



# Alaska Employer

Newsletter

## Unemployment Insurance Tax



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

Michael J. Dunleavy, Governor

Dr. Tamika L. Ledbetter, Commissioner

Patsy Westcott, Director

March 2019

### Questions about your rate, account or contributions?

#### CONTACTS

##### Juneau Central Office

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Phone: (907) 465-2757  
Toll free: (888) 448-3527  
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Email: ESD.Tax@Alaska.Gov  
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##### FIELD TAX OFFICES

###### Anchorage

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###### Fairbanks

675 7th Ave., Station L  
Fairbanks, AK 99701-4595  
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###### Kenai

145 Main Street Loop,  
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###### Mat-Su

877 Commercial Drive  
Wasilla, AK 99654-6937  
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##### UI Tax Representative

Toll free: (888) 448-2937

## Children's Wages

Whether your child's wages are reportable depends on the entity type of the business:

#### Sole Proprietor:

**Yes:** If your child is over the age of 18 and not in school full time. Once the child turns 21, wages are reportable, regardless if they are a full time student or not.

**No:** If they are under 18 years of age or in school full time and under 21 years of age (AS 23.20.526(a)(4)). If you would like your child's wages to be reportable, complete a Voluntary Election of Coverage form.

#### Limited Liability Company (LLC):

**Yes:** Unless the child is an LLC member. LLC member wages are not reportable (even if operating as a S Corp).

#### General Partnership:

**Yes:** Unless the child is a partner. Partner wages are not reportable.

#### Corporation:

**Yes:** Unless the child is an Executive Officer. If you would like your child's Executive Officer wages to be reportable, complete the Voluntary Election of Coverage form for all Officers.

## When to report employee's advances

Payroll advances made to employees are reportable in the calendar quarter in which they are paid, not when they are deducted from a subsequent payroll or when the advance is paid back. This is only an issue when the advance is paid back in a different quarter than the advance was issued.

For example, Adam is paid an advance of \$500 on March 24 and the \$500 advance is deducted from his paycheck issued on April 15. The \$500 advance must be included in Adam's reportable wages for the first quarter, as he received the money on March 24. The \$500 advance would be deducted from Adam's reportable wages in the second quarter, as the advance was paid back on April 15.

***All remuneration for service is to be reported in the quarter in which payment is issued, not the date the employee pays it back or the date it is deducted from a paycheck.***

## Miscellaneous payments

Miscellaneous payments such as employee bonuses, cash awards, cash equivalents for fringe benefits and payments made to temporary or seasonal employees, regardless of the length of employment or amount of wages paid, are considered wages and need to be reported on the Quarterly Contribution Report. (AS 23.20.530(a))

## Gross wages vs. reportable wages

**Gross wages** are the total wages earned by an employee before any deductions have been removed. Wages include payment for service, bonuses, lump sum payment, commissions, tips, etc., as defined in AS 23.20.530.

**Reportable wages** are gross wages less any deductions specifically excluded from Alaska's definition of "employment" under AS 23.20.525 or the definition of "wages" under AS 23.20.530(b). (Refer to the UI Tax Handbook, available at [labor.alaska.gov/estax/forms/taxbook.pdf](http://labor.alaska.gov/estax/forms/taxbook.pdf), for a list of common deductions.) These deductions include payments to a retirement, medical, disability, or life insurance plan.

## Whom to report as employees

Under AS 23.20.526(a)(3), if a worker performs services for an employer, regardless of the amount of time worked or wages paid to the worker, the wages are reportable on the Quarterly Contribution Report if it is in the course of business.

### Example 1:

Bob works as a delivery driver, delivering flowers for a florist shop. The florist shop offers its customers the option of having the flowers delivered, therefore, the delivery of flowers are in the course of the business. As Bob is fulfilling a service offered by the florist shop to its customers, his wages are reportable. This is the case even if the worker uses their own vehicle.

### Example 2:

An employee who works as a bartender for a restaurant is out sick for the evening. The employer has a friend, Denise, come in to cover the sick employee's shift for a few hours. Denise is paid \$25. Denise's payment of \$25 would be reported on the Quarterly Contribution Report as the work she performed was in the restaurant's course of business.

For additional information on who or what should be reported on your Quarterly Contribution Report, contact your local Field Tax Office.

**First Quarter reports and payments  
are due by April 30, 2019.**