I have employees, WHERE do I start?!?

For more information concerning any of the following information, please refer to the Virginia Employment Commission Employer Handbook [1].

Determine Liability

Not all employing units in Virginia are subject to the taxing provisions of the unemployment compensation law. Coverage (tax liability) is determined by the number of workers employed, the duration and nature of services performed, and the amount of wages paid for services in employment. Once the liability conditions are met for your type of employment, you are required to report the total payroll for the entire year, by quarter, and pay the appropriate amount of taxes.

Most employers are liable if you have one or more employees who work for any portion of a day in twenty different weeks in a calendar year, or if your total gross payroll for any calendar quarter is $1,500 or more. §60.2-210. There are exceptions concerning domestic, nonprofit or agricultural employing units. For further information regarding these exceptions please refer to the Virginia Employment Commission Employer Handbook [2].

The term "**Employment**" for the purpose of unemployment insurance means:

1. Any service including service in interstate commerce, performed for remuneration or under any contract of hire, written or oral, express or implied; and

2. Any service, of whatever nature, performed by an individual for any employing unit, for remuneration.

For full definition of "employment" view the Virginia Employment Commission Employer Handbook [2].

The term "**Wages**" for the purpose of unemployment insurance means:

1. All sums payable, including wages, salary, commissions, and tips;

2. Cash value of all other forms of remuneration, such as board and lodging; (The value of meals and lodging furnished should not be included if furnished at the employer's premises for the convenience of the employer.) §60.2-229

3. Special payments such as annual bonuses, severance pay, and back pay. §60.2-229(A)

For full definition of "wages" view the Virginia Employment Commission Employer Handbook [2].

I think I am liable...now what?

Liability Determination Report – Get a VEC Account Number

All employing units are required to file a "Report to Determine Liability for State Unemployment Tax [3]," on including those acquiring a business, regardless of the type or duration of employment involved.

A Report to Determine Liability provides the agency the information necessary to determine liability. Employers are notified of the results of the determination. This form should be submitted at any time when liability is questionable. §60.2-500. If the VEC FC-27 cannot be completed online, the forms are available online. Http://www.vec.virginia.gov/forms-publications [4].

Employer's Quarterly Payroll and Tax Report – FC21/20

File online with Business iFile [3]. Liable employers are required to file an "Employer's Quarterly Report," (VEC-FC-20 and VEC-FC-21) each quarter. These reports are used to report wage, tax, and employment information, and are due at the end of the month following the end of a calendar quarter. §60.2-512.

Internet Filing

Business *iFile* [5] and *Web Upload* [6] are free online filing services, available 24 hours a day, seven days a week and replace the need to file a paper tax report. Every employer in active status, who did not file electronically or with a third party tax filer in the previous quarter, is mailed a form pre-printed with the employer's name, address, account number, and the rate at which taxes are to be computed.

NOTE: Failure to receive Forms VEC-FC-20 and VEC-FC-21 *does not* relieve the employer of the responsibility for filing those reports

Business iFile gives your company the capability to enter payroll reports online. Generally small employers are better served using Business iFile. For more information please refer to the Business iFile Information [7] page.

Web Upload gives your company the ability to save all report and payment information into a single file to upload to the VEC. Similar types of systems may be referred to as "bulk filing" or "bulk uploading." Logging into the Web Upload system allows you to view the layouts for each of the supported file formats. You also have the ability to schedule (or warehouse) payments for submission on a future date (up to the due date of the report). Extreme care should be taken to ensure that the information provided is correct as it is used in processing claims for unemployment benefits. §60.2-512, §60.2-229. For more information please refer to the Web Upload Information [8] page.

Employers with less than 100 employees are encouraged to use electronic medium when possible to provide an Employer's Quarterly Report using Business *iFile* [5] or *Web Upload* [6].

Employers with 100 or more employees shall file quarterly reports on an electronic medium using a format prescribed by the Commission (*Web Upload* [6]). 60.2-512.B.

These forms can be located under the Employers section of the Forms/Publications page [9].

What information do I need to file quarterly?

Employers are required to list the name, social security number, and total wages paid to each covered employee during the calendar quarter on the "Employer's Quarterly Report," VEC-FC-20 and VEC-FC-21. Include all wages paid both in cash and in any remuneration other than cash. All severance pay shall be reported as wages on Quarterly Reports.

The taxable wage base in Virginia is $8,000. Therefore, the first $8000 of each employee's wages are subject to tax, anything they earn beyond that is considered Excess Wages. Unemployment insurance tax must be paid on the amount of annual wages paid to an individual in any calendar year up to the taxable wage base. §60.2-229.B. Employers who discontinue or sell their business should notify the Commission.

Who do I contact if I have questions?

Questions concerning:

Liability (VEC FC27) – employer.accounts@vec.virginia.gov [10]

Quarterly Reports (VEC FC21/20) – ifilevec@vec.virginia.gov [11]

iFile/iReg – ifilevec@vec.virginia.gov [11]

Web Upload – webupload@vec.virginia.gov [12]

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