



This bulletin is to provide nonprofit employers with facts regarding the Florida unemployment compensation law.

Most nonprofit organizations exempt under s. 3306(C)(8) of the Internal Revenue Code regarding the Federal Unemployment Tax Act, who employed four or more workers for twenty or more weeks in a calendar year, are required to cover their employees under the Florida unemployment compensation law. The law does not cover service performed:

1. By an employee of a church or convention or association of churches or an organization operated primarily for religious purposes and which is managed, supervised, controlled, or principally supported by a church or convention or association of churches.
2. By a duly ordained, commissioned, or licensed minister of a church in the performance of his or her ministry or by a member of a religious order in the fulfillment of duties required by the order.
3. In a facility that provides a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury. Anyone providing work for pay for individuals who, because of their impaired physical or mental capacity, cannot be readily absorbed in the competitive labor market or individuals receiving such rehabilitation or work for pay are also not covered by this law.
4. As part of an unemployment work-relief or work-training program assisted or financed by any federal agency or an agency of a state or political subdivision, by an individual receiving such work relief or work training. **This does not apply to unemployment work-relief or work-training programs for which unemployment compensation coverage is required under a federal law, rule, or regulation.**

#### Payment by Tax Rate Method:

The beginning tax rate by law is .0270 (2.7 percent). This continues until the employer's record has been chargeable with benefits for usually eight calendar quarters, or they have filed ten quarterly reports with wages. The .0270 (2.7 percent) tax will be computed on all employees' taxable wages for the calendar year.

For employers electing the tax rate method of payment, a tax rate will be computed at the end of the ten quarters based on a comparison of benefits paid to former employees and taxable payroll reported timely. Certain adjustment factors, primarily based on the economic condition of the state, are added to this quotient.

#### Payment by Reimbursement Method:

A nonprofit employer may elect to reimburse the Florida Unemployment Compensation Trust Fund for the benefits that are paid to former employees on a dollar for dollar basis. You must submit an *Election of Nonprofit Organization Method of Payment Under the Florida Unemployment Compensation Law* (UCT-28). Your election must be for a minimum of two years and for a new employer, the election must be filed within thirty days after notification of liability by the Department. You may download this form at [www.myflorida.com/dor](http://www.myflorida.com/dor).

#### Sharing of Benefit Costs Under the Reimbursement Method:

The law permits two or more nonprofit employers a second option of electing the reimbursement method as a group, thereby sharing the cost of benefits paid to their former employees. The two or more employers involved must appoint an agent for the group and the election must extend over two calendar years. Benefits charged to the group will be paid by each member in proportion to the wages paid by that member. Therefore, a member without charges could be required to pay for the charges of another member of the group.

Also, a member could have other members pay a portion of his charges. The group's agent would submit all reports and payments for the entire group and act as their spokesperson.

#### Changing Methods:

A nonprofit employer using the tax rate method may change to the reimbursement method at a later date by submitting Form UCT-28 by December 1, prior to the calendar year you wish to begin using the reimbursement method. You may download this form from our Internet site.

Nonprofit employers using the reimbursement method may change to the tax rate method by submitting Form UCT-28 when the reimbursement period has been fulfilled. You must submit this form by December 1, of the year before the change is to be effective. You may obtain the form from our Internet site.

#### Reimbursement Versus Tax Rate Method:

In deciding whether you should elect the reimbursement method or the tax rate method, several factors must be considered. Using the tax rate method can allow you to estimate with reasonable accuracy the cost to your budget. There is a possibility of earning a lower tax rate in the future if you have a stable employment record.

Under the reimbursement method, you have no such basis for cost estimating. Your cost will be based solely on benefits paid to your former employees (or under the group method for a percentage of the benefits paid to former employees of any member of the group). Also, the cost of any sudden or unexpected layoffs must be borne immediately as you will be billed quarterly for reimbursement of benefits paid. Damage to your place of business by fire, hurricanes, or other similar unexpected disasters could result in your employees becoming unemployed and eligible for unemployment compensation benefits.

By paying the tax, you are assured that your tax rate will not vary for the first two years regardless of the number of claims filed by your former employees. The .0270 (2.7 percent) initial rate will be in force during this period. At the end of this time, your tax rate may vary up or down according to your record. The tax rate is based on a comparison of benefits paid to former employees and taxable payroll reported timely. The higher the amount of benefits paid compared to your taxable payroll, the higher the tax rate; and conversely, the smaller the amount of benefits paid, the better the opportunity for a lower tax rate.

#### Notification of Charges and Payment:

Employers whose accounts may be charged with benefit payments will be notified when a claim is filed. Approximately six weeks after the end of a quarter, a *Notice of Benefits Paid* (UCT-1) showing all charges for that quarter will be sent to the employer. Only the reimbursable employer is required to forward payment for the charges shown on the statement. The tax rate method employer's charges will be reflected in future tax rates.

Whether you use the tax rate method or elect to use the reimbursement method, no part of the payment(s) made for unemployment compensation tax is to be deducted from wages paid to your employees.

For more detailed information, see Section 443, Florida Statute, and Chapter 60BB-2 Florida Administrative Code.

## For Information and Forms



Information and forms are available on our Internet site at:

[www.myflorida.com/dor](http://www.myflorida.com/dor)



To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671.



Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.



For a written reply to tax questions, write:  
Taxpayer Services Mail Stop 3-2000  
Florida Department of Revenue  
5050 W Tennessee St  
Tallahassee FL 32399-0112

#### Get the Latest Tax Information

Sign up to get e-mail notices automatically when we post:

- Tax Information Publications (TIPs).
- *Facts on Tax*, a quarterly publication.
- Proposed rules, notices of rule development workshops, and more.

Sign up at: [www.myflorida.com/dor](http://www.myflorida.com/dor)