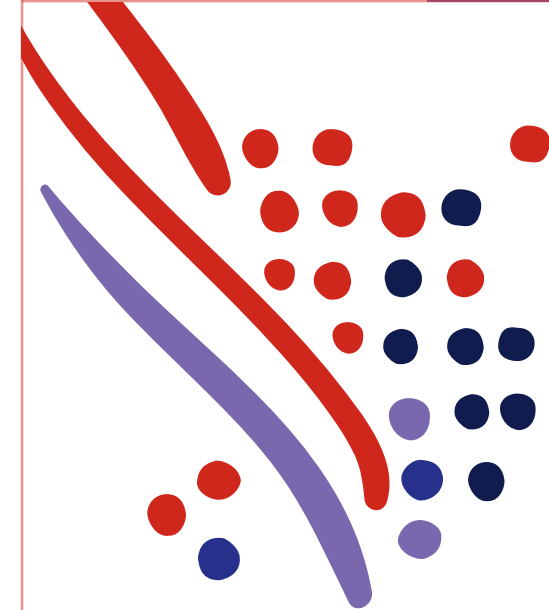


# UI Tax Filing and Payments

June 30, 2022 | Tampa, Florida



Always Designing  
for People®



# Size & Scope

## Payroll Service Providers

- PSPs typically file and pay 48% of a state's employer population
- PSPs strive to be compliant – filing / payment errors create work for:
  - Employer / client
  - State agency
  - PSP
- Efficiency – Everyone looking to do more with less
- Scale of improvement significant
- Conversely, scale of degraded service also significant

# Trusted Partner

- Payroll Service Providers (PSPs) should be considered a trusted partner
- Agencies typically assign PSPs account numbers or identifiers
- PSPs are required to log-in to state systems to transmit or receive info
- PSP consolidate reporting – Consider all ADP’s clients file separately
  - In FL there would be an additional 109,157 returns and payments
  - If there were 5% that needed to contact the agency – an additional 5,457 calls / emails

# Processing Evolution

- 1977 – Maryland Unemployment Insurance (I was there)
- Computers? Internet? All paper forms and checks
- All hands on deck to run deposits and deposit checks
- Months before data available for claims processing
- Accept what we received – including taxable wage calculation
- Paper everywhere – building engineer said the 4th floor in danger of collapse due to excessive paper in heavy fire-proof cabinets



# Processing Evolution

- 2022 – Typical State UI tax agency
  - Most require electronic filing
  - Most require electronic payment
  - UI Tax employer portal on Internet
    - Generally created for single employer
    - Great improvement over paper
    - Not conducive for bulk processing
  - Data can be available immediately
  - Edits can be enforced before data gets to agency



# PSP Challenges

## Client Behavior

- Clients pay PSPs to perform tax filing and payment function
- Client's primary responsibility? ***Run their businesses***
- Works well for PSP, agency and employer when everything in place
  - Authorizations, account numbers, agency-specific requirements
- Fails when key requirements missing
- After initial onboarding, getting clients to provide information is a challenge
  - Agency → employer; PSP → client; PSP → agency; employer → agency
- Consider innovative data sharing to solve

# PSP Challenges

## Authorizations

- PSPs must have:
  - Valid contracts with clients
  - Reporting Agent Authorization (RAA) to transact with IRS
    - RAA may also be used to authorize state or local returns
  - POA / MOU / TPA / RAA to file state and / or local taxes
- Consequences for missing authorization
  - Failure to obtain tax rate information
  - Unable to contact agency to resolve client issues
  - Some states threatening to reject filings and payments
  - Increased delinquencies, notices, and work for all

**Form 8655** Reporting Agent Authorization OMB No. 1545-1058  
 (Rev. October 2018) Department of the Treasury Internal Revenue Service  
 ▶ Information about Form 8655 and its instructions is at [www.irs.gov/Form8655](http://www.irs.gov/Form8655).

**Taxpayer**

1a Name of taxpayer (as distinguished from trade name) 2 Employer identification number (EIN)

1b Trade name, if any 4 If you are a seasonal employer, check here

3 Address (number, street, and room or suite no.) 5 Other identification number (optional)

City or town, state, and ZIP code

6 Contact person 7 Daytime telephone number 8 Fax number

**Reporting Agent**

9 Name (enter company name or name of business) 10 Employer identification number (EIN)

11 Address (number, street, and room or suite no.)

City or town, state, and ZIP code

12 Contact person 13 Daytime telephone number 14 Fax number

**Authorization of Reporting Agent to Sign and File Returns (Caution: See Authorization Agreement)**

15 Indicate the tax return(s) to be signed and filed. For quarterly returns, use "YYYY/MM" format. "MM" is the last month of the quarter for which the authorization begins (for example, "2018/Q3" for third quarter of 2018). For annual returns, use "YYYY" format to indicate the year for which the authorization begins.

940 941 940-PR 941-PR 941-SS 943  
 943-PR 944 945 1042 CT-1

**Authorization of Reporting Agent to Make Deposits and Payments (Caution: See Authorization Agreement)**

16 Indicate the tax return(s) for which the reporting agent is authorized to make deposits or payments. Use the "YYYY/MM" format to enter the month in which the authorization begins (for example, "2018/08" for August 2018).

940 941 943 944 945 720  
 1041 1042 1120 CT-1 990-PF 990-T

**Duplicate Notices to Reporting Agents**

17 Check here to request the IRS to issue to the reporting agent duplicate copies of notices and correspondence regarding returns filed and deposits or payments made by the reporting agent.

**Disclosure Authorization for Forms Series W-2, 1099, and/or 3921/3922**

18a The reporting agent is authorized to receive otherwise confidential taxpayer information from the IRS to assist in responding to certain IRS notices relating to the Form W-2 series information returns. This authority is effective for calendar year forms beginning \_\_\_\_\_

b The reporting agent is authorized to receive otherwise confidential taxpayer information from the IRS to assist in responding to certain IRS notices relating to the Form 1099 series information returns. This authority is effective for calendar year forms beginning \_\_\_\_\_

c The reporting agent is authorized to receive otherwise confidential taxpayer information from the IRS to assist in responding to certain IRS notices relating to the Forms 3921 and 3922. This authority is effective for calendar year forms beginning \_\_\_\_\_

**State or Local Authorization (Caution: See Authorization Agreement)**

19 Check here to authorize the reporting agent to sign and file state or local returns related to the authorization granted on line 15 and/or line 16.

**Authorization Agreement**

I understand that this agreement does not relieve me, as the taxpayer, of the responsibility to ensure that all tax returns are filed and that all deposits and payments are made and that I may enroll in the Electronic Federal Tax Payment System (EFTPS) to view deposits and payments made on my behalf. If line 15 is completed, the reporting agent named above is authorized to sign and file the return indicated, beginning with the quarter or year indicated. If any starting dates on line 16 are completed, the reporting agent named above is authorized to make deposits and payments beginning with the period indicated. Any authorization granted remains in effect until it is terminated or revoked by the taxpayer or reporting agent. I am authorizing the IRS to disclose otherwise confidential tax information to the reporting agent relating to the authority granted on line 15 and/or line 16, including disclosures required to process Form 8655. Disclosure authority is effective upon signature of taxpayer and IRS receipt of Form 8655. The authority granted on Form 8655 will not revoke any Power of Attorney (Form 2848) or Tax Information Authorization (Form 8821) in effect.

I certify I have the authority to execute this form and authorize disclosure of otherwise confidential information on behalf of the taxpayer.

**Sign Here**

Signature of taxpayer Title Date

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 10241T Form 8655 (Rev. 10-2018)

# Progress! MOU Adoption

## South Carolina – New Program for Agent MOUs

- South Carolina worked with National Payroll Reporting Consortium (NPRC)
- Developed Process to establish MOU
- MOU acts as a contract with the state

### Memorandum of Understanding (MOU) Guide for Agents

#### I

- Purpose: The purpose of the Memorandum of Understanding (MOU) is to stand as an agreement between SCDEW and the requesting agent. The requesting agent certifies that they have a signed authorization on file for each client/employer for which access is being obtained through the SUITS' agent portal. Furthermore, under the MOU the Agent agrees to:
  - Provide DEW with relevant information regarding their clients, to include their business address.
  - Provide DEW, upon written request, a copy of the written authorization form signed by their client, authorizing the Agent to receive and/or provide client information from and to DEW.
  - Notify DEW within (7) seven calendar days if they are no longer representing a client.

DEW agrees to provide the Agent with access to each of their client's UI tax and/or benefit account that the Agent maintains a signed written authorization.



# PSP Challenges

## Front-Door Edits

- Yesterday – Paper forms or magnetic media
  - Not processed real-time and editing occurred post receipt
  - Agency massaged data and tried to correct errors
- Today – Data filed through web portals or SFTP
  - Real-time or near-time processing
  - Fatal errors result in agency rejecting file
  - PSP / employer responsible for correcting errors
- Examples of fatal errors that result in rejects
  - Missing / invalid account numbers
  - Missing / invalid SSN numbers
  - Other – corporate officer codes, monthly employment edits, POAs, etc.



# PSP Challenges

## Out-of-State Wage Credits

- Most states permit employers to receive credit for wages paid in another state to same employee for the same employer in a calendar year
- Exceptions – LA, MN, MT
- Some states developing new rules for OOS wages
  - Must be a “permanent” transfer (DC, MD, SC)
  - Must be limited to a single previous state (DC)
  - Must reported in the 1<sup>st</sup> quarter of transfer and only once in a 2-year period (SC)
    - SC rejects wage reports for failing this test



# PSP Challenges

## Enhanced Data

- New initiatives to collect more employee data
- Driving well-intentioned efforts to dedicate resources to training and education for emerging and in-demand jobs
- High demand from educational and employer sectors
- Question – how demanding should states be to require and enforce enhanced data collections?
- Fines and penalties?
- Reject wage reports that report missing or invalid data?



# Emerging Technologies

- Employer registration – is there a better way?
  - PSPs collect employer data during on-boarding
  - Can this data be leveraged to populate agency registration?
  - PSPs could provide agencies with registration files
    - PSPs can collect electronic signatures to authorize process
    - Most employers want the PSP to act on their behalf
- Authorizations & Enrollment
  - FTA developing XML schema to enable PSPs to file authorizations

# Emerging Technologies

- What can be engineered better?
  - New employer registrations
  - PSP / TPA assignments – adds / deletes
  - Employer tax notices
  - Periodic data exchanges
    - Tax rates
    - Delinquency notice (copies – original still goes to employer)
      - WI Revenue agency will deploy new FTA Standards e-Notice
    - Adds / deletes
- When possible, make the exchanges on-demand through a secure agency portal
  - Agencies not required to be involved

# Contact & Reference Info

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- NPRC Website Link: <https://www.nprc-inc.org/blog/>