

# INFO LINK

Your link to information regarding North Dakota Unemployment Insurance

MARCH 2007



Unemployment Insurance  
Tax and Field Services  
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Bismarck, N.D. 58506-5507

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**Employer's  
Contribution and  
Wage Reports for the  
quarter ending  
March 31, 2007, are  
due and must be  
submitted by  
April 30, 2007.**

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## INFORMATION, FORMS, AND ASSISTANCE

Pertinent information,  
forms, and Job Service  
local office directories  
may be obtained from  
our web site at:  
[www.jobsnd.com](http://www.jobsnd.com)



Use your 2007 rate on the  
Employer's Contribution and  
Wage Reports to calculate the  
contribution due. Also, the  
taxable wage base for 2007 is  
\$21,300.

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## FILE YOUR REPORTS ON-LINE WITH *UI EASY*

Click on the *UI EASY* logo at [jobsnd.com](http://jobsnd.com) for registration information.

*UI EASY* works well for employers of all sizes. Smaller employers will find it useful that information from the previous quarter is returned on-screen – all you need to enter is current quarter wages for employees reported last quarter. Larger employers may want to use the file **import** feature. You may import a file containing your report information from your computer into *UI EASY* (must be saved as a text (.txt) file first).

In either case you'll find it easy to add new employees. *UI EASY* will calculate taxable wages and the tax due. You will also be offered an opportunity to make your payment online.

For more information you may contact staff in Tax and Field Services using the contact information on the front page of this newsletter, or you may contact your Field Representative from the list on the back page.

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## LOWER YOUR 2007 TAX RATE

Employers may make a "Voluntary Contribution" to their Unemployment Insurance account to improve their contributions-to-benefits ratio, and thereby decrease their assigned tax rate. The lower tax rate to be paid typically represents greater savings to the employer than the amount of the Voluntary Contribution.

Voluntary Contributions will be applied to the Cumulative Lifetime and Six-year Reserves for recalculation of the current year's rate. A Voluntary Contribution will only affect the 2007 tax rate if made by April 30, 2007.



Instructions for the calculation of the required amount of voluntary contributions may be found on your 2007 Unemployment Insurance Tax Rate and Taxable Wage Base Notice. This notice was mailed to you on December 5, 2006. Contact your local UI Field Representative, or call 701-328-2814, or toll-free 1-800-472-2952 for more information.

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## WELCOME ABOARD TO THREE NEW UNEMPLOYMENT INSURANCE (UI) FIELD REPRESENTATIVE AUDIT STAFF

Since last quarter, we have hired three new UI Field Representatives. These field staff are replacing retiring staff and or staff selected for higher level positions.



Emojean Jorgensen began January 1, 2007, and will be serving employers in the Williston area.

Michael Skachenko began on February 15, 2007, and will be working in the Bismarck/Dickinson area.

Kristie Tollefson began February 15, 2007, and will be working in the Devils Lake area.

Their respective phone numbers and e-mail addresses can be found in the right hand column of this page.

### HINTS FOR SMOOTHER QUARTERLY REPORTING!!

**DO:** To help ensure timeliness and avoid penalties and/or interest charges, please use the return envelope provided with your quarterly report or use our address in this newsletter.

**DON'T:** Please do not use staples and no need to include your check stub.

### PAYING REASONABLE COMPENSATION TO THE S CORPORATION SHAREHOLDER—EMPLOYEE

Job Service North Dakota generally follows the rules of the Internal Revenue Service (IRS) in defining "remuneration for service", which is part of the definition of "wages" to be reported on quarterly reports for unemployment insurance (UI) purposes. Following is a portion of an IRS reminder to taxpayers – it also applies to your North Dakota UI taxes:

An S Corporation must pay reasonable compensation (subject to employment taxes) to shareholder-employee's in return for the services that the employee provides to the corporation, before a non-wage distribution may be made to that shareholder-employee. This issue has been identified as an area of non-compliance and will receive greater scrutiny in the foreseeable future.

If a shareholder-employee of an S corporation provides services to that S corporation, then reasonable compensation (subject to employment taxes) generally needs to be paid in return before any non-wage distributions may be made to that shareholder-employee.

Provided an S corporation shareholder is an employee and has received an actual distribution, the only remaining area of question is what amount is considered "reasonable" for that particular shareholder-employee. Whether the amount paid for the services provided constitute "reasonable compensation" is based upon all the relevant facts and circumstances.

The Law provides an option for exemption of remuneration to corporate officers, or LLC managers owning 25% or more of the corporation. The application to exempt corporate officers must be filed within 60 days of formation of the corporation or LLC, or by January 31 of the year in which the desired exemption is to become effective.

If you have questions you may contact our UI Field Representatives listed in this newsletter.

## UI FIELD REPRESENTATIVES

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