

SERVICE BULLETIN

Texas Surplus Tax Credits for 2008



TO: Texas Clients
FROM: Josh Kendall
DATE: January 14, 2008

The Texas Workforce Commission has indicated that an estimated \$170 million in “Surplus Tax Credits” will be distributed to qualified employers in 2008. For the second consecutive year the Surplus Tax Credits will be available because the balance in the Unemployment Compensation Trust Fund exceeds the statutory ceiling. The Surplus Tax Credits, which are actually refund checks, are expected to be issued in May (same as last year).

All tax-paying employers who are experience-rated and who have no outstanding reports or balances due are qualified for the refunds. There is no application to submit and no action to be taken on your part.

The refund amounts will be computed by multiplying a portion of your UI tax payments, consisting of your “general tax rate” and your “replenishment tax rate” [payments for the fourth quarter of 2006 through the third quarter of 2007 by 0.13 (the surplus ratio). These components are not reported separately on your Employer's Quarterly Report forms, so it would be a little difficult for you to compute the anticipated refund. If you would like us to compute it for you, please feel free to contact me (kendall@ttnash.com) and we will be glad to do so.

The checks will generally be smaller this year, unless there has been a significant increase in your taxable payroll, because the surplus ratio has decreased from 0.24 for 2007 to 0.13 for this year.

If there are any questions or you would like additional information regarding this matter, please do not hesitate to contact us.



Thomas & Thorngren, Inc.

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