

# Unemployment Tax Tips for Employers

1. Ensure the employer's business information on file with the Division of Employment Security (DES) is correct. Owner, partners, officers, addresses, phone numbers, and entity changes should be updated in DES files. Contact the DES if you close, sell, or transfer your business. Also, let the DES know if you no longer have employees to report.
2. Open DES mail when received and respond promptly. Many items are time sensitive and have a specific deadline.
3. File Quarterly Contribution and Wage (CW) Reports timely. Filing on time will prevent a late penalty from being assessed against your employer account. Contact the DES to determine a payment plan if you are unable to pay the taxes due.
4. File State Unemployment Tax Act (SUTA) reports to take the Federal Unemployment Tax Act (FUTA) credit of 5.4 percent; thereby, paying only 0.6 percent instead of 6.0 percent.
5. Use the Unemployment State Tax Automated Reporting (USTAR) system online at [www.ustar.labor.mo.gov](http://www.ustar.labor.mo.gov), whenever possible. It is more efficient and will calculate excess wages and taxes due automatically.
6. Report probationary employees properly to prevent benefit charges against your account when the probationary employee files a claim for unemployment benefits. For reporting, employees are considered on probation for the first 28 calendar days of employment.
7. Report exempt employment and cafeteria plan wages properly. Some common errors found during employer audits that result in credits are reporting exempt employment (such as sole proprietors reporting family employment), or reporting cafeteria plan wages to Missouri.
8. Properly classify and report workers and officer payments to avoid additional taxes due. Some common errors found during employer audits that result in additional taxes due are the misclassification of workers as independent contractors and not properly reporting officer payments and casual or part-time workers.
9. Contact the DES for clarification if you need assistance. For example, you can ask for a determination on whether a working relationship is considered an employer/employee or independent contractor relationship.
10. Maintain sufficient documentation to justify any federal 1099 forms that you issue. Issuing a 1099 does not automatically make a worker an independent contractor. The DES will make that determination based on a thorough investigation of the facts.
11. Call the DES for the new employer rate for your industry, or the rate assigned to your existing employer account. Online CW reporting is encouraged (see item 6). However, if you file using a paper report, use the report provided by the DES, which has the correct tax rate. Do not use Quarterly CW Reports with outdated rates.
12. Ensure all protests to paying unemployment benefits are made timely. You also can request to be informed in the future if the worker files another claim for unemployment benefits.
13. Maintain good records regarding amounts paid to your workers for three calendar years, plus the current year.

**IMPORTANT:** If needed, call 573-751-3236 for assistance in the translation and understanding of the information in this document.

**¡IMPORTANTE!** Si es necesario, llame al 573-751-3236 para asistencia en la traducción y entendimiento de la información en este documento.

*Missouri Division of Employment Security is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.*

