

FILING TAX REPORTS ONLINE



Unemployment Insurance (UI) Operations encourages you to file your tax and/or wage reports online. The Internet application allows you to report wages for up to 100 employees. If you are reporting wages for more than 100 employees, you must file the wage report by another method. However, regardless of the number of employees you must report, your tax report can be filed online by bypassing the wage report. From www.coworkforce.com, click on **File Your UI Tax/Wage Report**. On the second page of the **Unemployment Insurance Quarterly Wage and Tax Report Web Site**, enter all required information and click on **Tax Report** (located on the lower-left corner of the page). You will be taken directly to the tax report. Follow the instructions for entering the wage information required for calculating the amount owed. These instructions also apply if you want to file a tax report that indicates zero wages were paid for the quarter.

NOTE: By clicking on **Total**, the system automatically calculates your **Total Taxable Wages, Taxes Due, and Total Amount Due**.



REMINDER

Please do not pay quarterly unemployment insurance tax-report payments that are **less than \$5**. Quarterly tax-and-wage reports must be submitted by the due date regardless of the amount owed. Remember to make all checks payable to the Colorado State Treasurer.

SUPER SYSTEM UPDATE: CONTRACT WITH ACCENTURE TERMINATED

A mutual agreement has been reached between the Colorado Department of Labor and Employment (CDLE) and Accenture LLC to terminate the contract for the *genesis* Project and the implementation of the State Unemployment Program E-government Resource (SUPER) system. CDLE is committed to replacing the existing legacy system and maintaining components of the SUPER system currently in production for efficient delivery of unemployment insurance services to the public.

The termination of the contract with Accenture LLC places a temporary hold on the development of the new system. At this time, an evaluation is being conducted to determine the best method for completing the computer-system redesign. Most features of the SUPER system will carry over to the redesigned computer system. As plans become known for completion of the new system, information will be provided.

You can monitor the implementation progress of the new system by clicking on the **SUPER System Information** link at www.coworkforce.com/UIT/. This Web page contains any updates to implementation dates.



QUESTIONS OR CONCERNS?

For tax questions and issues related to your account, you can contact Unemployment Insurance Operations by calling 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area) or by sending an e-mail to unemp.tax@state.co.us. If you have questions about a claim for UI benefits, call one of the telephone numbers above or send an e-mail to internet.claims@state.co.us.

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Reminder: The *UI Quarterly News* is published on the Internet. The most current information regarding unemployment insurance (UI), including current and previous newsletters, is available at www.coworkforce.com/UIT/, click on **UI Tax Newsletter**.

To obtain a hard copy of the *UI Quarterly News*, send an e-mail to unemp.tax@state.co.us or call one of the telephone numbers below.

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STATE UNEMPLOYMENT TAX ACT DUMPING ALERT

The Colorado Department of Labor and Employment (CDLE), Unemployment Insurance (UI) Program has become increasingly aware of a tax-avoidance method, known as State Unemployment Tax Act (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.

CDLE 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 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 all employers who are paying UI taxes in a lawful manner.

Employers engaged in these tax-avoidance activities knowingly misrepresent the purpose of the new business entity on forms and reports submitted to the UI Program. Employers engaged in this practice who knowingly make false statements or omit material facts on UI tax documents in order to reduce UI taxes are in violation of Colorado Revised Statutes (CRS) 8-81-101 and are subject to CRS 8-76-104 (10) as follows.

8-76-104 (10)(a) If a person knowingly violates or attempts to violate any provision of this section in order to obtain a lower contribution rate, the person shall pay all owed taxes with applicable penalties and interest and may be subject to the penalties set forth in paragraph (c) of this subsection (10).

(b) If a person knowingly advises another person in a way that results in a violation of paragraph (a) of this subsection (10), the person may be subject to the penalties set forth in paragraph (c) of this subsection (10).

(c) If the person who violates this section as described in paragraph (a) or (b) of this subsection (10) is an employer, the division may assign the employer the highest contribution rate assignable under this article for the rate year during which the violation or attempted violation occurred and the next three years. If, during the rate year in which a violation occurs, the subject employer was assigned the highest contribution rate, or the amount of the rate increase would be less than two and seven-tenths percent for the rate year, the division may impose a penalty contribution rate of two and seven-tenths percent of taxable wages for that rate year and the next three years. If the person is not an employer, the person may be subject to a civil fine of not more than five thousand dollars, which shall be deposited in the unemployment revenue fund created in section 8-77-106.

(d) In addition to any penalty imposed pursuant to paragraphs (a), (b), and (c) of this subsection (10), any violation of this section may be prosecuted as a Class 1 misdemeanor pursuant to section 18-1.3-501, C.R.S.

The UI Program is implementing 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 being informed about this activity. Information may be reported to the Director of UI Integrity at 303-318-9036. The source of the information is kept confidential.

NEW PROCEDURES FOR EMPLOYERS ACQUIRING ANOTHER BUSINESS

Due to recent law changes, Unemployment Insurance (UI) Operations requires additional information about a new business that is established due to the purchase or acquisition of another business or some portion of another business. An acquisition is defined as purchasing or gaining ownership of the assets, stock, and/or employees of a previously established business. An acquisition can occur as a result of the reorganization of an existing business. If you have acquired a business or some portion of a business, you must complete Form UITL-67, Business-Acquisition Questionnaire. To download the form, go to www.coworkforce.com and click on **UI Business Forms**. You may also contact UI Operations at 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area) to request the form.

VERIFY SOCIAL SECURITY NUMBERS AND NAMES OVER THE INTERNET

Employers can verify social security numbers and names of current and former employees over the Internet. This service is available through the Social Security Administration and can only be used to ensure the records of current or former employees are correct for the purpose of completing Internal Revenue Service Form W-2, Wage and Tax Statement. The service is available to all employers and third-party submitters of wage data for this purpose. Use of this service helps to ensure employers' wage records are accurate. For more information and to use this service, go to www.socialsecurity.gov/employer/ssnv.htm.

DELINQUENT TAX PENALTY

Employers must pay owed unemployment insurance taxes by June 30, 2006, to avoid a delinquent-tax penalty assessment during the 2007 tax-rate year. Employers who do not pay delinquent taxes by June 30, 2006, are assessed a penalty equal to the taxes due or one percent of the employer's taxable wages in the 2005 calendar year, whichever is less. In compliance with the Colorado Employment Security Act 8-79-104 (1)(c), this penalty is payable in four quarterly payments during the 2007 tax-rate year.