR UNEMPLOYMENT INSURANCE PURPOSES?

Generally, an individual who is paid wages and performs a service for you is considered to be in covered employment, and you are required to pay UI taxes. However, there are specific exemptions under CESA. (For more information, please refer to “Partial Listing of Payments That Are Considered Wages for Unemployment Insurance Tax Purposes” on page 7.) In addition, FUTA 3306 (I) requires the following workers to be in covered employment:

- A driver who is an agent of the business or who is paid on a commission and delivers meat, vegetables, fruit or bakery products, beverages other than milk, laundry, or dry cleaning.
- A full-time outside salesperson who turns in orders from wholesalers, retailers, contractors or operators of hotels, restaurants, or other similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer’s business operation. The work performed must be the salesperson’s principal business activity.
- A corporate officer.
- An assistant hired and paid by one of your workers as long as the assistant’s services are being performed for you and as long as you have actual or constructive knowledge of the work.

WHICH WORKERS ARE NOT COVERED FOR UNEMPLOYMENT INSURANCE PURPOSES?

Workers are not employees covered for UI tax purposes if they are:

- Agricultural workers performing services for you if you did **not** pay cash wages of \$20,000 or more to one or more workers in a calendar quarter or did **not** employ ten or more workers for some portion of a day in each of 20 different weeks during a calendar year.
- Foreign agricultural workers who are holding type H2-A visas.
- Nonresident alien individuals holding various nonimmigrant visas, including student, exchange-visitor, foreign-vocational-student, and cultural-exchange-visitor visas. Exceptions would include student and exchange-visitor visas allowing work in no more than 20 hours per week during an academic year or 40 hours during summer breaks.
- Domestic servants performing services for you if you did **not** pay cash wages of \$1,000 or more to one or more workers in any calendar quarter.
- Licensed real-estate salespersons, direct sellers in the trade or business of selling consumer products in a home or in other than a permanent retail establishment, or individuals who deliver or distribute newspapers or shopping news if:
 - All fees, whether paid in cash or not, are paid for sales or for the performance of services, instead of for the number of hours worked.

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

- The services are performed according to a written contract that stipulates the person will **not** be treated as an employee for federal-tax purposes.
- Insurance agents who are paid by commission only.
- Students or spouses of students employed by a school, college, or university to which the students attend and are employed through a financial-aid program.
- Students participating in work-study or cooperative-education programs.
- Patients performing services for a hospital.
- Spouses employed by a sole-proprietor spouse or the spouse of a member in a partnership.
- Persons under 21 years of age employed by their parent operating a sole-proprietorship business or a parent in a partnership.
- Employees of an organization exempt from income tax as described in 501 (a) of the federal IRC and who earn less than \$50 a calendar quarter. This exemption does not apply to organizations described in the federal IRC 401 (a).
- Elected officials of a state or political subdivision.
- Members of a legislative body or of the judiciary of a state or political subdivision.
- Election officials.
- Members of the state National Guard or Air National Guard.
- Temporary workers for a government agency performing services during a fire, a storm, snow, an earthquake, a flood, or a similar emergency.
- Persons employed in a major, nontenured policy-making or advisory position or in a policy-making or advisory position on behalf of a government entity, which requires working less than 8 hours per week.
- Railroad workers insured by the Railroad Retirement Tax Act.
- Employed by a church, religious place of worship, or religious school.
- Workers employed by an elementary or secondary school that is operated primarily for religious purposes.
- Drivers of taxis or limousines.
- Land professionals. A land professional is an individual who is employed primarily to:
 - Negotiate for the acquisition or dispossession of mineral rights.
 - Negotiate business agreements that provide for the exploration for or development of minerals.
 - Determine ownership of minerals through research of public and private records.
 - Review the status of titles, act to resolve title defects, and act to reduce title risks associated with ownership of minerals.
 - Determine and manage the rights or obligations derived from ownership of interests in minerals, as well as consolidate or pool the interest in minerals.

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WHICH EMPLOYEES ARE LEGALLY AUTHORIZED TO WORK?

The Bureau of Citizenship and Naturalization Service authorizes alien registration cards in various types and formats. To verify the validity of alien documentation provided to you prior to hiring a perspective employee, contact the UI Operations alien desk at 303-318-9060.

A legal alien, who becomes separated from a job through no fault of his or her own, has the right to file for and collect UI benefits as long as all eligibility requirements are met.

The Systematic Alien Verification for Entitlements (SAVE) Program is a service for verifying an employee's immigration status that is available through the Department of Homeland Security Immigration and Customs Enforcement. To register with the SAVE Program, go to <https://www.vis-dhs.com/EmployerRegistration>.

PARTIAL LISTING OF PAYMENTS THAT ARE CONSIDERED WAGES FOR UNEMPLOYMENT INSURANCE TAX PURPOSES

Following is a partial listing of payments included in the definition of wages for UI tax purposes. For a complete listing please refer to CESA online at www.colorado.gov/cdle/ui.

- Payments defined as wages under FUTA.
- Payments for personal services, including anything other than cash that has cash value. However, payments to an agricultural worker or domestic worker must be in cash to be considered wages.
- Tips made known through a written statement furnished to you.

- An employee-matching contribution under a qualified cash or deferred plan, as described in the federal IRC 401 (k).
- Payments because of sickness or accident disability paid to an employee in the first 6 calendar months following the last calendar month in which the employee worked for you.
- Employee-matching contributions to a simplified employee pension plan as described in the federal IRC 219 (b)(2).
- Payments made by a public school or a nonprofit organization, as described in the federal IRC 501 (c)(3), into an annuity contract, as described in the federal IRC 403 (b), if the procurement of the contract is made because of a salary-reduction agreement.
- Payments made by a governmental entity into a deferred compensation plan, as described in the federal IRC 414 (h)(2), if the procurement of the contract is made because of a salary-reduction agreement.

PARTIAL LISTING OF PAYMENTS THAT ARE NOT CONSIDERED WAGES FOR UNEMPLOYMENT INSURANCE TAX PURPOSES

Following is a partial listing of payments that are not included in the definition of wages for UI tax purposes. For a complete listing, please refer to CESA online at www.colorado.gov/cdle/ui.

- Matching contributions as described in the federal IRC 401 (k).
- Contributions made on behalf of an employee or any dependents into a plan that arranges for payments because of sickness, accident, disability, medical or hospitalization expense, or death.

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

- Matching contributions to a simplified employee pension plan as described in the federal IRC 219 (b)(2).
- Matching amounts to Savings Incentive Match Plans (SIMPLE) for employee retirement as described in the federal IRC 408 (p).
- Contributions to an employee's medical savings account.
- Payments made into a deferred compensation plan described in the federal IRC 3121 (v) if you are a governmental entity.
- Payments made under a cafeteria plan as described in the federal IRC 125.
- Payments for moving expenses made to or on behalf of an employee if a deduction is allowed as described in the federal IRC 217.
- Amounts paid or incurred for a dependent-care plan provided to an employee as described in the federal IRC 129.
- Amounts paid or incurred for educational-assistance programs provided to an employee as described in the federal IRC 127.
- Value of meals or lodging furnished by you for your convenience if such items are excluded from income as described in the federal IRC 119.

TO WHICH STATE MUST A MULTISTATE WORKER BE REPORTED?

When an employee works in Colorado and in another state or states, the following criteria, **in priority sequence**, are used to determine whether his or her services are Colorado employment.

Location

An employee's services are considered Colorado employment if all or most of the work is in Colorado, with incidental services performed out-of-state. Service is considered incidental if it is temporary, transitory, or consists of isolated transactions.

Base of Operations

A base of operations is the place from which the employee starts work and to which he or she usually returns to perform the terms of the contract with you. An individual is considered a Colorado employee if some of an employee's services are performed in Colorado and the base of operations is in Colorado.

Place of Direction and Control

When part of an employee's services are performed in Colorado and the place from which you exercise general direction and control over the employee is Colorado, he or she is considered a Colorado employee.

Primary Residency

If an employee performs some services in Colorado and resides in Colorado, he or she is considered a Colorado employee.

Reciprocal Agreement

If, after applying all of the above criteria, the employee's service is found not to be subject to any one state law, you may elect to cover all of the employee's service in one state, under a reciprocal agreement.

WHO IS EMPLOYING THE WORKER?

Ordinarily, as the employer of a worker, you represent the organization for which the employee performs services. However, there are situations where you, as the recipient of the benefit of the

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

worker's services, are not considered to be the employer for Colorado UI tax purposes. Such situations include when an employee performs services through a temporary-help contracting firm or an employee-leasing company or provides services for an agricultural crew leader. There could also be situations where it is unclear who is employing a worker.

WHAT IS AN EMPLOYEE-LEASING COMPANY, A TEMPORARY-HELP CONTRACTING FIRM, A WORK-SITE EMPLOYER, AND AN AGRICULTURAL CREW LEADER?

A worker can have two employers for the same services when the worker is paid by a temporary-help contracting firm or an employee-leasing company but performs services for a work-site employer. The temporary-help contracting firm or employee-leasing company and the work-site employer are called coemployers.

Employee-Leasing Company

If your business or a portion of your business meets the following two conditions, you are considered to be an employee-leasing company.

- You provide services to a work-site employer under a written contract that stipulates that you will procure specified employees for the work-site employer with the intent to employ the specified employees on a long-term basis and not assign them to a series of limited-term assignments.
- You designate yourself as the employer of such employees and retain the right of direction and control of such employees with regard to the responsibilities listed below.

The responsibilities of an employee-leasing company include:

- Assigning employees to employers' work-site locations.
- Setting employees' rates of pay.
- Paying employees from the company's accounts.
- Discharging, reassigning, or hiring employees for the work site and yourself.
- Reporting, withholding, and paying any applicable taxes with respect to employees' wages.
- Aggregating all employees for the purpose of sponsoring and administering workers' compensation plans and any employee benefit plan.
- Maintaining employees' records.
- Providing programs for employees, such as professional guidance, which includes employment training, safety, and compliance matters.
- Addressing complaints, claims, or requests related to the employees.
- Sponsoring health-coverage plans for employees.
- Providing annual certification to UI Operations that you meet all the criteria to be considered an employing unit or coemployer under CESA.

Employees of your employee-leasing company must know of and consent to the staffing contract.

UI Operations is authorized to require certification and documentation from an employee-leasing company and to conduct any necessary reviews to verify compliance.

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

Temporary-Help Contracting Firm

Short-term assignments, like those given to employees of temporary-help contracting firms, do not meet the definition of employee leasing. A portion of your temporary-help contracting firm's business can be considered an employee-leasing activity if that portion of your business meets the two conditions under "Employee-Leasing Company" on page 9.

Work-Site Employer

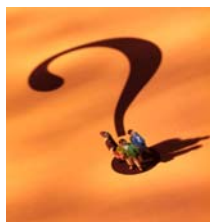
If you are a work-site employer who contracts with a business that engages in employee-leasing activity without filing the reports or paying the taxes required by UI Operations, you become liable for the reports and taxes due for the employees who perform services for you. As a work-site employer, you are not liable when contracting for temporary help. Therefore, it is important for you to be aware of your potential liability for UI taxes when contracting for leased employees.

Agricultural Crew Leader

If a crew leader furnishes and pays workers to perform agricultural labor and if no one has been designated in writing as the employer, these workers are considered employees of the crew leader.

WHO IS AN EMPLOYEE AND NOT AN INDEPENDENT CONTRACTOR?

In an employer-employee relationship, how you refer to your employee does not matter. You may refer to the employee as a partner, coadventurer, subcontractor, agent, contract laborer, or independent contractor. How you measure payments to the employee, what you call the payments, or whether the individual is a full-time, part-time, or a temporary employee also make no difference in determining an employer-employee relationship and whether wages are being paid.



Employers are sometimes confused about whether an individual is an employee or an independent contractor. Two major concepts used to determine who is an independent contractor are:

- An independent contractor is free from control and direction by you in the performance of the service under the contract agreed upon by you and the worker.
- An independent contractor is customarily engaged in an independent trade, occupation, profession, or business for others related to the service performed for you.

Factors That May Determine if You Have an Employer-Employee Relationship

Several factors may be considered in determining the employer-employee relationship. The weight given to the factors is not always constant. The degree of importance may vary depending on the occupation being considered. All factors do not apply to every situation and the order in which the factors appear is not significant.

A complete list of determining factors is impossible. The facts in each case determine who are employees and who are independent contractors. In order to make an accurate determination, Form UITA-9, Worker/Contractor Status Questionnaire (Firm), and Form UITA-9a, Worker/Contractor Status Questionnaire (Worker), must be submitted to UI Operations.

Based on these forms and information obtained from the workers and the business, an official ruling is made as to whether an individual is an employee or an independent contractor.

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

Following are **some** of the factors that are considered in determining an employer-employee relationship:

Instructions

A person who is required to comply with instructions about when, where, and how to work is ordinarily an employee. Some employees may work without receiving instructions because they are highly proficient in their line of work and can be trusted to work to the best of their abilities. However, the control factor is present if you have the right to instruct. The instructions may be verbal or written procedures that show how the desired result is to be accomplished.

Training

A person who is trained by an experienced employee, by correspondence, by required attendance at meetings, or other methods is not free from control because the training is an indication that you want the services performed in a particular method or manner. This is especially true if the training is given periodically or at frequent intervals. An independent contractor ordinarily uses his or her own methods and receives no training from the purchaser of services.

Integration of Services

Integration of another person's services into the business operations generally shows that the person is subject to direction and control. In determining whether integration exists, the scope and function of the business are identified and then a determination is made as to whether the services of the individual are merged into the business operations. When the success or continuation of a business depends upon the performance of certain kinds of services, the workers who perform those services may be subject to a certain amount of control by the owner of the business.

Personal Services

If you require that a worker personally render a service, you are interested in the methods and the results. You are interested not only in getting a desired result but also in who does the job. Lack of control may be indicated when an individual has the right to hire a substitute without your knowledge or permission.

Assistants

If you hire, supervise, and pay assistants, you generally have control over all persons on the job. Sometimes one worker may hire, supervise, and pay other individuals. This worker may hire others as the result of a contract in which the worker agrees to provide materials and labor and accepts the responsibility only for the attainment of a result. In this case, the hiring worker may be an independent contractor. On the other hand, if that person hires, supervises, and pays assistants at your direction, the hiring worker may be acting as your employee in the capacity of a supervisor or representative.

Continuing Services

The existence of a continuing relationship between an individual and the person for whom the services are performed is a factor indicating the existence of an employer-employee relationship. Continuing services may include work performed at frequent, recurring intervals, either on call or whenever the work is available. If the arrangement requires continuing or recurring work, the relationship is considered permanent. It makes no difference if the services are rendered on a part-time basis, are seasonal in nature, or are only for a short period of time.

Set Hours

The establishment of set hours of work by you is a factor indicative of control. When you set the hours of work, you prevent the worker from controlling his or her own time, which is a right of an independent contractor. Even when fixed hours are

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not practical because of the nature of the occupation, a requirement that the individual work at certain times is an indication of control.

Full-Time Services

If a worker must devote full-time services to your business, you have control over how much time is spent working. An independent contractor, on the other hand, is free to work when and for whom he or she chooses. Full-time employment does not necessarily mean an 8-hour day or a 5-day week. The meaning may vary with the intent of the parties or the nature of the occupation. These conditions should be considered in defining "full time." Full-time services may be required even if a full-time schedule is not specified verbally or in writing. For example, workers may be required to produce a minimum volume of business, which compels them to devote all of their working time to that business.

Location of Services

Work that is completed on your premises does not, by itself, demonstrate control. However, it does imply that you have control, especially if the work could be done elsewhere. A person working in your place of business is physically within your direction and supervision. The use of desk space, a telephone, and clerical services provided by you places the worker within your direction and supervision. The fact that work is done off the premises does indicate some freedom from control. However, it does not, by itself, mean that the worker is not an employee. In some occupations, it is necessary for services to be away from your premises. This is true for employees of construction contractors.

Set Order of Services

If a worker must perform services in an order or sequence set by you, it shows that the worker may be subject to your control. This person is not free to follow his or her own patterns of work but must follow your established routines and schedules. Often, because of the nature of an occupation, you

may not set the order of the services. However, if you retain the right to do so, control is demonstrated.

Reports

Control is demonstrated if the worker is compelled to account for his or her actions by verbal or written reports submitted to you.

Payment for Services

An employee is usually paid by the hour, week, or month. Independent contractors are paid a lump sum agreed upon for the total job. The guarantee of a minimum salary or the granting of a drawing account at stated intervals with no requirement for repayment of the excess over earnings tends to indicate the existence of an employer-employee relationship.

Expenses

Your payments for the worker's business or traveling expense are a factor indicating control over the worker. Conversely, a lack of control is demonstrated when the worker is paid for an entire job and must take care of all incidental expenses.

Tools and Materials

If you furnish tools and materials, this is indicative of control over the worker. If the worker furnishes the tools and materials, it indicates a lack of control. However, consideration must be given to the fact that in some occupational fields it is customary for employees to use their own hand tools.

Investment

A person who invests a significant amount of money into the facilities used to perform services for another tends to show an independent status. On the other hand, if you furnish all of the necessary facilities, this indicates the absence of a worker's independent status. Facilities include equipment necessary for the work, but not the tools,

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instruments, clothing, etc., that are provided by employees as a common practice in their particular trade.

Profit or Loss

A person who can realize a profit or suffer a loss because of his or her services is generally an independent contractor; one who cannot realize a profit or suffer a loss is, in general, an employee. One or more of a variety of circumstances may establish opportunity for profit or loss. For example, the individual is subject to profit and loss if he or she:

- Hires, directs, and pays assistants.
- Has a personal office, equipment, materials, or other facilities for doing the work.
- Has continuing and recurring liabilities or obligations, and the success or failure depends on the relation of receipts to expenditures.
- Agrees to perform specific jobs for prices agreed upon in advance and pays expenses incurred in connection with the work.

Multiple Independent Services

A person who works for a number of persons or firms at the same time can have an independent status if the worker is free from control by any of the firms. However, it is possible that a person may work for a number of people or firms and still be an employee of one or more of them.

Offer of Services to General Public

The fact that a person makes services available to the general public is usually an indication that he or she is an independent contractor. An individual may offer services to the public in a number of ways. The individual may have his or her own office and assistant; hang out a shingle in front of the home or office; hold business licenses; be listed

in business directories or maintain business listings in telephone directories; or advertise in newspapers, trade journals, or magazines.

Discharge Without Liability

The right to discharge is an important factor in indicating that you are a worker's employer. An independent contractor cannot be fired as long as he or she produces a result that measures up to the contract specifications. On the other hand, your right to discharge can be restricted because of a contract with a labor union. Such a restriction does not detract from the existence of an employer-employee relationship.

Quit Without Liability

An employee has the right to end the relationship with you at any time without incurring liability for breach of contract. An independent contractor usually agrees to complete a specific job, is responsible for its satisfactory completion, or is legally obligated to make good for failure to complete the job.

WHAT IS THE REGISTRATION PROCESS FOR AN UNEMPLOYMENT INSURANCE TAX ACCOUNT?

Whether you use the online-registration process or the paper-registration process (completing and submitting Form CR 0100, Colorado Business Registration) to register your business for a UI tax account, please provide your federal employer identification number (FEIN) in the appropriate space. UI Operations uses your FEIN to provide UI tax information to the Internal Revenue Service, which in turn will facilitate your filing of Form 940, Employer's Annual Federal Unemployment Tax Return, each year. (For more information, please refer to "What Are The Obligations For Federal Unemployment Tax?" on page 33.)

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Online Registration

At the Colorado Department of Labor and Employment (CDLE) Web site, www.colorado.gov/cdle/ui, click on the **E-Services** link. Then select **New Business Registration**. You may then complete the Colorado Business Registration online if:

- You have not previously registered for an unemployment identification number.
- You are paying wages to at least one employee in Colorado.
- Your first payroll date is in the prior calendar year or the current calendar year.
- You are not involved in a change of ownership.
- Your business is not classified as one of the following:
 - Agricultural
 - Household or domestic
 - Nonprofit organization as described in the federal IRC 501 (c)(3)
 - Other nonprofit organization
 - Reimbursable or government

Paper Registration

If you are not eligible for online registration, you can access the Colorado Business Registration by visiting the CDLE Web site, www.colorado.gov/cdle/ui, and clicking on **UI Business Forms** listed under “Unemployment Insurance Tax.” Here you may download and print the form. Once you have completed the Colorado Business Registration, mail it to UI Operations at P.O. Box 8789, Denver, CO 80201-8789.

You may also request that the Colorado Business Registration be mailed to you by calling or e-mailing the Customer Contact Center.

WHAT HAPPENS WHEN YOU ACQUIRE ANOTHER EMPLOYER’S BUSINESS?

Under most circumstances, you (the successor) become liable for the previous employer’s (the predecessor’s) UI tax debt. In addition, you receive the benefit claim forms for services performed for the predecessor.

You must complete Form UITL-67, Business-Acquisition Questionnaire, and the Colorado Business Registration, to register your business.

The following information describes the various types of acquisitions and their impacts to you as the successor.

Total Acquisition

When you acquire 100 percent (1.00) of an existing business, the experience-rating record of the predecessor, including the actual taxes, benefits, and payroll experience, passes to you. You, as the successor, must complete and submit the Business-Acquisition Questionnaire. The predecessor is responsible for notifying UI Operations of your acquisition of the business by completing Form UITL-2, Employer Change Request.

Partial Acquisition

When you acquire a portion of an existing business or a segregable unit (90 percent [0.90] or more of the total number of employees in covered employment for each of the four pay periods immediately preceding the transfer to you), the experience rating record of the predecessor, including the actual taxes, experience, and payroll experience passes to you. A *segregable unit* is “a unit of a business which has operated as a separate entity for 12 calendar quarters immediately preceding the computation date (July 1) and has

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kept continuous, separate records of workers' wages, taxes paid, and benefits charged."

When you acquire a clearly segregated unit, you and the previous owner of the segregated unit may jointly request a transfer of experience by filing Form UITR-14, Application for Partial Transfer of Experience, within 60 days of the mailing date on the notice of employer liability that is mailed to you. A *transfer of experience* is "the proportional share of the experience-rating record of the predecessor, including the actual taxes, benefits, and payroll experience that is transferred to you as the successor."

HOW ARE THE QUARTERLY TAX-AND-WAGE REPORTS COMPLETED?

You must complete all items on Form UITR-1, Unemployment Insurance Tax Report (UI Tax Report), and Form UITR-1a, Unemployment Insurance Report of Workers Wages (UI Report of Workers Wages). The UI Tax Report and the UI Report of Workers Wages must include:



- Your UI account number.
- The quarter and year being reported.
- Your business name.

The original tax-and-wage reports sent to you by UI Operations must be returned to ensure that reports are processed timely and accurately. Do not return photocopies or unauthorized replications of the tax-and-wage reports to UI Operations for processing. The data on the documents are scanned by an optical character reader; photocopies or unauthorized, replicated forms may not scan accurately.

An incomplete or incorrect report may be considered a delinquent report and subject to the same penalties that are incurred if you fail to submit a report.

When reporting monetary amounts, enter cents (including zeros) in the appropriate columns. Do not use punctuation, including dollar signs, periods, or commas.

Other account numbers, such as the Department of Revenue number, are not used for UI reporting purposes.

When a credit or debit amount exists on your account, the credit or debit amount is printed on the UI Tax Report. A credit showing on your UI Tax Report must be subtracted from your current balance; a debit must be added to your balance. You pay the new amount due.

NOTE: Refunds are issued to inactive employers. Inactive employers are provided with refund information via Form UITR-66, Request for Refund of Credit Balance.

Unemployment Insurance Tax Report

The monthly employment data reported is a count of all full-time and part-time workers in covered employment (as defined in CESA) who worked during the payroll period that includes the 12th of the month. If there is no employment in the payroll period, enter "0" (zero) into the boxes that designate the number of employees for each month in the payroll period. Also enter zeros into the dollars and cents fields that designate wage information for the payroll period.

The following are explanations of items you must understand to correctly compute your taxes on the UI Tax Report:

- *Gross wages* are "all wages."
- *Gross taxable wages* are "the total Colorado wages paid this quarter (subject to the State Unemployment Tax Act [SUTA] tax) (before deductions), whether paid in cash or other type of remuneration."

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- *Excess wages* are “the total wages paid in excess of \$10,000 per employee per calendar year.” Only the first \$10,000 in total Colorado gross taxable wages paid this quarter that each employee earns for the calendar year is taxable for UI tax purposes. The wages that an employee earns in a calendar year beyond the first \$10,000 are considered excess wages. Do not include excess wages from prior quarters. (For more information, please refer to the example provided in the next section, “Computing Excess Wages.”)
- *Total taxable wages* are “the total gross taxable wages minus the excess wages.” If you fail to enter the correct amount on the UI Tax Report, you may be required to pay a higher tax or you may have paid too high a tax to the Colorado UI Program as well as to the federal government.

Computing Excess Wages

UI taxes must be paid on the first \$10,000 in total Colorado gross taxable wages paid to each employee during each calendar year. Wages that an employee earns in a calendar year beyond the first \$10,000 are excess wages and are not taxed.



The following example shows how to compute wages in excess of \$10,000. The computation of excess wages is for an individual earning \$7,500 per quarter for the calendar year.

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Total Colorado Gross Taxable Wages	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00
Excess of \$10,000	\$0.00	\$5,000.00	\$7,500.00	\$7,500.00
Taxable Wages	\$7,500.00	\$2,500.00	\$0.00	\$0.00

Unemployment Insurance Wage Report

In addition to providing your business name, unemployment identification number, and the quarter and year being reported, the UI Report of Workers Wages must contain the following information for each employee you are reporting:

- An accurate SSN.
- A first name, middle initial, and last name.
- The total Colorado gross taxable wages (before deductions) paid this quarter.

The last line item on the UI Report of Workers Wages requires the sum of all the total Colorado gross taxable wages paid this quarter. The total of all employees’ wages must match the total amount entered in Item 9 on the UI Tax Report. List total gross taxable wages (not total taxable wages).

NOTE: If you are submitting more than one page of the UI Report of Workers Wages, enter the total of all pages in Item 9 of the UI Tax Report. (For more information, please refer to “How Can More Employee Wage Information Than the Paper Wage Report Accommodates Be Reported?” on page 17.)

HOW ARE THE QUARTERLY TAX-AND-WAGE REPORTS FILED?

Online Filing

CDLE’s Web site at <http://www.colorado.gov/cdle/ui> offers an alternative to paper filing; click on **File Your UI Tax/Wage Report** in the left column. The Web site provides detailed instructions for filing tax-and-wage reports online. The online application offers the following advantages to filing by paper:

- Your account is quickly updated with the tax-and-wage information you provide in the online reports.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

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- Reports are more likely to be accurate because most of the calculations are performed by the system.
- You can file wage information for up to 100 employees.
- If your wage report for the previous quarter was filed online, the system automatically populates the name and SSN for each employee, which allows faster and more accurate input of employee information each quarter. You can edit the employee information provided by the system.
- If you owe less than \$5, you are given a message that you do not owe any taxes.
- You do not need to enter cents. The application automatically populates the cents field with zeros.

File Transfer Protocol

File transfer protocol (FTP) is another convenient method for the electronic transfer of UI wage information. FTP allows the electronic transmission of wage information via a secured link between your computer and the UI computer system. For more information and assistance with filing wage reports via FTP, call or e-mail the Customer Contact Center.

Paper Filing

Use the Tax-and-Wage Reports Mailed to You

You receive the UI Tax Report and the UI Report of Workers Wages during the third month of each quarter.

The tax-and-wage reports generated for you by UI Operations contain accounting information associated with your specific account for the quarter and year for which it is generated. Your tax-and-wage reports also contain data that is scanned and is unique to that document. The scanning process

relies on this data being maintained with consistency and integrity.

Do Not Replicate Tax and/or Wage Reports

You may not duplicate or recreate the tax and/or wage reports in any manner without obtaining approval from UI Operations. The approval process involves extensive testing of your replicated forms to ensure that they can be scanned and processed by the UI Operations' computer system. To get more information about replication of tax and/or wage reports, visit the CDLE Web site at www.colorado.gov/cdle/ui and click on **File Your UI Tax/Wage Report**.

HOW ARE TAX PAYMENTS SUBMITTED?

Online Filing

When you submit your tax report online, a printable payment form is generated. Mail your payment with the payment form.

Paper Filing

A return envelope is provided with the UI tax-and-wage reports that are mailed to you. Mail your payment with your tax-and-wage reports.

HOW CAN MORE EMPLOYEE WAGE INFORMATION THAN THE PAPER WAGE REPORT ACCOMMODATES BE REPORTED?

The UI Report of Workers Wages allows you to list up to 14 employees. If you need to report more employees than the form accommodates, you have three options:

- **File online** by visiting www.colorado.gov/cdle/ui and clicking on **File Your UI Tax/Wage Report** in the left column. If you file your reports online, do not mail them. You can file wage information for up to 100 employees.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

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- **File via FTP** by calling or e-mailing the Customer Contact Center.
- **Request additional paper wage reports** by calling or e-mailing the Customer Contact Center.

WHEN ARE QUARTERLY TAX-AND-WAGE REPORTS AND TAXES DUE?

Each quarter you are required to file the UI Tax Report and the UI Report of Workers Wages. UI Operations mails these forms during the third month of each quarter to all active employers.

Reports are to be filed and payments are to be made according to the following schedule.

Reporting Quarter	Must File and Pay By
1 st quarter (January, February, and March)	April 30
2 nd quarter (April, May, and June)	July 31
3 rd quarter (July, August, and September)	October 31
4 th quarter (October, November, and December)	January 31

If the due date falls on a Saturday, Sunday, or legal holiday, the report and its payment must be received on or by the next working day to be considered on time.

You must file the UI Tax Report and the UI Report of Workers Wages on time each quarter even if taxes are not owed, wages have not been paid during the quarter (no UI Report of Workers Wages is required), or you are a reimbursable employer.

WHEN MUST A FINAL REPORT BE FILED?

If you no longer employ covered workers, are no longer in business, or have sold your business, you are required to file final reports and make final payments by the end of the reporting quarter during in which the change occurred. You must also complete and submit the Employer Change Request.

CAN PREVIOUSLY REPORTED QUARTERLY TAX-AND-WAGE REPORTS BE CORRECTED?

Form UETR-3, Unemployment Insurance Tax Report Adjustment (UI Tax Report Adjustment), Form UETR-6a, Adjustment of Workers Wages for Multiple Quarters (Multiple Quarter Adjustment), and Form UETR-6c, Social Security Number (SSN) Corrections, are used to adjust information that was previously submitted on the UI Tax Report and/or the UI Report of Workers Wages.

The UI Tax Report Adjustment, Multiple Quarter Adjustment, and SSN Corrections can be obtained by visiting www.colorado.gov/cdle/ui and clicking on **UI Business Forms** in the left column; by contacting UI Operations at P.O. Box 8789, Denver, CO 80201-8789; or by calling or e-mailing the Customer Contact Center.

Corrections to wage information submitted via FTP can be made by resubmitting the information. The newly uploaded file overwrites the previously uploaded file.

WHAT ARE THE IMPORTANT DATES TO REMEMBER?

January 31 is the last day you can voluntarily elect to have your employees covered under CESA for the preceding year.

March 14 is the deadline to submit a voluntary-tax payment to lower the tax rate for that particular year.

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On **June 30** of each year, employers with delinquent taxes have a penalty computed equal to the taxes due or 1 percent (0.010) of the taxable wages in the previous calendar year, whichever is less. In compliance with CESA 8-79-104 (1)(c), this penalty is payable in four quarterly payments during the current calendar year.

You have **15 calendar days** after the mailing date of Form UITR-7, Notice of Employer's Tax Rate, to request a redetermination of the tax rate for the current year.

You have **20 calendar days** after the mailing date of Form UIB-6, Notice of Decision, to appeal a determination regarding the payment of UI benefits. UI Appeals must **receive** your written appeal within **20 calendar days** after the date the UI Program mailed the decision.

You have **12 calendar days** after the mailing date of the Request for Job-Separation Information to complete and return this form. The UI Program must **receive** the completed Request for Job-Separation Information within 12 calendar days after the date the UI Program mailed the form to you. (For more information, please refer to "Timely Return of Form UIB-290, Request for Job-Separation Information" on page 34 and "UIB-290, Request for Job-Separation Information" on page 41.)

You have **60 calendar days** after the mailing date of Form UIA-20, Statement of Benefit Charges, to submit a protest regarding any charges/credits issued to your account.

HOW IS AN ADDRESS CHANGED?

Prompt notification of address changes helps to ensure you receive important forms and information regarding UI taxes and benefits in a timely manner.

Online Address Change

Go to www.colorado.gov/cdle/ui, and click on **Employer-Change-of-Business-Address** in the left column. The online address-change application allows you to change one or more of the addresses you use for UI tax and benefits purposes.



Paper Address Change

Paper address changes must be made by completing and submitting the Employer Change Request. You can download or request a paper copy of this form at www.colorado.gov/cdle/ui; click on **UI Business Forms** in the left column.

You can also request a paper copy of this form by calling or e-mailing the Customer Contact Center.

WHAT ARE THE PENALTY AND INTEREST ASSESSMENTS FOR LATE REPORTS AND DELINQUENT TAXES?

To avoid penalty and interest charges, the UI Tax Report, the UI Report of Workers Wages, and proper payment must be submitted on or before the due date. (For more information on due dates, please refer to "When Are Quarterly Tax-and-Wage Reports and Taxes Due?" on page 18.) If the due date falls on a Saturday, Sunday, or legal holiday, your reports and payment must be received on or before the next working day. Electronic filing must be completed on or before the due date; no grace period is granted for electronic filing.

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Penalty Assessments

Delinquent Reports

You are assessed a \$50 penalty for each quarter that your UI Tax Report and UI Report of Workers Wages are delinquent. If you are a newly subject employer, the penalty is \$10 for each occurrence during the first four quarters of coverage. If you are late in filing the UI Tax Report and the UI Report of Workers Wages, enter the appropriate penalty amount, including dollars and cents, in Item **14** of the UI Tax Report. Use zeros to designate no dollars and/or no cents.

Delinquent Taxes

If you owe delinquent taxes as of the computation date (July 1), you are assessed a delinquent-tax penalty equal to the amount of delinquent taxes or 1 percent (0.01) of the taxable payroll, whichever is less. This penalty is billed and payable in four quarterly installments during the following calendar year. To avoid assessment of the delinquent-tax penalty, you must pay all delinquent taxes by June 30 each year.

Form UITR-2, Unemployment Insurance Tax Statement (Tax Statement), serves as the **only** notice and demand for payment regarding delinquent benefit charges or tax, interest, and/or penalties. The “Reporting Time Table” on the reverse side of the Tax Statement provides specific details about paying your taxes timely.

If you are assessed a delinquent-tax penalty, you will receive Form UITR-37, Unemployment Insurance Delinquent Tax Penalty Statement, which provides you with the information used to calculate your delinquent-tax penalty. You must submit the entire amount due or the first of your four quarterly installment payments along with a signed copy of the statement. Interest accrues on this penalty at the rate of 1.5 percent (0.015) per month.

Interest Assessments

Interest is charged at a rate of 1.5 percent (0.015) per month or any portion of a month on delinquent taxes and penalties. To **avoid** an **interest** charge for the next month, full payment must be received by the 28th day of the current month. If you are delinquent in the payment of taxes, you must enter the appropriate interest amount, including dollars and cents, in Item **13** on the UI Tax Report. Use zeros to designate no dollars and/or no cents.

HOW ARE PAYMENTS APPLIED TO PENALTIES, INTEREST, AND DELINQUENT TAXES?

If payment is received with a tax report, payment is applied to any penalty, then interest, and then tax due for the accompanying tax report. Any monies remaining are applied in the sequence described below.

Payments are first applied to the oldest quarter of delinquency and then to the following quarters until all penalties, interest, and taxes are paid or the payment is depleted. For each quarter, payment is applied as follows:

- Penalties owed
- Interest accrued on penalties
- Interest accrued on unpaid taxes
- Unpaid taxes

HOW CAN COSTS BE REDUCED OR AVOIDED?

To reduce or avoid costs:

- Keep good records.
- Complete reports accurately.

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- File all reports on time to avoid interest and penalty charges.
- Consider the potential savings from a voluntary-tax payment.
- Respond to the Request for Job-Separation Information within the 12 calendar days allowed by statute to ensure that your job-separation information is considered.
- File appeals on time and attend appeal hearings.
- Help UI Operations detect and prevent fraud.
- Complete UI transactions online when possible.

WHEN ARE RECORDS AUDITED?

Tax auditors from the UI Program routinely examine employer books and records pertaining to the business. These audits, which occur at your work site, entail a detailed examination of all your records. A complete payroll audit involves an examination of subsidiary records, including the examination of cash-disbursement records of money paid to workers for services performed that you did not classify as employment or wages. CESA requires that all of your records the UI Program determines to be necessary in its administration of CESA must be open for inspection at any reasonable time and as often as necessary.

WHAT RECORDS MUST BE MAINTAINED?

You are required to keep business records for at least 5 years.

For each payroll period, your records must show:

- Beginning and ending dates.
- Total wages paid during the period, and the date when wages were paid.

- The date in each calendar week on which the largest number of workers were employed and the total number of workers.
- Evidence of a reporting pay period not to exceed 31 days.

Your records must show the name, state of residence, and SSN for each worker. You must require all new workers to provide:

- A social security card on the date of hire.

-or-

- A receipt of application for a SSN within 7 days of the date of hire.

For each employee, your records must show:

- The date of hire, rehire, or return to work after a temporary layoff.
- The date of separation and reason for separation from employment.
- The state or states in which the worker's services are performed.
- The worker's base of operations if services are performed outside Colorado. If there is no base of operations, the place from which the services are directed or controlled is reported.
- The worker's pay rate. If a worker is paid:
 - A salary, you must keep a record of the rate and period covered.
 - A fixed hourly or daily rate, you must keep a record of the rate and the usual scheduled days per week used by your company for the occupation.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

UNEMPLOYMENT INSURANCE OPERATIONS, TAX

- A piece rate or other variable pay basis, you must keep a record of the method by which the wages are computed.
- Tips, gratuities, or service charges that are reported to you, you must keep a record of these items.
- Wages paid during each payroll period and the date of payment. Your records must contain separate entries for:
 - Cash wages.
 - Reasonable cash value of wages paid in any medium other than cash.
 - Monies paid to the worker that exceed travel and other business expenses that are accounted for or were actually incurred.
 - Tips reported to you.

If an employee who normally works full-time works less than full-time hours during any payroll period, your records must show:

- The amount of time lost.
- The reason for the time lost, including not being available for work. If there is more than one reason, the amount of time lost is recorded for each reason.

WHAT IS A TAX RATE, AND HOW IS IT DETERMINED?

Each year, UI Operations is required to notify you of your UI tax rate. Following are the types of rates that may be assigned to you depending on the status of your business. (For more information, please refer to the various rate codes in the “Glossary” on page 51.)

Standard Rate

Effective July 1, 1997, if you are an employer newly subject to pay UI taxes, you are assigned a standard rate of 1.7 percent (0.017) or a computed rate, whichever is higher.

Standard Industry Rate

Effective January 1, 2002, if you are an employer in the construction industry who is newly subject to UI tax, you are assigned an industrial tax rate based on the 3-digit industry code (236, 237, 238) found in the North American Industry Classification Code manual. Businesses in the construction industry are subject to a higher initial tax rate because the industry is subject to more periods of unemployment due to factors such as inclement weather.

Experience Rating

When you become an experience-rated employer, your tax rate is affected by your account history and you are assigned a computed rate. If you pay more taxes into your account than you have benefits charged, the result is a low tax rate. However, if you have more benefits charged to your account than you paid in taxes, the result is a high tax rate.

Computed Rate

A computed rate is based on a formula using the activity on the employer’s account, which includes length of time as a taxable employer; taxable payroll reported; taxes paid into the UI Trust Fund; and benefits charged to the employer and paid out of the UI Trust Fund. An employer is not eligible for a computed rate until there are at least 12 consecutive months in which benefit payments could have been charged to the account prior to the July 1 computation date for UI tax rates. The quarters used consist of the first four of the last five completed quarters. This equates to at least 16 consecutive months for a standard employer. The computed rate replaces the previously assigned standard rate as the employer’s base rate.

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

NOTE: A computed rate is not assigned until July 1 of any given year. Because the second quarter of any year is not considered complete until the reporting date of July 31, the second quarter is not used in the computation calculation.

EXAMPLE:

For a computation date of 07/01/2007:

1. First computation quarter = January, February, March of 2006
2. Second computation quarter = April, May, and June of 2006
3. Third computation quarter = July, August, and September of 2006
4. Fourth computation quarter = October, November, and December of 2006
5. Fifth computation quarter = January, February, and March of 2007

NOTE: The first four of the above quarters are the quarters being used for the twelve-consecutive-months requirement. The quarter that includes the months of April, May, and June of 2007 is not a completed quarter. This quarter is not used in the computation calculation because it is not complete until the reporting date of July 31, 2007, and falls after the July 1, 2007, computation date.

Employers in the construction industry must have at least 36 consecutive months in which benefit payments could have been charged to their account prior to the July 1 computation date in order to qualify for a computed tax rate. The quarters used to compute the tax rate consist of the first four of the last five completed quarters. This equates to wages paid during at least 40 months for a construction-industry employer. The computed rate replaces the

previously assigned standard rate as the employer's base rate.

NOTE: The minimum 40 month period of time consists of 24 consecutive months plus 16 consecutive months:

1. Wages reported for the first **24** months.
2. The first four of the last five completed quarters (at least **16** months used to determine the computed tax rate).

A percent of excess is used to determine an employer's computed tax rate. Employers are assigned a positive percent of excess if the amount of UI taxes they paid to the UI Trust Fund is greater than the amount of UI benefits charged to their account. Employers are assigned a negative percent of excess if the amount of UI taxes they paid to the UI Trust Fund is less than the amount of UI benefits charged to their account.

The percent of excess is computed by subtracting the benefits charged to an employer account from the taxes paid to that account and dividing the result by the average annual taxable payroll. The percentage is computed to the nearest one percent. This rate-computation formula applies to accounts that have met the qualifications for a computed rate in accordance with CESA 8-76-103 (3)(a)(I) or 8-76-103 (3)(a)(III)(E).

NOTE: Employers with a positive percent of excess are assigned a lower computed tax rate, while employers with a negative percent of excess are assigned a higher computed tax rate.

Tax Surcharge

A tax surcharge is added to all standard tax rates and some computed tax rates. The tax surcharge supports administrative costs. In addition, the tax surcharge supports a general pool fund used to pay UI benefits not directly charged to an employer. For example, when a full award is granted to pay UI benefits on a job separation that meets the criteria

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

under CESA for domestic abuse, the employer account is not charged for UI benefits paid on the claim. Instead, paid UI benefits are charged to the general pool fund.

A tax surcharge is **not** assessed on employers who have had less than a total of \$100 charged to their accounts from UI benefits paid out in the last three state fiscal years prior to the July 1 tax-rate computation date.

Per CESA 8-76-102 (4)(d), the tax surcharge rate is 0.22 percent (0.0022).

WHEN IS A SOLVENCY TAX SURCHARGE ASSESSED?

In accordance with the Colorado Employment Security Act 8-76-102 (5)(a), a solvency tax surcharge (STS) is assessed when the UI Trust Fund balance, as of June 30 of any year, is equal to or less than nine-tenths of one percent (0.009) of the total wages reported by ratable employers for the calendar year or the most recent available four consecutive quarters prior to the last computation date (July 1). An STS ensures the ability of the UI Program to pay UI benefits. This STS is added to all ratable employers' standard, standard industry, or computed tax rates, beginning with the next calendar year. This surcharge can never exceed the limit on solvency tax defined in the "Solvency Tax Surcharge Tax-Rate Schedule" on page 26. The surcharge is not assessed if you are a state agency, political subdivision, or nonprofit organization, as described in IRC 401 (a), 501 (a), and 501 (c)(3) and you have elected the reimbursement method of payment.

The STS is increased by the established yearly increments shown in the "Solvency Tax Surcharge Tax-Rate Schedule" on page 26. The yearly increments continue until the limit on the solvency tax is reached or until the UI Trust Fund balance is greater than nine-tenths of one percent (0.009) of the total wages reported by ratable employers for the calendar year or the most recent available four

consecutive quarters prior to the last computation date (July 1).

When an STS is assessed for the current rate year, information is available on the UI Tax Web site at <http://www.colorado.gov/cdle/ui/>.

CALCULATING YOUR SOLVENCY TAX SURCHARGE RATE

To calculate your STS rate for a given year, add the STS yearly increment for that year, which is based on your percent of excess, to your STS rate for the previous year.

General STS Calculation

Calendar Year	Percent of Excess	STS Yearly Increment	STS 2006 Incremental Adjustment	STS Rate
2004 (initial assessment year)	-1	.006	Not Applicable (NA)	.006
2005	-5	.007	N/A	.013
2006	-4	.006	-.006	.013 (see "Note" below)
2007	-3	.006	NA	.019
2008	+1	.004	NA	.020*

NOTE: In accordance with CESA 8-76-102 (5)(a)(II), the STS adjustment was in effect for calendar year 2006 only. In the example above, the 2006 yearly increment of .006 was credited back to the employer.

*The maximum STS for **percent of excess +1** is .020.

In the scenario above, this account's STS for 2007 of .019 plus the 2008 STS increment of .004 equals .023. This is in excess of the maximum limit for the percent of excess +1 (see the Solvency Tax Surcharge Tax-Rate Schedule on page 26). Therefore, this employer's STS for 2008 is the maximum STS limit of .020.

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

Examples of Solvency Tax Surcharge Calculations

For a standard new employer with liability date of 02/01/2006:

To qualify for a computed rate for calendar year 2008, this account must have 12 consecutive months in which benefit payments could have been charged to the account as of 06/30/2007.

Calendar Year	Percent of Excess	STS Yearly Increment	STS 2006 Incremental Adjustment	STS Rate
2006 (initial assessment year)	NA	.006	NA *	.006
2007	NA	.006	NA	.012
2008	+3	.003	NA	.013*

NOTE: Employers whose initial increment is in 2006 are not eligible for the STS Incremental Adjustment. CESA 8-76-102 (5)(a)(II) specifies that only those employers who see an incremental increase to the previous year's STS rate are eligible.

*The maximum STS for percent of excess +3 is .013.

For a standard new employer with liability date of 01/01/2007:

To qualify for a computed rate for calendar year 2009, this account must have 12 consecutive months in which benefit payments could have been charged to the account as of 06/30/2008. In this scenario, the employer's STS for rate years 2007 and 2008 will be the standard STS for unrated employers.

Calendar Year	Percent of Excess	STS Yearly Increment	STS 2006 Incremental Adjustment	STS Rate
2007 (initial assessment year)	NA	.006	NA	.006
2008	NA	.006	NA	.012

For a construction-industry new employer with a liability date of 03/31/2005:

To qualify for a computed rate for calendar year 2009, this account must have 36 consecutive months in which benefit payments could have been charged to the account as of 06/30/2008.

Calendar Year	Percent of Excess	STS Yearly Increment	STS 2006 Incremental Adjustment	STS Rate
2005 (initial assessment year)	NA	.006	NA	0.006
2006	NA	.006	-.006	0.006 (see "Note" below)
2007	NA	.006	NA	0.012
2008	NA	.006	NA	0.018

NOTE: In accordance with CESA 8-76-102 (5)(a)(II), the STS adjustment was in effect for calendar year 2006 only. In the example above, the 2006 yearly increment of .006 was credited back to the employer.

For a construction-industry new employer with a liability date of 01/31/2004:

To qualify for a computed rate for calendar year 2008, this account must have 36 consecutive months in which benefit payments could have been charged to the account as of 06/30/2007.

Calendar Year	Percent of Excess	STS Yearly Increment	STS 2006 Incremental Adjustment	STS Rate
2004 (initial assessment year)	NA	.006	NA	.006
2005	NA	.006	NA	.012
2006	NA	.006	-.006	.012 (see "Note" below)
2007	NA	.006	NA	.018
2008	-10	.008	NA	.026

NOTE: In accordance with CESA 8-76-102 (5)(a)(II), the STS adjustment was in effect for

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calendar year 2006 only. In the example above, the 2006 increment of 2006 was credited back to the employer.

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

SOLVENCY TAX SURCHARGE TAX-RATE SCHEDULE

Positive Percent of Excess	Solvency Tax Surcharge Yearly Increment	January 1, 1990, Rate Table Limit on Solvency Tax	Negative Percent of Excess	Solvency Tax Surcharge Yearly Increment	January 1, 1990, Rate Table Limit on Solvency Tax
+20 or more	.000	.002	-0	.006	.028
+19 through +11	.001	.003	-1	.006	.029
+10	.001	.004	-2	.006	.030
+9	.001	.005	-3	.006	.031
+8	.001	.006	-4	.006	.032
+7	.001	.007	-5	.007	.033
+6	.002	.008	-6	.007	.034
+5	.002	.009	-7	.007	.035
+4	.002	.010	-8	.007	.036
+3	.003	.013	-9	.007	.037
+2	.003	.016	-10	.008	.038
+1	.004	.020	-11	.008	.039
+0	.005	.024	-12	.008	.040
Unrated	.006	.027	-13	.008	.041
			-14	.008	.042
			-15	.009	.043
			-16	.009	.044
			-17	.009	.045
			-18	.009	.046
			-19	.009	.047
			-20	.010	.048
			-21	.010	.049
			-22	.010	.050
			-23	.010	.051
			-24	.010	.052
			-25	.011	.053
			More than -25	.011	.054

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

TAX RATE SCHEDULE—POSITIVE EXCESS EMPLOYERS

Fund Level in Millions of Dollars

Percent of Excess	450 Million Plus	396 to 450 Million	342 to 396 Million	306 to 342 Million	270 to 306 Million	234 to 270 Million	198 to 234 Million	162 to 198 Million	126 to 162 Million	90 to 126 Million	More than Zero to 90 Million	Zero or Deficit
+20 or more	.000	.000	.000	.000	.001	.002	.003	.003	.003	.003	.003	.010
+19	.000	.000	.000	.001	.002	.003	.003	.003	.003	.003	.003	.010
+18	.000	.000	.000	.001	.002	.003	.003	.003	.003	.003	.003	.010
+17	.000	.000	.001	.001	.003	.003	.003	.003	.003	.003	.003	.010
+16	.000	.000	.001	.001	.003	.003	.003	.003	.003	.003	.004	.011
+15	.000	.001	.001	.001	.003	.003	.003	.003	.003	.003	.005	.012
+14	.000	.001	.001	.001	.003	.003	.003	.003	.003	.004	.006	.013
+13	.001	.001	.001	.001	.003	.003	.003	.003	.004	.005	.007	.014
+12	.001	.001	.001	.001	.003	.003	.003	.004	.005	.006	.008	.015
+11	.001	.001	.001	.001	.003	.003	.004	.005	.006	.007	.009	.016
+10	.001	.001	.001	.002	.003	.004	.005	.006	.007	.008	.010	.017
+9	.001	.001	.002	.003	.004	.005	.006	.007	.008	.009	.011	.018
+8	.001	.002	.003	.004	.005	.006	.007	.008	.009	.010	.012	.019
+7	.002	.003	.004	.005	.006	.007	.008	.009	.010	.011	.013	.020
+6	.002	.004	.005	.006	.007	.008	.009	.010	.011	.012	.014	.021
+5	.003	.005	.006	.007	.008	.009	.010	.011	.012	.013	.015	.022
+4	.004	.006	.007	.008	.009	.010	.011	.012	.013	.014	.016	.023
+3	.007	.009	.010	.011	.012	.013	.014	.015	.016	.017	.019	.024
+2	.011	.012	.013	.014	.015	.016	.017	.018	.019	.020	.022	.025
+1	.015	.016	.017	.018	.019	.020	.020	.021	.022	.023	.025	.026
+0	.020	.021	.022	.023	.023	.024	.024	.025	.025	.026	.027	.027
Unrated	.017	.017	.017	.017	.017	.017	.017	.017	.017	.017	.017	.017

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

TAX RATE SCHEDULE—NEGATIVE EXCESS EMPLOYERS

Fund Level in Millions of Dollars

Percent of Excess	450 Million Plus	396 to 450 Million	342 to 396 Million	306 to 342 Million	270 to 306 Million	234 to 270 Million	198 to 234 Million	162 to 198 Million	126 to 162 Million	90 to 126 Million	More than Zero to 90 Million	Zero or Deficit
-0	.028	.028	.028	.028	.028	.028	.028	.028	.028	.028	.028	.030
-1	.029	.029	.029	.029	.029	.029	.029	.029	.029	.029	.029	.031
-2	.030	.030	.030	.030	.030	.030	.030	.030	.030	.030	.030	.032
-3	.031	.031	.031	.031	.031	.031	.031	.031	.031	.031	.031	.033
-4	.032	.032	.032	.032	.032	.032	.032	.032	.032	.032	.032	.034
-5	.033	.033	.033	.033	.033	.033	.033	.033	.033	.033	.033	.035
-6	.034	.034	.034	.034	.034	.034	.034	.034	.034	.034	.034	.036
-7	.035	.035	.035	.035	.035	.035	.035	.035	.035	.035	.035	.037
-8	.036	.036	.036	.036	.036	.036	.036	.036	.036	.036	.036	.038
-9	.037	.037	.037	.037	.037	.037	.037	.037	.037	.037	.037	.039
-10	.038	.038	.038	.038	.038	.038	.038	.038	.038	.038	.038	.040
-11	.039	.039	.039	.039	.039	.039	.039	.039	.039	.039	.039	.041
-12	.040	.040	.040	.040	.040	.040	.040	.040	.040	.040	.040	.042
-13	.041	.041	.041	.041	.041	.041	.041	.041	.041	.041	.041	.043
-14	.042	.042	.042	.042	.042	.042	.042	.042	.042	.042	.042	.044
-15	.043	.043	.043	.043	.043	.043	.043	.043	.043	.043	.043	.045
-16	.044	.044	.044	.044	.044	.044	.044	.044	.044	.044	.044	.046
-17	.045	.045	.045	.045	.045	.045	.045	.045	.045	.045	.045	.047
-18	.046	.046	.046	.046	.046	.046	.046	.046	.046	.046	.046	.048
-19	.047	.047	.047	.047	.047	.047	.047	.047	.047	.047	.047	.049
-20	.048	.048	.048	.048	.048	.048	.048	.048	.048	.048	.048	.050
-21	.049	.049	.049	.049	.049	.049	.049	.049	.049	.049	.049	.051
-22	.050	.050	.050	.050	.050	.050	.050	.050	.050	.050	.050	.052
-23	.051	.051	.051	.051	.051	.051	.051	.051	.051	.051	.051	.053
-24	.052	.052	.052	.052	.052	.052	.052	.052	.052	.052	.052	.054
-25	.053	.053	.053	.053	.053	.053	.053	.053	.053	.053	.053	.054
More than -25	.054	.054	.054	.054	.054	.054	.054	.054	.054	.054	.054	.054

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

WHY SHOULD A VOLUNTARY TAX PAYMENT BE MADE?

You may lower your base tax rate for a particular calendar year by making a voluntary tax payment. However, you are eligible to make a voluntary tax payment **only** if you have been assigned a computed rate (rate code 1). This payment must be received on or before March 14 to qualify for a rate reduction for that year. Voluntary tax payments are first applied to any penalty, then to interest, and then to delinquent taxes on your account. A Notice of Employer's Tax Rate is mailed to you at the end of the calendar year. Form UITR-7a, Voluntary-Tax-Payment Instructions, is enclosed if you have been assigned a computed rate (rate code 1). For additional information or help in computing the amount of a voluntary tax payment, call the Customer Contact Center.

CAN THE PAYMENT OF UNEMPLOYMENT INSURANCE BENEFITS IMPACT YOUR TAX RATE?

The payment of UI benefits can impact your tax rate. UI Operations notifies you of the potential charge to your account on Form UIF-290, Notice of Unemployment Insurance Claim, Wages Reported, and Potential Charges. The potential charge is approximately one-third of the wages the claimant earned during the base period of the claim. The base period is the first four of the last five completed calendar quarters preceding the date the claim is filed. The wages earned by the claimant during the base period are used to determine the weekly benefit amount (WBA) and the maximum benefit amount (MBA) payable.

You can estimate the potential effect on your tax rate by adding the potential charge to any benefits previously charged to your account and then recalculating the rate. However, the UI Trust Fund balance may change on the next computation date (June 30). The potential rate computed is based on the last available fund balance.

NOTE: The rate computation formula is: base rate + tax surcharge (when applicable) + solvency tax surcharge (when applicable) = combined rate.

WHEN WILL YOU RECEIVE YOUR TAX RATE?

Active employers are notified annually of their UI tax rate on the Notice of Employer's Tax Rate. The Notice of Employer's Tax Rate shows your account number, accumulated taxes paid, accumulated benefits charged, average annual taxable payroll, percent of excess, and the combined tax rate. If you find errors on the Notice of Employer's Tax Rate, you must notify UI Operations in writing within 15 calendar days of the date on the notice.

WILL A TAX-RATE NOTICE BE SENT IF YOU HAVE BEEN DESIGNATED AS A REIMBURSABLE EMPLOYER?

If you are a nonprofit organization, as described in federal IRC 501 (c)(3), or you are a political subdivision and you are designated as a reimbursable employer, you will not receive a Notice of Employer's Tax Rate.

NOTE: If you are not a tax-paying employer, Item **12** of the UI Tax Report, shows 0.0000 as your tax rate.

QUALIFYING FOR SEASONAL STATUS

To qualify for seasonal status, your business must operate for less than 181 days during a calendar year **or** must have seasonal occupations for which you employ workers for less than 181 days during a calendar year.

Once UI Operations grants you seasonal status, your employees cannot draw UI benefits based on wage credits earned during the determined season unless they are unemployed during the season.

To request seasonal status, you must complete and submit Form UITL-5, Request for Seasonal Determination. You can download this form at

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UNEMPLOYMENT INSURANCE OPERATIONS, TAX

www.colorado.gov/cdle/ui; click on **UI Business Forms** in the left column. You can also request a paper copy of this form by calling or e-mailing the Customer Contact Center.

Employers with seasonal status must report wages earned during the applicable season and pay UI taxes accordingly.

UNEMPLOYMENT INSURANCE TAX FORMS

You can download or request copies of most of the forms described below by going to <http://www.colorado.gov/cdle/ui> and clicking on **UI Business Forms** in the left column. You can request copies of any of the forms by calling or e-mailing the Customer Contact Center.

Forms All Employers Must Complete and Submit

Form CR 0100, Colorado Business Registration

You must complete and submit the Colorado Business Registration or register your business online if you have one or more employees in Colorado. You are required to register your business with the Colorado Department of Revenue and CDLE immediately after starting a business that has employees who work in Colorado. (For more information, please refer to “What Is the Registration Process for an Unemployment Insurance Tax Account?” on page 13.)

Form UITR-1, Unemployment Insurance Tax Report (UI Tax Report), and Form UITR-1a, Unemployment Insurance Report of Workers Wages (UI Report of Workers Wages)

The UI Tax Report and the UI Report of Workers Wages are mailed to you on a quarterly basis if you were an active employer during the reporting quarter. You must complete and submit these forms or file your tax-and-wage reports online each quarter. Filing these reports serves two purposes. On the UI Tax Report, you provide total Colorado gross taxable wages paid this quarter, taxable

wages, and excess wages used to calculate the total tax amount due for the quarter. On the UI Report of Workers Wages, you provide detailed employee information (for example, SSN, name, and total Colorado gross taxable wages paid this quarter) that is used in the event a claim for UI benefits is filed. (For more information, refer to “How Are the Quarterly Tax-and-Wage Reports Completed?” on page 15 and “How Are the Quarterly Tax-and-Wage Reports Filed?” on page 16.)

Other Forms

Form UITR-7, Notice of Employer’s Tax Rate

The Notice of Employer’s Tax Rate is mailed annually to all active, tax-paying employers. It informs you of your tax rate for the following calendar year. If changes are made to your tax rate after the annual mailing, a corrected Notice of Employer’s Tax Rate is generated and mailed to you.

Form UITR-3, Unemployment Insurance Tax Report Adjustment, Form UITR-6a, Adjustment of Workers Wages for Multiple Quarters, and Form UITR-6c, Social Security Number (SSN) Corrections

The Unemployment Insurance Tax Report Adjustment, the Adjustment of Workers Wages for Multiple Quarters, and the SSN Corrections are used to correct errors in one or more previously submitted UI Tax Report, correct errors in one or more previously submitted UI Report of Workers Wages, and correct a name or SSN previously reported on one or more UI Tax Report and/or UI Report of Workers Wages.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

UNEMPLOYMENT INSURANCE OPERATIONS, TAX

Form UITA-9, Worker/Contractor Status Questionnaire (Firm), and Form UITA-9a, Worker/Contractor Status Questionnaire (Worker)

The Worker/Contractor Status Questionnaire (Firm) and the Worker/Contractor Status Questionnaire (Worker) must be completed and submitted to UI Operations when questions arise as to whether a worker should be considered an employee or an independent contractor. The Worker/Contractor Status Questionnaire (Firm) addresses contract-labor issues from the perspective of the business, while the Worker/Contractor Status Questionnaire (Worker) addresses contract-labor issues from the perspective of the worker.

Form UITD-4, Installment Payment Agreement

The Installment Payment Agreement is generated and mailed to you if you request that an installment payment agreement (IPA) be initiated for the purpose of paying delinquent taxes or delinquent benefits charges, interest, and penalties owed. The form informs you of the total amount due by quarter; the down-payment amount; the monthly, installment-payment amounts; the respective due dates; and the terms and conditions of the IPA. Upon receipt of the IPA, sign and return the form with your down payment.

Form UITR-37, Unemployment Insurance Delinquent-Tax Penalty Statement, and Form UITA-6, Notice of Payment Due

The Unemployment Insurance Delinquent-Tax Penalty Statement and the Notice of Payment Due are used to notify you that a penalty amount has been imposed on delinquent taxes owed and to provide an explanation of the charges. According to CESA 8-79-104 (1)(c), if you have delinquent taxes as of the tax-rate computation date (July 1), an additional penalty amount is assessed. (For more information, refer to “What are the Penalty and Interest Assessments for Late Reports and Delinquent Taxes?” on page 19.)

Form UITR-14, Application for Partial Transfer of Experience

The Application for Partial Transfer of Experience is completed and submitted to request a proportionate share of the UI taxes paid, benefits charged, and payroll reported be transferred from an employer who is already liable to pay UI taxes. The purchased portion of the business must have maintained separate records of the taxes paid, benefits charged, and payroll reported in order to establish a basis for this transfer. This form must be submitted within 60 days of the mailing date on Form UITL-3, Notice of Employer Liability and Unemployment Insurance Tax Account Number. You and the other employer must sign the Application for Partial Transfer of Experience.

Form UITL-59, Approval of Reciprocal Agreement, Form UITL-60, Partial Approval of Reciprocal Agreement, and Form RC-2, Notice to Employee for Colorado Unemployment Insurance Coverage

The Approval of Reciprocal Agreement, the Partial Approval of Reciprocal Agreement, and the Notice to Employee for Colorado Unemployment Insurance Coverage are sent to you and your employee as notification of the approval or partial approval of your request that wages earned by an employee who works in more than one state (including Colorado) be reported to Colorado. You and the employee are subject to CESA for UI reporting and coverage purposes. You may be granted full approval from all states involved, partial approval from some of the states involved (while denied by others), or a complete denial of the request for the reciprocal agreement.

Form UITL-2, Employer Change Request

The Employer Change Request must be completed and submitted to UI Operations if you cease operation in Colorado or sell your business. You must submit this form within 10 days of cessation or sale of the business to inactivate your account. A partnership that incorporates is classified as a change in ownership even if the owners are the

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

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same. This provision also applies to a sole proprietorship that becomes a partnership or a corporation that becomes a sole proprietorship. The Employer Change Request is also used to submit address-change information to UI Operations.

Form RC-1, Employer's Election to Cover Multi-State Workers Under the Colorado Employment Security Act (Employer's Election to Cover Multi-State Workers)

The Employer's Election to Cover Multi-State Workers is used to request that wages earned by employees who work in more than one state (including Colorado) be reported to Colorado and subject to CESA for UI reporting and coverage purposes. You must complete and submit the Employer's Election to Cover Multi-State Workers to UI Operations for processing. UI Operations submits the form to the other involved states for their approval.

Form UITL-5, Request for Seasonal Determination

The Request for Seasonal Determination is completed and submitted to request that you be granted seasonal status for your entire business or for specific occupations within your business. The Request for Seasonal Determination asks specific questions to determine if your business meets the seasonal-status requirements defined in CESA.

STATE UNEMPLOYMENT TAX ACT DUMPING

Colorado's UI Program has become increasingly aware of a tax-avoidance method, known as SUTA dumping, used by some Colorado employers to reduce their UI tax rate. The UI Program is also aware that certain tax-advisory companies are promoting tax-avoidance activities as a way of gaining business by promising potential clients reduced expenses and increased profits.

The UI Program actively identifies and pursues employers engaged in tax-avoidance activities and has the authority to subpoena records and

individuals in its investigations. Employers engaged in tax-avoidance activities may be subject to criminal and/or civil prosecution.

SUTA dumping is a practice of some employers to create new business entities and transfer employees and, in some cases, a part of the organization, trade, or business to deliberately avoid an increase in their UI tax rate caused by UI benefit payments attributable to an existing company. The practice of avoiding the proper payment of UI taxes places an undue burden on those employers who pay UI taxes in a lawful manner.

The UI Program has in place a tax-analysis program to detect signs and patterns of fraud in UI tax-account activity. The UI Program's tax-fraud detection efforts target both active and inactive UI tax accounts.

Employers can help protect the integrity of the UI Trust Fund and minimize the negative impact that SUTA dumping has on UI tax rates by informing the UI Program of such activity. Information may be reported to the Director of UI Integrity at 303-318-9036. The source of the information is kept confidential.

HOW ARE NEW HIRES REPORTED?

Colorado's UI Program participates in a federal data-matching program whereby information provided by private employers and government agencies is made available through the National Directory of New Hires (NDNH). UI programs nationwide have implemented this data-matching program. The purpose of the NDNH data-matching program is to stop or limit the overpayment of UI benefits to claimants who fail to report new employment, to improve fraud-detection efforts, and ultimately to protect the UI Trust Fund.

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The data-matching program is dependent on assistance from you to verify information. The UI Program is placing emphasis on this program by requesting that you verify new-hire start dates to ensure UI benefits are discontinued for claimants who are employed. Form UIB-144, Request to Employer for Earnings Data, may be mailed to you for verification of a new-hire date and earnings.

Information on how to report the hiring of a new employee may be obtained by contacting the Colorado State Directory of New Hires, Employer Outreach Customer Service Department at 303-297-2849.

WHAT ARE THE OBLIGATIONS FOR FEDERAL UNEMPLOYMENT TAX?

Under federal law, you are required to file Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

The form is submitted with the required payment to the District Director of the United States Internal Revenue Services by January 31 of each year.

- The federal tax rate is 6.2 percent (0.062).
- You receive a credit of 5.4 percent (0.054) if your state UI taxes have been paid timely regardless of the rate assigned by the state.
- If your state UI taxes have been paid timely, your net tax rate for federal unemployment taxes is 0.8 percent (0.008).
- You may view the FUTA Tax Return online by visiting www.usa.gov; click on the **Forms** link listed under "Reference and General Government." Then enter **940** in the text box and click **GO**.

UNEMPLOYMENT INSURANCE OPERATIONS, BENEFITS

WHAT IS YOUR ROLE IN THE PAYMENT OF UNEMPLOYMENT INSURANCE BENEFITS?

When a former worker files a claim for UI benefits, the UI claim sets in motion a chain of events in which you play an important role. The information the claimant provides to UI Operations must be verified. It is important that you receive and respond to UI claim correspondence in a timely manner. A late response to correspondence may jeopardize your status as an interested party to the claim. This is why you must notify UI Operations promptly of any address change. (For more information, please refer to “How Is An Address Changed?” on page 19.)

HOW IS A DECISION MADE ON WHETHER TO PAY UNEMPLOYMENT INSURANCE BENEFITS?

CESA requires that the UI Program be guided by the following principles:

- UI benefits are paid to workers who became unemployed through no fault of their own.
- Everyone has the right to leave a job for any reason, but the reasons for separation are considered in determining whether UI benefits are paid.
- Individuals may be responsible for becoming unemployed, and certain acts may result in a disqualification from receiving benefits. An individual discharged for gross misconduct may be denied benefits.

You and the claimant provide information on the reason for the job separation and how the job separation occurred. Claimants usually provide the information at the time of filing their claim for UI benefits. You are requested to complete the information on the Request for Job-Separation Information.

Timely Return of Form UIB-290, Request for Job-Separation Information

The U.S. Department of Labor establishes requirements to guide state UI programs. As part of those requirements, the Colorado UI Program must notify an employer that a UI claim has been filed and provide two separate notices that job-separation information must be submitted to the UI Program in a timely manner. To meet these requirements, each employer involved in a UI claim receives:



- A Notice of Unemployment Insurance Claim, Reported Wages, and Potential Charges and the Request for Job-Separation Information.

-or-

- Form UIB-634, Notice of Unemployment Insurance Claim Filed, and the Request for Job-Separation Information.

The Notice of Unemployment Insurance Claim, Reported Wages, and Potential Charges or the Notice of Unemployment Insurance Claim Filed notifies you that a UI claim has been filed and that job-separation information must be provided to the UI Program on the Request for Job-Separation Information, which is mailed separately. The Request for Job-Separation Information notifies you that job-separation information must be provided and is the form on which you must provide the job-separation information. Failure to provide the information on the Request for Job-Separation Information in a timely manner results in the loss of your status as an interested party to the UI claim.

If the form is filed timely, UI Operations reviews both the claimant's and your responses. If further fact-finding is needed, either party may be contacted by telephone or in writing.

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If your response is not received within 12 calendar days after the mailing date on the form, UI Operations cannot review your response and a separation decision is issued solely on the information presented by the claimant. Furthermore, your right to participate in hearings regarding the job separation is forfeited.

If you return the Request for Job-Separation Information late, you are sent a Notice of Decision advising you that you lost your right to appeal the decision related to the claimant's job separation. You may appeal this decision, and your written appeal must show good cause as to why your response to the Request for Job-Separation Information was not timely. A hearing is scheduled before a hearing officer and a decision is issued as to whether your reasons for filing late meet the criteria for good cause. (For more information, please refer to "What if You Disagree With a Decision?" on page 43.)

Decisions regarding other pay are also issued.

State All Reasons for Separation Clearly

UI Operations must have adequate information to make a determination of a claimant's UI benefit entitlement under CESA. As an interested party to the claim for UI benefits, you must state the reason for the job separation in detail to ensure that benefit entitlement is properly determined.

Anytime the separation was for a reason other than lack of work, it is important to focus on the actual reason for the separation and give the details that led to the final incident surrounding the separation. The statement must contain all important facts including:

- The names of witnesses.
- Exact dates, times, and places of the incidents.

- Reference to union contracts, commission agreements, company policies, medical reports, etc.
- Copies of other pertinent documents.
- Information about any payments made in connection with the job separation. (For more information, please refer to "How Does Other Remuneration Affect Unemployment Insurance Benefits?" on page 36.)

UI Operations determines benefit entitlement under the terms and conditions of CESA, and a Notice of Decision is mailed to you and the claimant.

WHAT EARNINGS ARE CONSIDERED WAGES FOR AN UNEMPLOYMENT INSURANCE CLAIM?

To satisfy the earnings requirement, a claim may be filed against wages earned in the following kinds of employment:



- Employment in Colorado
- Federal employment as a civilian
- Active-duty military service
- Employment in another state
- Employment in several states, including Colorado

HOW ARE UNEMPLOYMENT INSURANCE BENEFITS CALCULATED?



In order to be monetarily eligible for UI benefits, an unemployed person must have been paid base-period wages in an amount not less than 40 times the weekly benefit amount or \$2,500, whichever amount is greater. The base period is the 12-month period consisting of the first four of the last five completed

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calendar quarters preceding the quarter in which the claim is filed. Wages earned in this period are used to compute the amount of UI benefits.

Maximum Benefit Amount

The MBA on a UI claim is the total amount of UI benefits a claimant may receive. It can be as much as 26 times the WBA, depending upon the claimant's wages during the base period. However, your employer account is never charged in excess of one-third of the base-period wages reported to UI Operations.

The MBA allowed in Colorado is based upon the average weekly wage in Colorado and is adjusted every 12 months.

Weekly Benefit Amount

Colorado uses one of two formulas in determining the WBA:

- Formula 1: 60 percent (0.60) of one twenty-sixth ($1/26$) of the highest wages earned in two consecutive calendar quarters during the base period.

-or-

- Formula 2: 50 percent (0.50) of one fifty-second ($1/52$) of the total base-period wages.

The formula giving the claimant the higher WBA not exceeding the MBA is used.

When Wages Paid Are Less Than \$1,000 From a Taxable Employer

If you are a taxable base-period employer, your account is not charged when the total amount of base-period wages you paid to an employee is less than \$1,000.

Reimbursable employer accounts are excluded from this \$1000 wage criteria and may be charged on any wage amount paid within the base period.

WHAT IS A COMBINED-WAGE CLAIM?

A claimant may have worked in Colorado as well as in other states. If the claimant lives in Colorado, wages from other states may be transferred to Colorado and combined. If Colorado is the paying state, Colorado administers and pays the claim under CESA.

If the claimant lives in another state, Colorado wages may be transferred to that state to be combined in a claim. If another state is the paying state, the claim is administered by the other state under the UI laws of that state.

WHAT IS AN INTERSTATE CLAIM?

A claimant may have worked in Colorado and moved to another state. The claimant files a claim against wages earned in Colorado. Such a claim is an interstate claim and is paid under CESA. The claimant must meet the entitlement and eligibility requirements defined in CESA.

HOW DOES OTHER REMUNERATION AFFECT UNEMPLOYMENT INSURANCE BENEFITS?

A claimant's UI benefits may be reduced and/or postponed if you make certain types of payments after separation.

Severance allowance causes the payment of UI benefits to be postponed and causes a reduction of

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UI benefits if the paying employer paid wages in the base period of the claim. Severance allowance is a payment an individual receives as compensation for weeks not worked after separation. Severance allowance does not include payment specifically designated by you as a separation bonus.

Wages in lieu of notice, vacation pay, and separation bonus may cause payment of UI benefits to be postponed from the date the remuneration was received. Holiday pay, lump-sum payments, disability, and other cash payments may also cause the payment of UI benefits to be postponed.

Receipt of a pension, annuity, or other retirement pay to which you contributed may cause the claimant to receive a reduced WBA.

All types of payments made to the claimant must be noted on the Request for Job-Separation Information, which you must return timely in order to preserve your status as an interested party.

WHAT ARE THE DECISIONS THAT A CLAIMANT MAY RECEIVE?

Full Award

A claimant is entitled to a full award if the claimant is unemployed through no fault of his or her own, has been laid off due to lack of work, or has left a job for any of the following reasons, which are outlined in CESA 8-73-108 (4). A full award can be granted on the basis of:

- A claimant's poor health.
- A claimant's addiction to drugs or alcohol. (If a full award is granted because of drug or alcohol addiction, UI benefits are paid from the pool fund and not charged to a taxable employer's account. This does not pertain to reimbursable employers.)
- Unsatisfactory or hazardous working conditions.

- A substantial change in the claimant's working conditions when the change was substantially less favorable to the worker.
- Unreasonable reduction in the claimant's rate of pay.
- A claimant quitting a construction job to accept another construction job. Taxable employers are given a relief of charges if specific qualifying circumstances exist.
- A claimant's refusal to replace another worker rather than being terminated, furloughed, or laid off.
- Your violation of the written employment contract with the claimant.
- Your failure to inform either the worker or UI Operations as to why the worker was terminated.
- A claimant being physically or mentally unable to perform the work or unqualified to perform the work because of lack of education or inadequate occupational or professional skills.
- A claimant's refusal with good cause to work overtime without reasonable advance notice.
- A claimant's refusal of your request to perform a service or commit an act that is in violation of the law.
- A claimant's involuntary retirement.
- Personal harassment by you.
- Business closure because you were called to active military duty.
- A claimant being subjected to domestic abuse. (If a full award is granted because of domestic abuse, UI benefits are paid from the pool fund)

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and not charged to a taxable employer's account. This does not pertain to reimbursable employers.)

- A claimant quitting a job to relocate as a result of his or her military spouse's transfer for medical-related purposes in time of war or armed conflict to a new place of residence. (If a full award is granted, UI benefits are paid from the pool fund and not charged to a taxable employer's account.)

Disqualifications

A claimant may receive a postponement of 10 weeks and a reduction of benefits based on wages paid by you if he or she is found responsible for the separation. You are relieved of all or part of the liability for UI benefits payable if the claimant quit or was discharged for any of the following reasons, which are outlined in CESA 8-73-108 (5)(e). Disqualification of benefits can result from the claimant:

- Being dissatisfied with prevailing rates of pay, standard hours of work, standard working conditions, regularly assigned duties, or opportunities for advancement.
- Being dissatisfied with supervision with no evidence to indicate that supervision is other than can reasonably be expected.
- Quitting to marry.
- Moving to another area unless for health reasons.
- Lacking transportation to the place of employment.
- Quitting to seek or accept other work, unless quitting a construction job to accept a different construction job when specific criteria are met.
- Being insubordinate.
- Violating a statute or a company rule that resulted, or could have resulted, in serious damage to your property or interest or could have endangered the worker's life or the lives of other employees.
- Using intoxicating beverages or nonprescription, controlled substances off the job that results in interference with job performance.
- Using or distributing intoxicating beverages or nonprescription, controlled substances on the job.
- Having in his or her system, during working hours, the presence of nonprescription, controlled substances for certain occupations as established by statute.
- Being incarcerated after conviction of violating any law; or loss of license, certification, credential, condition, or other professional designation that is essential to job performance.
- Stealing.
- Assaulting or threatening assault so as to cause a reasonably emotionally stable person to become concerned for his or her physical safety.
- Willfully neglecting or damaging your property or interests.
- Being rude, insolent, or offensive to a customer, supervisor, or fellow worker.
- Producing careless or shoddy work.
- Failing to safeguard, properly maintain, or account for your property.

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- Refusing, without good cause, to work a different shift.
- Refusing, without good cause, to accept a transfer to another department when such transfer does not involve a substantial change in working conditions or a substantial loss in wages.
- Quitting for personal reasons not otherwise specified in CESA.
- Taking an unauthorized vacation or failing to return to work after an authorized and approved voluntary leave of absence (when no circumstances that would warrant a full award have occurred).
- Other reasons for a disqualification of benefits, include, but are not limited to, the claimant:
 - Being excessively tardy or absent.
 - Sleeping or loafing on the job.
 - Failing to meet established job performance or other defined standards.

JOB ATTACHMENT

The requirement to look for work and to register at an employment office is waived if:

- You intend to bring the worker back to work within 16 weeks of the last day of work. The claimant is considered job attached to you under such circumstances.
- The worker obtains work through a union hiring hall (the claimant is attached to the union). This attachment is for 16 weeks from the beginning of the claim for UI benefits.
- The worker has been hired in a new job that begins within the next 2 weeks.

While attached to a job or union, the claimant must be able to work and be available for immediate recall to work.

Job attachment is intended to benefit employers by ensuring that you have a base of trained employees to return to your business after a short layoff.

SEASONAL EMPLOYMENT'S AFFECT ON UNEMPLOYMENT INSURANCE BENEFITS

UI Operations may designate you as a seasonal employer if your business operates only during certain seasons (for example, a ski resort or a tax-preparation business). Unemployed workers who work only during those seasons can be paid UI benefits based on their seasonal wages but only during the season in which the workers are normally employed. Unemployed workers who worked outside the designated season can collect UI benefits anytime during the claim year.

If a claimant is paid a combination of seasonal and nonseasonal wages, all wages are treated as nonseasonal and payment of benefits may occur at any time during the claim year. (For more information, please refer to "Qualifying for Seasonal Status" on page 29.)

WHAT IF YOU HAVE A JOB FOR THE CLAIMANT?

If you have work for a claimant, you must contact him or her directly. If the claimant refuses a job offer from you or you are unable to contact the claimant, you must notify the UI Program by calling 303-318-9055 or by writing to UI Operations, P.O. Box 400, Denver, CO 80201-0400. The information must include the specifics of the job offer and the claimant's SSN.

WHAT IF A CLAIMANT REFUSES WORK?

CESA states that a claimant's UI benefits may be postponed and reduced if the claimant refuses to accept a suitable job offer.

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Work is not considered suitable if:

- The position offered is vacant due directly to a strike, lockout, or other labor dispute.
- The wages, hours, or working conditions are substantially less favorable than those prevailing for similar work in the locality.
- You require that the claimant join a company union, require resignation from any bona-fide labor organization, or prohibit the claimant from joining such a labor organization.

UI benefits are not denied an individual more than once for failing to apply for or accept the same or similar position with you.

WHAT ARE THE REQUIREMENTS FOR A CLAIMANT TO RECEIVE UNEMPLOYMENT INSURANCE BENEFITS?

In addition to meeting the earnings requirements, a claimant must meet certain other requirements. The claimant must:

- Be unemployed or working less than full-time (less than 32 hours per week) and earning less than his or her WBA.
- Have filed a valid claim.
- Be mentally and physically able to work. When sick or otherwise unable to work, a claimant cannot collect benefits.
- Be available for work. The claimant must be available to report for work immediately. Being available also means that the claimant must be dressed appropriately for referrals, have transportation, and have child-care arrangements.
- Seek employment.

- Be willing to accept suitable work.
- Register for work at a local employment office where assistance in becoming employed is received. If you plan to rehire the claimant within a specified 16-week period, the claimant may not be required to register or to look for work. (For more information, please refer to “Job Attachment” on page 39.)

The claimant must meet all the eligibility requirements in order to receive benefits for each week filed. A worker may or may not be eligible if he or she:

- Participates in a strike.
- Is on a disciplinary suspension or on a leave of absence.

HOW DOES REGULAR PART-TIME EMPLOYMENT AFFECT UNEMPLOYMENT INSURANCE BENEFITS?

Regular part-time (RPT) employment refers to continuing part-time employment from a base-period employer. There must be wages from at least one other covered employer within the base period. These additional wages can be from a full-time or a different part-time employer.

If, as a taxable employer, you employ an RPT worker, you are not charged for UI benefits if the worker continues to work part-time while claiming UI benefits based on wages paid by another employer. A reimbursable employer may be charged in this situation if the claim is based in part on federal, military, or other state wages.

CAN A WORKER RECEIVE UNEMPLOYMENT INSURANCE BENEFITS AND WORK PART-TIME?

An individual may work and earn up to 25 percent (0.25) of his or her WBA without affecting the amount of weekly unemployment benefits.

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Anything earned above the 25 percent (0.25) is deducted dollar-for-dollar from the claimant's WBA. This amount is rounded to the lower whole-dollar amount.

An individual working 32 or more hours during any week or earning as much as or more than the WBA is not eligible for UI benefits during that week.

NOTIFYING WORKERS ABOUT UNEMPLOYMENT INSURANCE BENEFITS

If you are liable to pay UI taxes, you are required to display Publication 502, Notice to Workers, where all employees can see it. UI Operations mails this publication to you. Additional posters can be downloaded at www.colorado.gov/cdle/ui; click on **UI Business Forms** in the left column. Additional posters can also be obtained by calling or e-mailing the Customer Contact Center.

WHEN PROCESSING AN UNEMPLOYMENT INSURANCE CLAIM, HOW IS THE INFORMATION YOU PROVIDE USED?

Following are descriptions of common UI forms and how the UI Program uses the information that you provide on these forms to process a former employee's claim for UI benefits:

UITR-1, Unemployment Insurance Tax Report, and UITR-1a, Unemployment Insurance Report of Workers Wages

The information you provide on the Unemployment Insurance Tax Report and the Unemployment Insurance Report of Workers Wages is used to establish a wage history for an employee. If a former employee applies for benefits, the wage history is used to establish monetary eligibility for the claimant.

UIF-290, Notice of Unemployment Insurance Claim, Wages Reported, and Potential Charges

You are sent the Notice of Unemployment Insurance Claim, Wages Reported, and Potential Charges to inform you that a former employee has filed a claim for benefits. Based upon information you submitted on the Unemployment Insurance Tax Report and the Unemployment Insurance Report of Workers Wages, wages paid by you are listed, and a potential charge to your account is determined. You must verify that the wages listed are accurate. You must complete and submit the reverse side of the Notice of Unemployment Insurance Claim, Wages Reported, and Potential Charges if changes are necessary.

UIB-634, Notice of Unemployment Insurance Claim Filed

If you are not chargeable on a claim, you are sent the Notice of Unemployment Insurance Claim Filed to notify you that a former employee has filed a claim for UI benefits. If you receive a Notice of Unemployment Insurance Claim, Reported Wages, and Potential Charges, you do not receive the Notice of Unemployment Insurance Claim Filed. The form reminds you to complete the Request for Job-Separation Information. Keep in mind that, even though you are not chargeable on this claim, you may be chargeable on a future claim. Completing the Request for Job-Separation Information helps preserve your rights on this and future claims.

UIB-290, Request for Job-Separation Information

The claimant's most recent employer and all potentially chargeable base-period employers receive the Request for Job-Separation Information. The form provides you with an opportunity to explain the reason for the job separation. The form also provides space to report other payments (such as vacation or severance payments) made to a worker upon separation from employment. Such payments may affect your potential charges.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

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This document must be received within 12 calendar days after the mailing date on the notice for the information you provide to be considered in making the decision. If you do not return the Request for Job-Separation Information timely, you lose your right to appeal the payment of UI benefits based on the wages you paid the claimant.

UIB-6, Notice of Decision

Decisions regarding the claimant's receipt of benefits are sent to you on the Notice of Decision. You must review this decision carefully. Both you and the claimant have the right to appeal this decision. If either party believes that the decision is incorrect, an appeal must be filed with UI Appeals. UI Appeals must **receive** your appeal within 20 calendar days after the mailing date on the notice. The appeal must be in writing. Specify the reasons for disagreement and include a copy of the Notice of Decision you are appealing. If you fail to appeal the decision on time, you lose your appeal rights for the decision.

UIB-144, Request to Employer for Earnings Data

Benefit Payment Control (BPC) sends the Request to Employer for Earnings Data to obtain a daily record of earnings for your former and/or current employees. BPC audits claims for UI benefits by comparing benefit payments with wages reported by you on the Unemployment Insurance Tax Report and the Unemployment Insurance Report of Workers Wages. Benefits paid to ineligible individuals, if not detected, result in unwarranted charges to your account and may unfavorably affect your tax rate. Your cooperation in providing accurate and complete information is appreciated.

UIA-20, Statement of Benefit Charges

Each quarter, the Statement of Benefit Charges listing the total amount of benefits charged and/or credited to your account during the prior quarter is sent to you. These charges and/or credits are the basis for computing your future tax rate. The Statement of Benefit Charges lists former employees who received benefits, the total amount of charges and/or credits to your account for each claimant, and the total charges and/or credits for the quarter. An entry on this statement could be based on wages paid as long ago as 36 months.

A credit to your account is the result of a reversal of a determination regarding the payment of UI benefits or a wage correction that affects benefit payments.

The Statement of Benefit Charges must be carefully reviewed. If you have any questions regarding any charges on the form, you must submit a request for redetermination to UI Operations outlining your disagreement with the benefit payments. If a request for redetermination is not made within 60 days, the charges as shown on the Statement of Benefit Charges are considered correct. You cannot appeal separation reasons based on this form. If an account has had no activity in the prior fiscal quarter, the Statement of Benefit Charges is not mailed.

WHAT IF YOU SUSPECT FRAUD?

The UI Program conducts a vigorous fraud-prevention program. You can help prevent fraud by reporting any claimant who is receiving benefits for which you suspect he or she is not eligible.

WHAT IF YOU PROVIDE FALSE INFORMATION OR DO NOT PROVIDE REQUESTED INFORMATION?

Reports to the UI Program concerning wages, reasons for separation, and dates of employment must be timely, accurate, and complete. There are

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

UNEMPLOYMENT INSURANCE OPERATIONS, BENEFITS

severe penalties if you provide false information or fail to disclose required information.

If you deliberately submit false information that causes a delay in the payment of UI benefits, the claimant may receive one and one half times the benefit to which he or she was otherwise entitled. These extra benefits are additional charges to your account as a result of your giving false information.

WHAT IS PHISHING?

Phishing is “an attempt to fraudulently acquire sensitive information, such as usernames, passwords, personal identification numbers, SSNs, employment information, names, addresses, and account details, by masquerading as a trustworthy entity in an electronic communication.” Phishing is typically carried out using e-mail or an instant message, and often directs users to a Web site. Never click on links in suspicious electronic communications. Please contact UI Integrity at 303-318-9035 if you suspect any phishing.

UNEMPLOYMENT INSURANCE APPEALS

WHAT IF YOU DISAGREE WITH A DECISION?

If you disagree with a decision or notice issued by the UI Program, you have the right to appeal the decision or notice and obtain a hearing before a hearing officer. To appeal a decision or notice, you must submit a written statement that includes the specific reasons for appealing the decision or notice. UI Appeals must **receive** your written appeal within 20 calendar days after the mailing date shown on the decision or notice. If the 20th day falls on a Saturday, Sunday, or legal holiday, the appeal period is extended to the first working day following the Saturday, Sunday, or legal holiday. If your appeal is received after the 20-day time limit, it is considered late and, unless you provide good cause as to why the appeal was not filed on time, it is dismissed. Good cause generally means that you were prevented from filing a timely appeal due to circumstances that were beyond your control and the circumstances could not have been reasonably anticipated.

Most decisions and notices issued by the UI Program provide instructions and space to appeal the decision or notice. If appeal instructions and space are not provided on the decision or notice, you may submit an appeal on a sheet of paper along with a copy of the decision or notice being appealed and reference to the business name as well as claimant name and SSN. Mail your appeal to UI Appeals, P.O. Box 8988, Denver, CO 80201-8988 **or** fax your appeal to 303-318-9248.

Publication AS-52, *The Appeals Process*, contains detailed information about the entire appeals process. To view *The Appeals Process* online, go to <http://www.colorado.gov/cdle/ui> and click on **The Appeals Process** in the left column. To request hardcopies of *The Appeals Process*, e-mail or call the Customer Contact Center.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

INDUSTRIAL CLAIM APPEALS OFFICE

WHAT HAPPENS IF YOU DISAGREE WITH THE HEARING-OFFICER'S DECISION?

If you disagree with the decision rendered by the hearing officer and want to appeal the decision to the next level, the Colorado Industrial Claim Appeals Office (ICAO) must receive a written appeal within 20 calendar days after the mailing date on the decision. This office reviews only evidence introduced at the hearing and written arguments. CESA 8-74-104 (2) stipulates that ICAO may consider **no** additional evidence.

After an appeal is filed, all interested parties receive a document entitled, "Notice of Appeal to Industrial Claim Appeals Office of Colorado." A copy of the transcript of testimony taken before the hearing

officer and a notice of deadline for filing a written argument are also provided.

When you are preparing a written argument, the name and identifying number of the case and, if the appeal is related to a claim for UI benefits, the claimant's name and SSN must be included. The argument must be based on testimony and made from evidence that appears in the transcript. ICAO does not schedule a hearing. It renders a decision based on its review of the transcript and the written arguments.

ICAO reviews the evidence taken at the hearing before the hearing officer and issues a decision that can affirm, modify, or reverse the hearing officer's findings.

COLORADO COURT OF APPEALS

APPEALING THE INDUSTRIAL CLAIM APPEALS OFFICE'S DECISION

If you are not satisfied with the outcome of your appeal to ICAO, you may petition, within 20 days of the final order issued by ICAO, the Colorado Court of Appeals. The Colorado Court of Appeals cannot change any findings of fact; it also cannot consider any facts or documents that are not part of the record.

The ICAO decision may be set aside only on the following grounds:

- ICAO acted without or in excess of its power.
- The decision was procured by fraud.
- The findings do not support the decision.
- The decision is erroneous as a matter of law.

In most cases, the ruling of the Colorado Court of Appeals is final. Rule 49 of the Colorado Appellate Rules lists the reasons the Colorado Supreme Court uses to decide if it will consider a case. Rule 51 and subsequent rules list how to seek Colorado Supreme Court review.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

UNEMPLOYMENT INSURANCE INTEGRITY, BENEFIT PAYMENT CONTROL

WHAT IS BENEFIT PAYMENT CONTROL'S FUNCTION?



The responsibility of the BPC unit is to prevent, detect, and recover overpayments of UI benefits. Occasionally, claimants receive UI benefits to which they are not entitled. If an overpayment of UI benefits is discovered, the claimant is responsible for repaying the full amount of the overpayment, including any taxes that were withheld.

Overpayments occur for a variety of reasons, such as:

- Failure to actively look for work, or refusal of an offer of suitable work.
- Being unable or unavailable for work.
- Inaccurate or late reporting of payments received.
- The reversal or reconsideration of a full award of UI benefits by an appeal decision or hearing officer.
- Unreported, underreported, or late-reported earnings.
- Failure to report a disqualifying job separation.

If a claimant is overpaid UI benefits, BPC notifies the claimant of his or her rights and responsibilities concerning the overpayment. Some or all future UI benefits may be withheld to repay overpayments. Claimants who do not make or keep repayment agreements may have additional fees assessed and may be reported to a credit bureau.

WHAT IS YOUR ROLE IN OVERPAYMENT MATTERS?

As a part of its effort to detect claimants who have been overpaid UI benefits, BPC may send you one or more of the following forms to complete. Your cooperation in completing and returning these forms is helpful in detecting improper payments to claimants and incorrect charges to employer accounts.

- Form UIB-144, Request to Employer for Earnings Data
- Form B-563, Request for Verification of Work Search
- Form B-596, Request for Claimant Information

Please contact BPC at 303-318-9035 if you suspect a worker is being paid UI benefits to which he or she is not entitled.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

UNEMPLOYMENT INSURANCE INTEGRITY, BENEFIT ACCURACY MEASUREMENT

WHAT IS THE BENEFIT ACCURACY MEASUREMENT PROGRAM?

The Benefit Accuracy Measurement (BAM) unit exists to prevent and detect both error and fraud in the administration of the UI Program. BAM reviews a sample group of UI claim records that are randomly selected each week to test the accuracy of decisions to issue or deny UI benefit payments.

WHAT DOES A BENEFIT ACCURACY MEASUREMENT REVIEW INCLUDE?

When BAM conducts a review of a claim, the following information is considered:

- Employer records, agency actions, and the records and statements of the claimant pertaining to his or her claim for UI benefits.
- Records that validate the claimant's eligibility for UI benefits.
- The claimant's work-search contacts.
- Payroll records.
- All actions and records of the local employment office relative to each claim.

NOTE: If you do not respond to BAM's request to examine your records, a subpoena that requires you to produce the records may be issued.

WHO CONDUCTS THE REVIEW?

BAM staff is comprised of qualified personnel who are carefully screened before they are selected to review claims. Each staff member receives intensive training after being selected to review claims. Each staff member is knowledgeable about Colorado UI laws and policies. All project investigators have identification and are glad to present it upon request.

HOW IS THE REVIEW CONDUCTED?

You and all of the claimant's former employers are contacted to verify payroll records and the reason that the claimant is unemployed.

Work-search contacts specified by the claimant are verified by contacting you and/or other employers.

HOW ARE CASES SELECTED FOR REVIEW?

Each week a sample of claims records are chosen at random by a computer. The selections are made from the lists of claimants who recently:

- Received payment of UI benefits in a given week.
- Were denied the payment of UI benefits for a specific issue. All denial issues are subject to review.

A claim may be reviewed more than once. The number of times is not predictable since new cases are randomly selected each week.

Selection of claims for review is a random process. Claims are **not** selected for review because of suspicions of wrongdoing.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

UNEMPLOYMENT INSURANCE INTEGRITY, BENEFIT ACCURACY MEASUREMENT

HOW CAN YOU HELP?

As an employer, you can help by:

- Honoring the BAM staff's request for information.
- Providing accurate information promptly.
- Attending all hearings being conducted by UI Appeals when requested to do so.
- Sharing other information that might help the BAM staff determine if the claimant selected for review was:
 - Eligible for benefits and received the proper benefit payment. For instance, if

you are aware that a person being reviewed has returned to work or has been working while collecting benefits, notify the BAM staff.

- Properly denied payment based on the specific issue under review.

HOW CAN YOU CONTACT THE BENEFIT ACCURACY MEASUREMENT PROGRAM?

If you have any questions regarding the BAM unit or information that can be offered, call 303-318-9000, Ext. 83221. All BAM correspondence sent to you includes an investigator's name and telephone number.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

WORKFORCE DEVELOPMENT PROGRAMS

WHAT IS THE WORKFORCE DEVELOPMENT PROGRAM?

Colorado's Workforce Development Program consists of a statewide network of workforce centers (WFCs) that offer comprehensive



employment and training services to job seekers and employers. WFCs provide job placement, career counseling, and training services to job

seekers as well as recruitment and prescreening services to you. These centers are guided by local business representatives and operate in partnership with the UI Program, and with economic development, educational, and social-services agencies.

The major objectives of the Workforce Development Program are to:

- Assist all job seekers to return to work.
- Help you find qualified applicants to meet your business needs.
- Provide intensive services to targeted groups of job seekers (including veterans, the disabled, and individuals with barriers to employment).

- Increase the occupational skills of participants, thereby increasing their earning potential.
- Provide additional businesses services based on your needs.

You can list your job openings with Colorado's WFCs and take advantage of additional customized services offered free of charge by their representatives. Information on how to contact your local WFC is available at www.colorado.gov/cdle/ui; click on **Post a Job Opening** in the left column.

You may also list your job openings online at <http://coloradojobs.cdle.org>. Job openings entered on this Web site are made available to WFCs statewide and are posted on the Internet for maximum exposure to qualified job seekers.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

LABOR MARKET INFORMATION

WHAT IS LABOR MARKET INFORMATION?

The Labor Market Information (LMI) unit is your resource for the most accurate data available on the Colorado economy. LMI provides projections on job and industry growth, the size of the labor force for your industry, regional job-vacancy surveys, and specific information about wages and occupations in Colorado. Much of the information relates to the entire state, as well as regions, counties, and metropolitan areas within the state.



Colorado is part of an exciting and innovative new program called Local Employment Dynamics (LED), where information provided by the UI Program is combined with demographic analyses to give you more detailed information with which to make important business decisions. LED provides access to data that impacts all industries, including:

- Number of new hires
- Turnover rates
- Job creation
- Wage comparisons by industry type, age, gender, etc.

The data is available at the state, county, and workforce-region level. Because LED is a national program, you can compare your industry and region with industries elsewhere in the country. This resource is a valuable tool for recruitment and wage setting.

HOW DOES COLORADO USE DATA FROM LABOR MARKET INFORMATION?

Economic developers and planners use data collected from Colorado employers to attract new business to the state. Career-planning counselors use occupational projections and job-vacancy surveys to develop educational curriculum for the Colorado labor force. You can use labor market information to help set competitive wages and benefits for your employees. Businesses track hiring trends in their industry for specific occupations to keep up with their competition. Knowing which industries are shrinking and which are growing is useful to investors and business planners. Government leaders use data to make key decisions on budgets and economic development plans.

DO YOU NEED TO COMPLETE THE BLS-3020 REPORT?

If you operate more than one establishment under one unemployment identification number, you are required to supply quarterly employment and wage data for each location on Form BLS-3020, Supplement to Unemployment Insurance Tax Report. This form is automatically mailed by LMI to you if you have more than one Colorado location. If you have more than one Colorado location and never completed a Supplement to Unemployment Insurance Tax Report, you must call LMI at 303-318-8852. This data enables LMI to prepare accurate reports on the economic conditions of business activities by geographic areas and industries within Colorado.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

WORKERS' COMPENSATION

MUST YOU PROVIDE WORKERS' COMPENSATION FOR YOUR EMPLOYEES?



Colorado state law mandates that you provide workers' compensation coverage for your employees. This insurance provides prompt, partial wage replacement and covers medical expenses for workers injured on the job.

You pay the full cost of this insurance. It is unlawful to deduct the cost of this coverage from an employee's wages. No other insurance is allowed to substitute for workers' compensation coverage. Failure to provide this type of coverage for your employees may result in substantial penalties and an order to cease business operations.

To obtain workers' compensation coverage, contact your insurance agent. For more information regarding workers' compensation, contact the CDLE, Division of Workers' Compensation at 303-318-8700 (Customer Service Unit) or 313-318-8790 (Communications Unit).

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

GLOSSARY

Appeal. An appeal is a written request for a hearing when an interested party believes a decision is not legally correct or was based on incorrect or incomplete facts. The appeal must be in writing, specify the errors or omissions, and be filed within the time limits prescribed.

Base period. The base period is the 12-month period consisting of the first four of the last five completed calendar quarters preceding the quarter in which the claim is filed. Wages earned in this period are used to compute the amount of UI benefits.

Benefit year. The benefit year consists of 52 (or 53 in some rare cases) consecutive calendar weeks beginning with the week in which a worker files a valid claim for UI benefits and during which the claimant may draw the benefits.

Calendar year. The calendar year consists of 52 (or 53 in some rare cases) consecutive calendar weeks beginning in January and ending in December.

Chargeable for benefits. Your account may be charged for benefits when a former employee files a claim for UI benefits. Wages you reported for that individual during the base period are used to determine the amount your account is charged.

Claim. A claim is an application filed for UI benefits.

Claimant. A claimant is an unemployed worker who files a claim for UI benefits.

Colorado Employment Security Act (CESA). CESA is the section of the Colorado Revised Statutes that governs the payment of UI benefits, the establishment and maintenance of your employer tax account, and wage reporting.

Computation date. The computation date is the date (July 1 of each year) on which your tax rate is calculated for the following calendar year.

Covered employment. Covered employment is services performed for an employer covered by the Colorado Employment Security Act.

Determination. A determination is a decision that a claimant is or is not eligible to receive UI benefits or that an employer is subject to the Colorado Employment Security Act.

Division. The Division of Employment and Training is a division of the Colorado Department of Labor and Employment.

Employing unit. An employing unit is any individual or organization that has one or more employees in the state of Colorado. A corporation is, by definition, an employing unit because it has officers performing services.

Employment. Employment is services that are performed by an individual for another and are defined as covered employment by the Colorado Employment Security Act (see definitions for Covered Employment and Determination).

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

GLOSSARY

Excess wages. Excess wages are the total wages paid in excess of \$10,000 per employee per calendar year.

Exempt employment. Exempt employment is employment that is specifically excluded from the Colorado Employment Security Act.

Experience rating. Experience rating is a tax-rating process that occurs when you have filed tax and wage reports for all four quarters in the calendar year prior to the July 1 computation date for UI tax rates. You then receive a computed rate that is calculated using the account history on your account, including taxes paid and benefits charged.

Federal Employer Identification Number (FEIN). The FEIN is a number assigned to you by the Internal Revenue Service (IRS). It must be shown in the space provided on Form CR 0100, Colorado Business Registration. The FEIN is used to cross-reference your Colorado unemployment tax account with the IRS.

Fund. The fund is the Colorado Unemployment Insurance Trust Fund. It consists of all the taxes that have been paid by all Colorado employers, less all benefit claims that have been paid, plus any interest earned on the balance through the years.

Good cause. Good cause consists of factors that prevent a responsible and conscientious individual from performing a required action to comply in a timely and/or correct manner. Good cause provisions are set forth in Regulations Concerning Employment Security Part XII.

Gross taxable wages. Gross taxable wages are the total Colorado wages paid this quarter (subject to the State Unemployment Tax Act [SUTA] tax) (before deductions), whether paid in cash or other type of remuneration.

Gross wages. Gross wages are all wages.

Monthly employment. Monthly employment represents the number of workers who are covered under the Colorado Employment Security Act and who earned wages during the pay period that includes the 12th of the month.

North American Industry Classification System (NAICS). NAICS assigns a code to each reportable work site based on primary products produced or primary services delivered in accordance with the NAICS manual. The objective in industry classification is to have each work site coded on the basis of its principal activity for the purpose of determining the UI tax rate for an industrial business. If a firm conducts different activities at its various establishments, separate industry codes are assigned to the extent possible to reflect the primary activity at each site. NAICS replaces the former Standard Industrial Classification (SIC) system.

Political subdivision. A political subdivision is a county, municipality, school district, local junior college district, or special district of the state. Political subdivisions have the option of paying taxes at the political subgroup rate or direct reimbursement without posting a bond. Taxes are paid on the total Colorado gross taxable wages paid this quarter. Political subdivisions are not allowed to take excess wages because the assigned group rate is an average rate based on taxes paid, benefits charged, and the average annual taxable payroll for all employers in this classification.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

GLOSSARY

Rate code: A rate code is a tax rate assigned to you depending on the status of your business. A description of various rate codes follows.

Rate code 1, computed: The computed rate is based on the employer's record of taxes paid, benefits charged, and the average annual taxable payroll. It is available only to employers who have met the 12-month or 36-month requirement of benefits chargeability.

Rate code 2, reimbursable: The reimbursable rate is based on the employer's status as a political subdivision or nonprofit organization. It allows the employer to reimburse the Unemployment Insurance Tax Fund for any benefits paid to former employees.

Rate code 3, political subdivision: The political subdivision rate is a group rate that is assigned to all political subdivisions that do not choose to be reimbursable employers. The rate is an average rate based on the taxes paid, benefits charged, and average annual taxable payroll for all employers who are classified as a political subdivision.

Rate code 4, unrated standard: The unrated standard rate is defined by law as 1.7 percent (0.0170), for employers newly subject to pay unemployment insurance taxes as of July 1, 1997. This rate is assigned to new employers who have not met the 12-month requirement of benefits chargeability.

Rate code 5, unrated industry: The unrated industry rate is assigned to new employers in the construction industry who have not met the 36-month requirement of benefits chargeability. The unrated industry rate is an average industry rate based on the taxes paid, benefits charged, and the average annual taxable payroll for all employers within the construction industry as identified by the North American Industry Classification System (NAICS).

Rate code 6, unrated computed: The unrated computed rate is based on the employer's record of taxes paid, benefits charged, and the average annual taxable payroll. The unrated computed rate can be assigned to new employers who have not met the 12-month or 36-month requirement of benefits chargeability or employers who have lost benefits chargeability. Employers lose benefits chargeability after no wages have been paid for more than nine quarters. If the base rate can be calculated and the calculated base rate is higher than the standard base rate, then the highest rate computed is assigned.

Rate code 7, unrated freeze: The unrated freeze rate is based on the employer's account being reinstated. An employer who has lost benefits chargeability during the time he or she was inactive is not eligible for a computed rate until he or she again meets the 12-month or 36-month requirement of benefits chargeability.

Reimbursable employer. Reimbursable employers are certain eligible employers, qualifying political subdivisions, or nonprofit organizations who may choose to reimburse the Colorado Unemployment Insurance Trust Fund for any benefit claims paid to former employees.

Segregable unit. A segregable unit is a unit of a business which has operated as a separate entity for 12 calendar quarters immediately preceding the computation date (July 1) and has kept continuous, separate records of workers' wages, taxes paid, and benefits charged.

Questions? Go to www.colorado.gov/cdle/ui; send an e-mail to unemp.tax@state.co.us; or call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area).

GLOSSARY

State Unemployment Tax Act (SUTA) Dumping. SUTA dumping is a practice by employers to create new business entities for the purpose of transferring employees and, in some cases, a part of the organization, trade, or business to deliberately avoid an increase in their UI tax rate caused by UI benefit payments attributable to an existing company.

Tips. Tips are small amounts of money (gratuity) that are given as an acknowledgement for services rendered. Tips that are reported to you in writing by an employee are considered wages.

Total taxable wages. Total taxable wages are the total gross taxable wages minus the total excess wages.

Transfer of experience. A transfer of experience is the proportional share of the experience-rating record of the predecessor, including the actual taxes, benefits, and payroll experience that is transferred to you as the successor.

Unemployment insurance tax account number. The unemployment identification number is a unique employer identification number assigned to you by UI Operations.

Workforce centers (WFCs). Colorado's statewide network of WFCs provide job placement, career counseling, and training services to job seekers as well as recruitment and prescreening services for you.

Work site. A work site is an economic unit, such as a farm, factory, store, or mine, that produces goods or provides services. It is usually at a single physical location and is engaged in one or predominantly one type of economic activity. If you operate at two or more locations, you are required to identify separately the employment and payrolls of each location on the Form BLS-3020, Supplement to Unemployment Insurance Tax Report. The information reported on the Supplement to Unemployment Insurance Tax Report allows Labor Market Information to collect accurate employer data categorized by industry and county.