

INFO LINK

Your link to information regarding North Dakota Unemployment Insurance

September 2003



Centralized Services
Business Services Section
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***Employer's
Contribution and Wage
Reports for the quarter
ending
Sept. 30, 2003, are due
and must be
submitted by
Oct. 31, 2003***

FEIN Requirements

According to the IRS, an FEIN is required if the business is a corporation or a partnership.

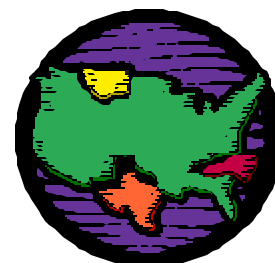
A sole proprietor needs to have an FEIN if they have one or more employees, if they have a KEOGH plan, or if they are required to file excise tax forms such as those for sales tax, alcohol, or tobacco.

Reporting Wages for Localized and Multi-State Employees

When an employee performs services in more than one state for the same employer, the question of which state to report wages paid to the employee is determined by one of five tests. These tests are applied by calendar quarter for services performed by each employee. All wages paid to an employee during the quarter will be reported to one state based on these tests. The application of these tests may result in an employee's wages being reported to one state in a quarter and to another state in a different quarter. In any case, some of the worker's service must have been performed in the state to which the wages are reported. The tests are applied to the services performed by each employee, in the following order (do not go to a step if the state to report the worker's wages to can be determined by the previous step):

1. Localization

If all work is performed within North Dakota it is clearly "localized" in North Dakota. If part of the work is performed outside North Dakota, however, the entire work will still be said to be localized within the state if the services that are performed outside North Dakota are incidental to the services performed within the state. The term "incidental" includes services that are temporary or transitional in nature, or which consist of isolated transactions. If an employee's services are temporary or transitory in nature, or consist of mere isolated transactions, they will be considered incidental to the employee's principal employment, and the employee's entire services will be subject to the law of the state in which the service is localized.



2. Base of Operations

If the employee's service is not localized in any one state, the employee's wages for the quarter are reportable to the state where the employee's base of operations is located. The base of operations is the place from which the employee starts his or her work, to which he or she customarily returns, and to which the employer may direct instructions to the employee.

3. Direction and Control

If an employee's services are not localized in any state, and the individual has no base of operations, all of the employee's quarterly wages are reportable to the state from which the employer exercises general direction and control over the employee, if some of the regular services of the employee are performed in that state (i.e., a multi-state truck driver would normally be reported to the state from which he is dispatched).

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4. *Residence*

If an individual's services are not localized in any state, and the base of operations and direction and control tests do not apply, all of the employee's quarterly wages are reportable to the state of the employee's residence.

5. *If Tests One through Four Do Not Apply*

If tests one through four do not apply and the individual's services are not covered under the laws of any other state or Canada, the services are covered in North Dakota if you direct and control the individual from North Dakota.

IRS Matching EIN with State Unemployment Tax Accounts

On an annual basis, Job Service North Dakota electronically certifies to the IRS the state unemployment tax (SUTA) wages reported and taxes paid for the requested period. This is to ensure that employers have taken the proper credit for paying state unemployment tax. Employers pay FUTA (federal unemployment tax) at a rate of 6.2 percent, minus a 5.4 percent credit for paying the state unemployment tax, for a net tax rate of .8 percent.



Since this certification process is requested using the federal EIN (employer identification number) as the account identifier, it is important that Job Service North Dakota has your correct EIN on file. If the structure of your business changes, e.g., you incorporate or make some other change, please contact us to update your account to ensure you get proper credit on your 940 filing. If you have received a notice from the IRS regarding your 940, you may need a re-certification from our office.

Question of the Quarter —

“What payments to employees are not considered wages?”



The following list includes the more common types of payments that are not considered wages, and which should not be reported to Job Service North Dakota on the quarterly Contribution & Wage Report:

- * Reimbursement by the employer of actual employee business expenses.
Payments made by the employer for retirement, medical or death benefits for the employee (amounts deducted from employee earnings are reportable).
- * Payments made by the employer for health insurance for the employee (amounts paid to employees for these items are reportable).

For further information or other wage reporting questions, please contact your Customer Service Consultant or call Job Service North Dakota at 1-800-472-2952.

CUSTOMER SERVICE CONSULTANTS

Our staff are available to answer your questions at any of the following locations:

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