

FUTA % & PcMars Patch 2.2.6

This patch will enable different FUTA rates to be specified in the 2011 payroll year. This is a result of the 0.2% FUTA Surtax expiring on June 30, 2011. A short FUTA overview is as follows.

Unemployment Tax Reduction

The tax on wages subject to the Federal Unemployment Tax Act (FUTA) is reduced effective for wages paid after June 30, 2011. The amount of wages per employee per calendar year subject to FUTA is \$7000.

Date	FUTA Rate
Before July 1, 2011:	6.2%
After June 30, 2011:	6.0%

Employers Subject to FUTA

An employer is subject to FUTA in 2011 on the wages paid to employees who are not farm workers or household workers if:

- The employer pays wages of \$1500 or more in any calendar quarter in 2011, or
- The employer has one or more employees for at least some part of a day in any 20 or more different weeks in 2011.

Employers are subject to FUTA in 2011 on the wages paid to farm workers if:

- The employer pays cash wages of \$20,000 or more to farm workers during any calendar quarter in 2010 or 2011, or
- The employer employs 10 or more farm workers during at least some part of a day during any 20 or more different weeks in 2011.

Employers are subject to FUTA in 2011 on the wages paid to household employees if:

- The employer pays wages of \$1000 or more in any calendar quarter of 2011.

State Credit Against Tax

Employers are allowed a state credit against the FUTA amounts that are paid into state unemployment funds. The credit cannot be more than 5.4% of taxable wages.

What is this expired 0.2% surtax?

The 0.2% surtax was added to the rate in 1976 to repay Federal Government loans that covered a shortfall in funding because of high unemployment rates and the heavy use of unemployment insurance in the early 1970s.