

SERVICE BULLETIN

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TO: T&T Clients
FROM: Josh Kendall
RE: Possible Indiana UI Rate and Taxable Wage Base Increases for 2010
DATE: January 5, 2010

Indiana businesses will not receive their typical tax rate notice from the Department of Workforce Development (“DWD”) this month. The DWD is delaying the issue of employers’ tax notices until March 30, 2010 due to a proposal before the General Assembly to delay the higher tax rates and taxable wage base that are currently scheduled to take effect in January 2010. Under the current legislation, tax rates for 2010 are set to increase dramatically from 2009 and the taxable wage base will increase from \$7,000 per employee for 2009 to \$9,500 per employee for 2010.

Lawmakers passed the higher tax rates as part of 2009 legislation to help balance the insolvent unemployment insurance trust fund. The trust fund became insolvent by allowing more money to be paid out to unemployed workers than it collected in taxes from employers. As a result, Indiana is presently borrowing from the federal government to pay unemployment insurance along with 24 other states.

When announcing the proposal to delay the tax increase, lawmakers said they hope the delay will give the economy additional time to recover. Lawmakers also want additional time to see what the federal government intends to do to assist states struggling with an overwhelmed unemployment system.

In light of the delay in mailing these 2010 notices, the DWD has decided to extend the timely filing and payment deadline for the first quarter of 2010. All first quarter 2010 payments received by May 31, 2010 will have the penalty and interest charges waived. However, the filing and payment deadline for the second quarter of 2010 will remain July 30, 2010.

If there are any questions please contact us. Bulletins may be viewed on our website at www.thomasandthorngren.com.


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