

Dear Arkansas Employer:

It is a privilege for the Division of Workforce Services to provide this Employer Handbook. It includes a brief explanation of the Division of Workforce Services Law, Regulations and procedures as they relate to the administration of Arkansas' Unemployment Insurance program. This Handbook is intended to provide clear, concise information to help employers protect their rights, fulfill their responsibilities and make the best possible use of services offered by the Division.

Hyperlinks have been provided throughout this document and are underlined in blue. References to the Arkansas Annotated Code are provided and easily accessed through the [Lexis Nexis](#) website at no cost.

Arkansas employers are solely responsible for the funding of the UI program. The state unemployment insurance tax is used exclusively for the payment of benefits to eligible unemployed workers, while the annual federal unemployment or FUTA tax is used to fund the administrative costs of the program.

Tax dollars can be saved by becoming familiar with the UI program. For example, FUTA taxes can be reduced by paying state UI taxes on time. In addition, benefit payment accuracy can be increased by responding to requests for information in a timely and precise manner.

While the Division encourages all employers to utilize this handbook it should be noted that it is being provided as general information and should not be relied upon as a substitute for legal advice.

## Contents

DIRECTORY.....	5
Administrative Directory .....	5
Other Helpful Information Sources.....	5
Local Office Directory .....	6
CONTRIBUTIONS.....	8
Employee.....	8
Exempt Employment .....	9
Creating an Account .....	9
Successor Employer.....	10
Acquisition of an Entire Business .....	10
Acquisition of Part of a Business .....	11
SUTA Dumping.....	11
Joint Accounts .....	11
Multiple Accounts .....	12
Employee Leasing.....	12
Wages to Be Reported.....	13
Payments Which Should Not Be Reported: .....	13
Employees in More than One State .....	14
Unemployment Tax Calculation .....	14
Total Tax Rate .....	15
Advanced Interest Tax Rate.....	15
Extended Benefit Tax Rate .....	15
Stabilization Tax Rate .....	15
New Employer Tax Rate .....	15
Base Tax Rate.....	16
Reserve Ratio.....	16
Net Reserve .....	16
Contributions Credited.....	17
Total Benefits Paid.....	17
Payroll Factor.....	17
Deficit Rated Accounts .....	17

Experience Rating Notices.....	18
Voluntary Payment Option.....	18
Federal Unemployment Tax Credit .....	19
Terminating Accounts .....	19
Reimbursable Employers.....	19
Factors That Should Be Considered Before Becoming Reimbursable .....	20
Reimbursable Payment Option .....	20
End of Year Balances .....	21
RESPONSIBILITIES AS AN EMPLOYER.....	21
Filing Quarterly Wage Reports .....	21
Electronic Filing Requirement .....	21
PENALTIES.....	22
Tax Rated Account Penalties .....	22
Reimbursable Penalties.....	22
PAYING TAXES.....	22
Keeping Records .....	23
Reporting Changes to the Employer Account .....	23
Providing Information to Employees .....	24
Providing Notice of Plant Closings or Mass Layoffs .....	24
Reporting Newly Hired and Returning Employees.....	25
BENEFIT PAYMENTS.....	27
How Are Unemployment Benefit Amounts Determined? .....	27
1.    Calculating the Base Period .....	27
2.    Monetary Eligibility .....	27
3.    Calculating the Weekly and Maximum Benefit Amounts.....	27
How Do Employers Know When a Claim has been Filed?.....	28
When Are Benefit Payments Made? .....	29
The Reason for Separation from Last Employment .....	29
Continuing Eligibility Requirements .....	34
Multiple Base Period Employers and Benefit Charging .....	34
Quarterly Notice of Benefit Charges .....	34
Reimbursable Employer Billings .....	35
Detection and Prevention of Improper Payments .....	35

Interstate and Combined Wages Claims .....	35
Federal-State Extended Benefits Program .....	36
Shared Work — An Alternative to Total Unemployment .....	36
Trade Adjustment Assistance and Trade Readjustment Allowance .....	36
Disaster Unemployment Assistance.....	37
How Can I Keep My Unemployment Costs Down? .....	37
Stabilize Employment.....	37
Minimize Charges .....	37
Maintain a Good Tax Rate .....	37
Report Fraud or Abuse .....	38
APPEALS.....	39
Notice of Claimant Eligibility .....	39

## DIRECTORY

### Administrative Offices

The Division of Workforce Services Administrative Offices are located at #2 Capitol Mall, Little Rock, Arkansas 72201.

### Administrative Directory

Director .....	(501)	682-2121
Equal Opportunity .....	(501)	682-2389
Legal Counsel .....	(501)	682-3150
State New Hire Registry .....	(501)	682-3413
Assistant Director for Unemployment Insurance .....	(501)	682-3200
Chief of Contributions .....	(501)	682-3253
Cashiers .....	(501)	682-3257
Collections .....	(501)	682-3100
Employer Accounts .....	(501)	682-3798

### Other Helpful Information Sources

Appeal Tribunal .....	(501)	682-1063
Board of Review .....	(501)	683-4300
Employer Charges .....	(501)	682-1181
Technical Assistance-Unemployment Insurance Benefits .....	(501)	628-3244

**(General Inquiries Only**--Questions regarding benefit payment issues involving specific claimants should be addressed to the Local Office in which the subject claim is being serviced.)

## Local Office Directory

The Division of Workforce Services has local offices throughout the State to carry out Unemployment and Employment Service functions.

LOCAL OFFICE	ADDRESS MAILING ADDRESS	TELEPHONE
Arkadelphia	502 South Sixth Street P.O. Box 620 - 71923-0620	870-246-2481
Batesville *	396 Barnett Drive P.O. Box 2296 - 72503-2296	870-793-4156
Benton	400 West Edison Street P.O. Box 2470 - 72018-2470	501-776-2974
Blytheville	2825 S. Division P.O. Box 1409 - 72316-1409	870-762-2035
Camden	237 Jackson Street SW P.O. Box 717 - 71711-0717	870-836-5024
Clarksville	23 Sherwood Plaza Shopping Ctr. P.O. Box 774 - 72830-0774	479-754-8969
Conway *	1500 North Museum Road, #111 P.O. Box 189 - 72033-0189	501-730-9897 501-730-9894
El Dorado	523 East Sixth Street P.O. Box 2038 - 71731-2038	870-862-6456
Fayetteville *	2143 Martin Luther King Blvd. P.O. Box 1205 - 72702-1205	479-521-5730
Forrest City	300 Eldridge Rd., Ste 2 P.O. Box 1059 - 72336-1059	870-633-2900
Fort Smith *	616 Garrison Ave., Rm. 101 P.O. Box 1987 - 72902-1987	479-783-0231
Harrison *	818 Highway 62-65 NWAEDD Plaza Bldg.	870-741-8236
Helena	819 Newman Drive P.O. Box 279 - 72342-0279	870-338-7415
Hope	205 Smith Road, Suite A P.O. Box 598 - 71802-0598	870-777-3421
Hot Springs *	2254 Albert Pike, Suite A P.O. Box 2278 - 71914-2278	501-525-3450
Jacksonville *	#2 Crestview Plaza P.O. Box 39 - 72078-0039	501-982-3835
Jonesboro	2311 East Nettleton Ave. P.O. Box 16127 - 72403-1460	870-935-5594
Little Rock *	5401 S. University P.O. Box 4970 - 72214-4970	501-682-8030
Magnolia	104 Harvey Couch Blvd P.O. Box 369 - 71754-0369	870-234-3440

LOCAL OFFICE	ADDRESS	TELEPHONE
Malvern	1735 East Sullenberger P.O. Box 788 - 72104-0788	501-332-5461
Mena	601C Hwy 71N P.O. Box 230 - 71953-0230	479-394-3060
Monticello	477 South Main Street P.O. Box 30 - 71657-0030	870-367-2476
Mountain Home	1058 Highland Circle #20 P.O. Box 1945 - 72654-1945	870-425-2386
Newport	7648 Victory Blvd Suite B - 72112-8912	870-523-3641
Paragould	1015 Linwood Dr. Ste. 4 P.O. Box 336 - 72451-0336	870-236-8512
Pine Bluff	1001 South Tennessee Street P.O. Box 8308 - 71611-8308	870-534-1920
Rogers *	100 N. Dixieland Road P.O. Box 99 - 72757-0099	479-636-4755
Russellville	104 South Rochester Avenue P.O. Box 727 - 72811-0727	479-968-2784
Searcy	501 West Arch Avenue P.O. Box 248 - 72145-0248	501-268-8601
Texarkana *	1702 Hampton Road 75503-2598	870-216-4011
West Memphis*	2000 W. Broadway P.O. Box 1928 ASU Mid-South - 72303-1928	870-400-2269

\* Indicates District Field Tax Representative stationed in this office.

District Field Tax Representatives for the Pulaski County area are stationed in the Administrative Offices located at #2 Capitol Mall, Little Rock, AR and can be reached by calling (501) 682-3254.

## CONTRIBUTIONS

Arkansas employers, with the exception of certain IRS approved nonprofit employers, and state and local government entities, pay both Federal and State unemployment insurance taxes to finance Arkansas' Unemployment Insurance program. An employer can be an individual, a partnership, a corporation, or any other entity for which a worker performs services. If a business meets one of the following conditions, it is considered an "employer" and required to pay unemployment taxes on its employees' wages throughout the calendar year:



1. Employ one or more workers for some portion of ten or more days during a calendar year, or;
2. Acquire the business or part of the business of an employer subject to unemployment taxes, or;
3. Pay \$1,000 or more cash wages in a calendar quarter to individuals employed in domestic service, or;
4. Pay \$20,000 or more cash wages in any calendar quarter to individuals employed in agricultural labor, or employ at least ten workers for some part of a day in each of twenty different weeks in a calendar year, or;
5. Voluntarily elect to provide unemployment coverage to workers even though it is not required. Such an election must include all employees in all of the employer's places of business and is binding for a minimum of two calendar years.

*Reference: Arkansas Code § 11-10-208, §11-10-209 and, §11-10-210*

### Employee

The relationship between the employer and its workers determines if the workers are employees covered by UI tax law. An employment relationship exists when a worker performs services that are subject to the employer's control, or right to control, whether or not that control is exercised.

Generally, an employment relationship exists when the services performed are a regular part of business. It is presumed that, in order to protect business interests, the manner in which workers perform services is controlled.

The services may be performed on a full-time, part-time, temporary, seasonal, or probationary basis. They may be performed on or off the premises or in employees own homes. Corporate officers, including officers of closely-held corporations, are employees of the corporation whether or not they receive wages.



In contrast, “independent contractors” are customarily engaged in an independent trade, occupation, profession, or business. They usually advertise their services, are in a position to realize a profit or suffer a loss as a result of their services, and usually have a significant investment in the business.

### Exempt Employment

Employees are covered by UI tax law, unless their services are specifically excluded. If a service is excluded, it is not counted in determining the liability for taxes. Payments for those services should not be included on the quarterly wage reports. Some of the more common types of payments not reported are:

1. Service performed by an individual in the employ of his /her son, daughter, or spouse.
2. Service performed by a child under twenty-one years of age in the employ of his /her father or mother.
3. Service performed as an insurance or real estate agent or solicitor if remuneration is solely from commission.
4. Service performed in the delivery or distribution of newspapers or shopping news to customers.
5. Service performed as a student nurse in the employ of a hospital or a nurses’ training school; or interns in the employ of a hospital.
6. Service performed by students in regular attendance at the educational institution that employs them.
7. Service performed in the employ of a church or convention or association of churches; or a church organization operated exclusively for religious purposes.
8. Service performed by an individual for any political caucus, committee, or headquarters of other groups of like nature not established on a permanent basis.
9. Service performed by an inmate of a penal institution.
10. Service performed by a qualified home and community based service provider.

Questions concerning coverage or exemption may be directed in writing to:

Division of Workforce Services  
Employer Account Services  
P.O. Box 8007  
Little Rock, AR 72203

Or by calling (501) 682-3798. All questions submitted in writing should include complete information regarding the nature of the employment, along with the name, address, and telephone of the individual that can best provide additional information, if such is needed.

*Reference: Arkansas Code §11-10-210(a)(4)(A)-(F) and §11-10-210(f)(1)-(21)*

### Creating an Account

As soon as an entity meets the definition of employer the [Tax21 website](#) can be utilized to create an account for reporting purposes. The Employer Accounts Services section or any of

the District Field Tax Representatives shown in the [Directory](#) of this handbook are also available to assist in the creating an account or answering any questions on the process. A “Report to Determine Liability Under the Division of Workforce Services Law” ([Form DWS-ARK-201](#)) must be completed and submitted no later than the last day of the second month in which the employer/employing unit meets the definition. The information provided will be used to determine the liability for unemployment taxes.

If an employer disagrees with a determination of liability it must notify the Division (Employer Accounts Services) within twenty days of the mailing date of the notification of liability or an account will be established and number assigned. The account number will consist of nine digits and it is imperative that the number is included on all reports, remittances and other correspondence to ensure reference to the correct account.

If there is a disagreement with the liability determination and the employer decides to appeal, quarterly reports must be filed and all contributions, penalty, and interest due must be paid during the appeal process.

### Successor Employer

When all or part of a business covered by UI tax law is acquired, whether the acquisition is the result of reorganization, purchase, inheritance, receivership or for any other cause, the acquiring entity is considered a “successor” employer for unemployment tax purposes. Successor employers are immediately liable for unemployment tax regardless of the amount of wages paid or workers employed.

**When acquiring a business, consider whether any unemployment taxes remain unpaid by the seller.**

### Acquisition of an Entire Business

When an entire business is acquired and its operation is continued, the tax rate and all experience transfers to the successor employer. The experience includes the record of contributions paid into and benefits paid out of the trust fund. Therefore, any unemployment benefits awarded based on wages paid by the former owner will be charged to the successor employer’s account. Additionally, the successor employer will be liable for taxes left unpaid by the predecessor employer.

**Take advantage of the taxable wages reported by the former owner.**

As a successor employer, take into account wages paid by the former owner in determining the amount of wages that are taxable during the year the business is acquired. For example, if the former owner has paid wages in excess of the taxable wage base to a worker whose employment continues with the successor employer, taxes are not due on any additional wages paid to this worker in the year that the business is acquired.

*Reference: Arkansas Code §11-10-710*

## Acquisition of Part of a Business

If only a segregable and identifiable portion of a business is acquired and continues to operate, the successor employer is not automatically assigned the tax rate and experience rating of the former owner.

If a successor employer wants to obtain the partial experience of the predecessor employer a “Petition for Partial Transfer of Experience” ([Form DWS-ARK-201P](#)) must be completed and submitted no later than thirty days after the effective date of the acquisition.

*Reference: Arkansas Code §11-10-710(b)(1)*

## SUTA Dumping

SUTA Dumping is the deliberate avoidance of UI taxes by manipulation of UI tax rates. Businesses manipulate UI tax rates by purchasing or forming a new entity with a lower rate and then moving employees and wage reporting to that entity.

UI tax law provides for criminal and civil penalties for employers and financial advisors that engage in SUTA Dumping. Violations or attempted violations by employers can result in a 2% rate increase in the year the violation occurs and in the three succeeding years, and a 10% penalty on total UI taxes due. Advising other persons or entities to engage in SUTA Dumping can result in penalties up to \$5,000.00 plus 10% of tax due. In addition, any person who violates or advises others to violate the SUTA Dumping provisions shall be guilty of a Class C felony.

*Reference: Arkansas Code §11-10-723*

For additional information regarding SUTA Dumping call (501) 682-3353.

## Joint Accounts

Employers can make application to participate in a joint account with one or more other employers. To make such an application, a completed “Petition for Joint Employer Tax Account” ([Form DWS-ARK-201J](#)) must be submitted on or before December 1, prior to the year the application is to become effective. If approved, the individual accounts are merged in a joint account for experience rating purposes. Each employer assumes joint and several liability for the debts of the others in the group. All joint accounts are maintained on a calendar year basis and must be maintained for a minimum of two calendar years unless terminated sooner by action of the Division.

Withdrawal from a joint account by any participating employer may be approved, if the request for withdrawal is made in writing to the Division on or before September 30 of the year prior to the year for which the withdrawal is to be effective. A “Request for Withdrawal from Joint Account” ([Form DWS-ARK-236J](#)) must be completed and submitted to process the request. The withdrawing employer will be treated as a new liable employer, and as such will not get the benefit of the taxable wage base already paid on employees in former quarters.

*Reference: Arkansas Code §11-10-208(3)-(12)*

For additional information on joint accounts please contact the Employer Accounts Division at

(501)-682-3798.

### Multiple Accounts

If an employer has multiple locations that require separation for its internal accounting purposes, more than one account may be assigned, but the experience is combined in to one rate.

Multiple accounts must file separate “Employer’s Quarterly Wage and Contribution Report” ([Form DWS-ARK-209B](#), [DWS-ARK-209C](#), [DWS-ARK-209BR-Reimbursable Employers Only](#) or [DWS-ARK-209BS-Seasonal Industries Only](#)) for each place of business. A separate account number will be assigned to each of these businesses.

### Employee Leasing

The term “lessor employing unit” is defined as an independently established business entity which engages in the business of providing leased employees to any other employer, individual, organization, partnership, corporation, or other legal entity, referred to herein as a “client.” Any legal entity determined to be engaged in the business of “outsourcing” shall be considered a lessor employing unit. Additionally, the licensing requirements of the Arkansas PEO Recognition and Licensing Act (Arkansas Code Annotated 23-92-401 et seq.), as administered by the Arkansas Insurance Division, must be satisfied. Lessor employing units must also obtain an employee leasing firm license from the Arkansas Department of Insurance, post a surety bond in the amount required by them, and meet the other requirements of that licensing department. (*The surety bond required for licensing is in addition to the bond requirements of the Division of Workforce Services.*)

If, after three years all contributions have been paid in a timely manner, the bond held for a bonded lessor employer may, upon request, be reduced from \$100,000 to \$35,000. Bonded lessor employers must report wages for new clients on separate client accounts for three years; after which time, the bonded lessor employer shall report all wages under its own account number and federal ID number, using the assigned rate. Non-bonded lessor employers must always report wages under its clients accounts.

In lieu of a surety bond, the lessor employing unit may deposit, in a depository designated by the Director, securities with marketable value equivalent to the amount required for the surety bond. The securities so deposited shall include authorization to the Director to sell any such securities in an amount sufficient to pay any contributions which the lessor employing unit fails to promptly pay when due.

*Reference Arkansas Code Annotated, Section 11-10-717 (e) (2) (B).*

The clients of lessor employing units must continue to report wages paid to their employees and pay the contributions due on them until the lessor employing unit has complied with the security bond requirements as stated above. In addition, the employee leasing company is prohibited from moving the wages of a client from one lessor employing unit to another lessor employing unit account with a lower rate.

A lessor employing unit, that has not posted a Surety Bond or provided other acceptable collateral, must submit separate quarterly contribution and wage reports for each of its client

entities. When an employer enters into a contract with a lessor employing unit, which has not posted a \$100,000 surety bond, a new account number will be issued. If the client has an existing account with DWS, it will be terminated, a new account number issued as a successor account, and the experience rating transferred to the successor account. A new employer will have a new DWS number issued. The lessor information on the account will be the lessor's Federal Identification Number, address, telephone number and contact person. Individual client information will compose the remainder of the items.

If a client chooses to retain a portion of the employees, a multiple account will be generated with the parent account unit belonging to the client and the secondary unit having joint and several liabilities with the lessor employer.

In order for lessor accounts to be accurately maintained, a monthly list of clients added and deleted will be sent to the Arkansas Insurance Department, with a copy to the Division of Workforce Services. A Power of Attorney signed by the client's representative should be submitted for each lessor client.

The provisions, as outlined above are not applicable to private employment agencies that provide their employees to employers on a temporary basis, provided that the private employment agencies are liable as employers for the payment of contribution on wages paid to temporary workers it employs. An example is a Temporary Help Firm, which is defined as a firm that hires its own employees and assigns them to clients to support or supplement the client's workforce in work situations such as employees' absences, temporary skill shortages, seasonal workloads and special assignments/ projects.

*Reference: Arkansas Code §11-10-717(e)1-5*

### **Wages to Be Reported**

"Wages" means all remuneration paid for personal services including, but not limited to, salaries, commissions, bonuses, fees, fringe benefits, sick pay made directly to the employee or his dependents, deferred compensation, tips received while performing services which constitute employment and were reported by employees, and the cash value of payments in any medium other than cash. Employer contributions (to the extent elected by the employee) to 401 (k) plans are also wages.

**Be aware of excluded payments for which taxes are not due.**

### **Payments Which Should Not Be Reported:**

1. Payments made to a plan or system which makes provision for employees and/or their dependents for insurance or annuities involving retirement, sickness or accident disability, medical and hospitalization in connection with sickness or accident disability, worker's compensation, or death.
2. Payments made by an employer under a cafeteria plan, within the meaning of 26 U.S.C.A. Section 125, if such payment would not be treated as wages without regard to such plan.
3. Fees paid to corporate directors.

4. A domestic employee’s share of the Federal Insurance Contribution Act (FICA).

*Reference: Arkansas Code §11-10-215*

### Employees in More than One State

If employees are working in Arkansas and one or more other states, the following guidelines will help correctly report their wages and pay unemployment taxes:

1. If an employee works **only** in Arkansas, report the wages and pay taxes to Arkansas, whether or not the employer is located in Arkansas.
2. If an employee works **only** in another state, report the wages and pay taxes to that other state, even if the employer is located in Arkansas.
3. If an employee works **primarily** in Arkansas and only **occasionally** in another state, report the wages and pay taxes to Arkansas whether or not the employer is located in Arkansas.
4. If an employee works equally in two or more states, report the wages and pay taxes to the state that contains the employer’s base of operations, or the state from which the services are directed and controlled (*usually the State in which the employer is located*).

#### Localization of Work Provisions

When an employee permanently moves to Arkansas from another state, but remains employed by the same employer, a credit against Arkansas’ \$10,000 taxable wage base may be taken for UI taxes paid in the former state of residence during the same calendar year.

For example:

If in the second quarter of the calendar year an employee moves to Arkansas from Missouri. (Missouri’s taxable wage base is \$13,000) In Missouri in the first quarter the employee was paid \$10,000 and in the second quarter in Arkansas the employee was paid \$10,000. The second quarter taxes will be as follows:

Arkansas taxable wage base:	\$10,000.00
1 <sup>st</sup> quarter wages paid toward Missouri taxable base	- <u>\$ 8,000.00</u>
Taxable wage base not yet met	\$2,000.00
2 <sup>nd</sup> quarter wages for Arkansas	\$10,000.00
Taxable wages base not yet met	- <u>\$2,000.00</u>
Excess Wages	\$8,000.00
Taxable Wages for Arkansas	\$2,000.00

### Unemployment Tax Calculation

*(The following information on calculating tax rates does not apply to certain nonprofit and governmental employers that have chosen the reimbursement payment option—please see the section on [reimbursable employers](#) for more information on this option).*

Arkansas’ base UI tax rates range from 0.1% to 5.0% with deficit employer rates ranging from 6.0% to 14.0%. In addition to the base rates and deficit employer rates, additional taxes may be in effect. The additional taxes are: Advanced Interest tax 0.2%, Extended Benefit tax 0.1%

and Stabilization tax 0.1% to 0.8%. Together the base/deficit rate and the additional taxes constitute the total tax rate. The base/deficit rates and the additional taxes (when in effect) are due on the first \$10,000 (taxable wage base) of covered wages of each employee during the calendar year. The total tax amount is calculated by multiplying the quarterly taxable wages by the [total tax rate](#).

### Total Tax Rate

To determine the amount of the tax that each individual employer pays; the advanced interest, extended benefit, stabilization and base rate are added.

For example:

<a href="#">Advanced Interest:</a>	0.20%
<a href="#">Extended Benefit:</a>	0.10%
<a href="#">Stabilization Rate:</a>	0.80%
Example Employer's <a href="#">Base Tax Rate:</a>	<u>2.90%</u>
Total Tax Rate:	4.00%

### Advanced Interest Tax Rate

The 0.20% Advanced Interest tax is imposed the quarter following the quarter in which an outstanding Title XII advance begins to accrue interest.

*Reference: Arkansas Code §11-10-708*

### Extended Benefit Tax Rate

The extended benefit tax is a 0.1% tax on taxable payrolls to finance the payment of extended benefits. Whether the tax triggers on depends upon the trust fund balance.

*Reference: Arkansas Code §11-10-540*

### Stabilization Tax Rate

The stabilization tax is a solvency tax which, depending on the relationship of the trust fund balance to total payrolls, may range from – 0.1% to 0.8% of taxable wages. This tax is necessary since individual employer reserves cannot be charged for all benefits paid from the trust fund.

Examples of these uncompensated benefit payments include:

1. Benefits paid to workers whose employer has gone out of business.
2. Benefits paid to workers whose employer's tax rate is not sufficient to cover their benefit charges.
3. Benefit payments that are non-charged.

*Reference: Arkansas Code §11-10-706*

### New Employer Tax Rate

New employers are assigned the new employer rate. The new employer rate is 2.9% plus any additional taxes in effect. New employers keep the new employer rate until such time as they have had three years of chargeable benefit experience.

## Base Tax Rate

After an employer has been subject to three or more years of benefit experience the rate will be assigned by the following chart based on the [Reserve Ratio](#).

Contribution Base Rate	Reserve Ratio
0.1%	9.95% or more
0.3%	9.35% but less than 9.95%
0.5%	8.85% but less than 9.35%
0.8%	8.65% but less than 8.85%
1.2%	8.35% but less than 8.65%
1.6%	7.95% but less than 8.35%
2.0%	7.35% but less than 7.95%
2.4%	6.75% but less than 7.35%
2.8%	5.45% but less than 6.75%
3.2%	2.45% but less than 5.45%
4.0%	1.35% but less than 2.45%
5.0%	Less than 1.35% with a positive reserve balance
6.0%	Less than 0.00%
8.0%*	Less than 0.00% for two consecutive years
10.0%*	Less than 0.00% for four consecutive years
12.0%*	Less than 0.00% for six consecutive years
14.0%*	Less than 0.00% for eight consecutive years
2.9%**	New Employer Rate

\* See Deficit Account Rates section for additional information  
 \*\* See New Employer Tax Rate section for additional information

*Reference: Arkansas Code §11-10-705*

## Reserve Ratio

The reserve ratio is calculated by dividing the net reserve by the payroll factor.

$$\text{Reserve Ratio} = \frac{\text{Net Reserve}}{\text{Payroll Factor}}$$

## Net Reserve

The net reserve is calculated by subtracting the total unemployment insurance benefits paid from the total contributions credited.

$$\text{Net Reserve} = \text{Contributions Credited} - \text{Total Benefits Paid}$$



## Contributions Credited

Contributions credited is the amount of taxes paid on the account, excluding any advanced interest, extended benefit, or stabilization taxes paid.

The rate calculation period is July 1 through June 30. However, contributions paid on or before July 31 on wages paid on or before June 30 shall be included in the computation.

## Total Benefits Paid

[Unemployment benefits paid](#) is the total amount of unemployment benefits paid to former employees and charged to the account during the rate calculation period.

## Payroll Factor

The payroll factor is determined by taking the lowest of the three or five year average taxable payroll. Taxable payroll is the total of the first \$12,000 paid to each employee in the calendar year. DWS' tax system will calculate and use the most advantageous payroll factor in the rate calculation.

Example:

Year 5: \$10,000  
Year 4: \$50,000  
Year 3: \$45,000  
Year 2: \$70,000  
Year 1: \$100,000

5 year average (\$10,000 + \$50,000 + \$45,000 + \$70,000 + \$100,000) divided by 5 $\$275,000/5 = \$55,000$ 3 year average (\$10,000 + \$50,000 + \$45,000) divided by 3 $\$105,000/3 = \$35,000$ lowest of the two averages = Payroll Factor
--

## Option to Elect Last Year's Payroll

An employer (other than one with the new employer rate) whose previous year's total taxable payroll is less than the three or five year average annual payroll may elect to use the previous calendar year's payroll as the payroll factor in computations of the experience rate.

Employers that wish to select this option must make their request in writing no later than July 31<sup>st</sup> immediately preceding the particular rate calculation year. Requests should be addressed to:

Division of Workforce Services  
Employer Account Services  
P.O. Box 8007  
Little Rock, AR 72203

## Deficit Rated Accounts

If, on the computation date, the total of all contributions credited to the employer for all previous periods is less than the regular benefits charged to the employer's account (negative [Net Reserve](#)), the employer will be assigned a deficit rate.

Even though many employers are assigned the maximum base rate, this does not cover the cost of unemployment benefits chargeable to their accounts. As a result there are additional

assessments for deficit rated employers. Once an employer is assigned a 6.0% deficit rate for two years an additional assessment of 2.0% is added raising the rate to 8.0%. If the account remains deficit for four years an additional assessment of 4.0% is added bringing the rate to 10.0%. At six years deficit rating the additional assessment is 6.0% and the rate is 12.0% and starting in 2016 an account with a deficit rating for eight years or more receives an 8.0% additional assessment for a total rate of 14.0%.

### Experience Rating Notices

On or before February 1 of each year an, "Experience Rating Notice" is sent to each liable employer. This notice shows the rate the employer will use to compute the contribution due on the taxable payroll for the current calendar year.

The total tax rate is identified as that portion of the tax applicable to the contributions tax, stabilization tax, extended benefits tax, and advance interest tax, when in effect. The notice will also show the various rate factors on the computation date which were used to determine the assigned rate.

The notice should be inspected for accuracy. This notice is final and binding, unless written application for review and redetermination is filed with the Division, within thirty days from the date the notice was mailed.

**Each year consider a voluntary payment as a way to reduce tax rates.**

### Voluntary Payment Option

A voluntary payment may be an option to reduce the assigned base rate for an employer's account. Voluntary payments are used to increase the contributions credited rate calculation factor and can result in a lower tax rate.

A voluntary payment schedule, if applicable to the employer's account, is included with the [experience rating notice](#). Voluntary payments must be made by March 31. Upon receipt of the voluntary payment, a new experience rate is calculated based on the updated [reserve ratio](#) and a new experience rating notice will be mailed.

Such payment must be clearly identified as a voluntary payment, the amount being paid, and the account(s) to which it is to be credited. No voluntary payment may be refunded after being credited to an account. Payment may be made through the Tax21 system, or mailed to:

Division of Workforce Services  
Attn: Voluntary Payments  
P.O. Box 8007  
Little Rock, AR 72203

For additional information on voluntary payments contact the Employer Accounts division at (501)-682-3798.

**Pay state unemployment taxes on time to receive full credit  
against federal unemployment tax.**

### **Federal Unemployment Tax Credit**

Most employers that pay Arkansas state unemployment tax are liable under the Federal Unemployment Tax Act (FUTA). The annual tax paid under FUTA is used to fund the administrative costs of the Unemployment Insurance program while Arkansas state unemployment tax is used for the payment of benefits to eligible unemployed workers. When state taxes are paid on time, a tax credit is given to reduce the FUTA tax regardless of the Arkansas UI tax rate. In order to receive the full federal tax credit, state taxes must be paid timely.

*[Reference IRS.gov/940-FUTA](https://www.irs.gov/940-FUTA)*

### **Terminating Accounts**

If an employer is going out of business or sells the business to a successor employer a “Report to Terminate Account” ([Form DWS-ARK-236](#)) must be filed with the Division of Workforce Services.

For additional information on terminating an account contact the Employer Accounts division at (501)-682-3798.

### **Reimbursable Employers**

A nonprofit organization, exempt from federal unemployment taxes under Section 501(a) of the Internal Revenue Code of 1954, as amended, and state and local governmental entities, including educational institutions, are offered an alternative method for paying state unemployment taxes --the reimbursable payment option--a form of “self-insurance.” If an employer opts for the reimbursable payment option, rather than pay quarterly taxes based on a tax rate, it pays its pro rata share of the actual cost of any benefits paid to its former workers.

The reimbursement payment option must be chosen within thirty days of the date the employer becomes liable under Arkansas’ unemployment tax law otherwise the account will be set up to be tax rated. The required written notice of election should be mailed to:

Division of Workforce Services  
Employer Accounts Services  
P.O. Box 8007  
Little Rock, AR 72203

*[Reference: Arkansas Code §11-10-713](#)*

## Factors That Should Be Considered Before Becoming Reimbursable

1. This option is generally more advantageous for employers with stable employment; the tax-rated basis is usually more advantageous for employers with high employee turnover.
2. Reimbursable payments will vary depending on the number of former employees receiving unemployment benefits; however, with this option it is difficult to estimate costs. In contrast, tax-rated employers can more accurately estimate unemployment costs because their tax rates remain constant for a complete calendar year.
3. Employers that have elected the reimbursable payment option may not be relieved of “charges” (benefit payments) for any reason. This includes cases where former employees are paid benefits after a disqualification for quitting or discharge, or in cases where they are paid benefits after subsequent employment and certain other circumstances. Although tax-rated employers may be relieved of charges for specific individuals, the actual cost of the benefits paid to those individuals is shared by all tax-rated employers.

## Reimbursable Payment Option

1. Each quarter an “Employer’s Quarterly Contribution and Wage Report” ([Form DWS-ARK-209BR/CR](#)) listing all employees’ names, social security numbers, and total gross wages must be completed. *No payment is included with this report.*
2. When former employees file for benefits, and if you were the claimant’s last employer a notice will be provided for the opportunity to protest the employees’ receipt of benefits based on the reason for separation.
3. When benefits are paid to former employees in a calendar quarter, a “Quarterly Listing of Reimbursable Benefits Paid” ([Form DWS-ARK-547](#)) will be mailed following the end of the quarter. This listing will contain the names and Social Security numbers of former employees paid benefits in that quarter and the amount of the account's proportionate share of charges.
4. In the event the extended benefits tax ([see Extended Benefits](#)) is in effect, non-profit reimbursable employers must reimburse one half of the extended benefits charged to the account and governmental entities must reimburse the full amount of the extended benefits charged to the account. The stabilization tax and the advanced interest tax do not apply to reimbursable employers.

## Advanced Payments

Employers that choose the reimbursable payment option must estimate the amount of benefits that will be charged to them and make quarterly advance payments of those benefit charges. The estimate is based on the total benefits charged to the account in the fiscal year ending on June 30 of the immediately preceding calendar year.

Advance payments are due the tenth day of the first month of each calendar quarter:

- January 10<sup>th</sup>
- April 10<sup>th</sup>
- July 10<sup>th</sup>
- Oct. 10<sup>th</sup>

## End of Year Balances

After the end of the calendar year, the Division will determine whether the total amount of payments made for the year by the employer is less than, or in excess of, the total amount of benefit payments chargeable to the employer. If the total advance payments were less than the total benefit charges, the unpaid balance is due within thirty days after the mailing date of the notice of the amount.

If the advance payments exceed the benefits charged, all or part of the excess may, at the option of the employer, be refunded to the employer or retained as part payment against future payments.

## RESPONSIBILITIES AS AN EMPLOYER

### Filing Quarterly Wage Reports

Employers are required by Law to file wage reports on a quarterly basis whether or not wages have been paid in the quarter. Quarterly reports may be filed in the three following formats:

1. Online through the Tax21 at <https://www.workforce.arkansas.gov/Tax21/Home.aspx>
2. Paper reports may be submitted utilizing the following forms (*Form ARK-DWS-209B* or *DWS-ARK-209BR Reimbursable Employers Only* or *DWS-ARK-209BS Seasonal Industries Only*).
3. Reports via magnetic media (i.e. CD/DVD).

### Electronic Filing Requirement

If an employer has two hundred and fifty or more employees, it is a requirement to file via electronic transmission. Failure to fully comply with the electronic reporting requirements could result in the assessment of additional penalties.

For additional information contact the Electronic Media Reporting Unit at (501) 682-3280.

### Report Due Dates

Quarterly wage reports are due quarterly on the following schedule:

For Wages Paid During	Calendar Qtr. Ends	Report Due By
Jan, Feb, Mar	March 31	April 30
Apr, May, Jun	June 30	July 31
Jul, Aug, Sep	September 30	October 31
Oct, Nov, Dec	December 31	January 31

## PENALTIES

### Tax Rated Account Penalties

Any liable employer whose report is filed or postmarked late will be assessed a penalty charge as follows:

- \$10.00 or 5% of tax due (*whichever is greater*) if the report is filed within twenty days after the due date.
- \$20.00 or 10% of tax due (*whichever is greater*) if the report is filed more than twenty days after the due date.
- \$30.00 or 15% of tax due (*whichever is greater*) if it is necessary to estimate the wages, subpoena wage records, all information required is not supplied, including but not limited to, employer wage information, employee Social Security numbers, as well as, any non-compliance of electronic reporting.

### Reimbursable Penalties

Any reimbursable employer whose report is filed or postmarked late will be assessed a penalty charge as follows:

- \$10.00, if the Quarterly Report is filed within twenty days after the due date.
- \$20.00, if the Quarterly Report is filed more than twenty days after the due date.

## PAYING TAXES

*(This section does not apply to nonprofit and governmental employers that have chosen the reimbursable payment option, **unless** otherwise noted.)*

Employers must report **total** wages paid to all employees in the quarter, unless specifically excluded by Law, but pay taxes on only the first \$10,000 paid to each worker in the calendar year. Subtract “excess wages,” (*amounts over \$10,000 paid to each worker*) from total wages, to determine taxable wages.

The unemployment tax payment is to be remitted with the quarterly report and is used solely for the payment of unemployment benefits. Payments will be considered delinquent if not postmarked or received by the Division of Workforce Services on or before the last day of the month following the close of the calendar quarter. An interest charge of 1.5% per month is assessed on delinquent payments. **(Note: Employing units which reimburse in lieu of taxes are subject to the same interest charges as those for employers paying taxes).** A “Contribution Account Transaction” (*Form DWS-ARK-213A*) is sent to an employer when full payment is not received by the date due.

The Director is authorized to impose a penalty of 10% of the face amount of the check, draft, or order or \$10.00, whichever is greater, when such form of payment is returned without having been paid in full. This penalty is cumulative to any other penalties provided by Law.

A Contribution Account Transaction (*Form DWS-ARK-213A*) is also used to notify employers of any credit due, if an account is overpaid. Attach this form to the next Quarterly Report, and the accompanying contribution payment due will be reduced by the

amount of credit shown on the form. If the overpayment is a substantial amount, or if it is not likely to be used within two quarters, a refund may be preferred. To obtain a refund, mail (*Form DWS-ARK-213A*) to:

Division of Workforce Services  
Employer Accounts Services  
P.O. Box 8007  
Little Rock, AR 72203

### Keeping Records

Arkansas regulations require liable employers to preserve and make available for inspection, employment records containing the following information for a period of five years from the end of the month following the end of the calendar quarter to which such records pertain:

The pay period covered by any payroll.

1. Full name and **Social Security number** of each worker employed during any pay period. Penalty may be assessed for failure to provide Social Security number.
2. Place of employment.
3. Amount of wages paid for each pay period, segregated as to cash payment and payment made in other forms.
4. Amounts paid as allowance or reimbursement for traveling or other business expenses, dates of payment, and amounts of such expenditures actually incurred and accounted for by the employee.
5. Date each worker was hired, rehired, or returned to work after a temporary layoff.
6. Number of hours spent in covered employment and, if applicable, number of hours spent in non-covered employment in each pay period.

All employers, **in industries declared seasonal by the Director**, must keep a separate record of the wages paid for employment within a seasonal period and the wages paid outside a seasonal period.

District Field Tax Representatives conduct regular examinations of employer payroll records. The purpose of these audits is to ensure that all employers understand and are complying with the Division of Workforce Services Law and Regulations. There are civil and criminal penalties for employers and individuals representing employers for willfully failing or refusing to produce or permit the inspection of the required records.

### Reporting Changes to the Employer Account

When an employer's business changes it is the employer's responsibility to notify DWS of these changes. A delay in notification could result in additional costs later. Be sure to report changes such as:

1. Transferring or selling the business,
2. Discontinuing the business,
3. Changing the name of the business,

4. Changing the ownership of the business,
5. Changing the address,
6. Acquiring another business.

A “Notification of Change of Status” (Form [ESD-ARK- 209STA](#)) is mailed with the Employer’s Quarterly Contribution and Wage Report (Form [DWS-ARK-209B](#) [DWSARK-209BR](#) *Reimbursable Employers Only*, or [DWS-ARK- 209BS](#) *Seasonal Industries Only*) for reporting such changes. Employer Accounts Services may also be contacted at (501) 682-3798 to advise of a change and request the necessary documents/forms. All changes must be reported in writing within ten days to:

Division of Workforce Services  
Employer Accounts Services  
P.O. Box 8007  
Little Rock, AR 72203

Changes may also be faxed to DWS by dialing (501) 537-9868.

### Providing Information to Employees

Every employing unit which is, or becomes an employer, under the provisions of the Division of Workforce Services Law is required to post, on a continuing basis, a printed notice informing workers that the employer is covered under Arkansas unemployment law and that in the event of unemployment, employees may file for unemployment insurance benefits. These notices must be displayed in locations readily accessible to employees. A “Notice To Employees” (Form [DWS-ARK-237](#)) is available on the DWS website that can be accessed at <https://dws.arkansas.gov/workforce-services/employers/employer-forms/>.

### Providing Notice of Plant Closings or Mass Layoffs

The Division of Workforce Services has been designated as Arkansas’ Dislocated Worker unit. Should an employer be required to provide notice of plant closings or mass layoffs to this unit, as provided for in the Worker Adjustment and Retraining Notification Act of 1988 (WARN, PL 100-379), the notice should be mailed to:

Arkansas Division of Workforce Services  
P.O. Box 2981  
Little Rock, Arkansas 72203

With the following information included:

1. The name and address of the employment site where the plant closing or mass layoff will occur;
2. The nature of the planned action, i.e., whether it is a plant closing or a mass layoff;
3. The expected date of the first separation, and the anticipated schedule for making separations;
4. The job titles of positions to be affected, and the number of affected employees in each job classification;



5. A statement as to the existence of any applicable bumping rights;
6. The name of each union, along with the name and address of the chief elected officer of each union; and
7. The name, address, and telephone number of a company official to contact for further information.

In addition, it is recommended that the notice include a statement of whether the planned action is expected to be permanent or temporary, and if temporary, its expected duration.

Additional information may be obtained by contacting the DWS Dislocated Worker's unit at (501) 682-1818.

### Reporting Newly Hired and Returning Employees

On October 1, 1997, the Division of the State New Hire Registry was created by Act 1276 of the Arkansas General Assembly to compile an automated state registry of newly hired and returning employees. State agencies will use this information to detect and prevent fraud in the areas of unemployment insurance, worker's compensation and other types of public assistance. In addition, such information will be used to locate absent parents that owe child support in Arkansas.

All Arkansas employers – private, nonprofit and government – must report all newly hired employees that live or work in Arkansas. Out-of-state employers that hire employees that work in Arkansas must also report. The employer must report any employee that fills out a W-4 form whether full-time, part-time or student worker. The employee's name, address, Social Security number, as well as, the employer's name, address and Federal Employer Identification Number (FEIN) must be reported. The Division of Workforce Services encourages employers to report the State in which the employee was hired, date of hire and date of birth, if possible.

Employers must report a new hire within twenty days of hiring an employee. The method of reporting can be made by electronic file transfer, printed list, New Hire form, payroll service, W-4 form, or by Internet reporting. Reports should be sent to:

Arkansas New Hire Reporting Center  
P.O. Box 2540  
Little Rock AR 72203

If the transmission of the report is via fax, the number to dial is (800) 259-3562 or (501) 376-2682. To report new hires by Internet go to <http://www.AR-newhire.com>. For further information, call the reporting center at (800) 259-2095 or (501) 376-2125.

If you are a multi-state employer, newly hired employees may be reported to the State in which they are working or select one State in which to report all new hires. If one State is chosen, new hire reports must be submitted electronically or by magnetic tape or diskette. In addition, a letter must be submitted to the U.S. Secretary of Health and Human Services which includes the FEIN, company name, address, telephone number, state chosen to receive reports, list of states where employer has employees and name of contact persons. The letter should be addressed to:

Office of Child Support Enforcement (OCSE)  
Multi-State Employer Registration  
P.O. Box 509  
Randallstown, MD 21133

For more general information call (202) 401-9267.

## BENEFIT PAYMENTS

Unemployment Insurance benefit payments are made to workers (claimants) that are temporarily unemployed through no fault of their own and are attempting to reenter the labor force. UI taxes paid by Arkansas employers fund the entire cost of UI benefits paid. UI taxes cannot be withheld from the wages paid to employees.



Since the amount of benefits charged to an employer's account is one of the factors in determining an employer's UI tax rate, it is to an employer's advantage to become familiar with the UI benefit provisions of the Division of Workforce Services Law.

Before an individual can receive unemployment benefit payments, several basic requirements must be met:

1. The worker must show a prior attachment to the labor force.
2. The worker must not have caused the unemployment.
3. Benefits are paid only to workers unemployed through no fault of their own.
4. The worker must maintain an attachment to the labor force while collecting benefits.

### How Are Unemployment Benefit Amounts Determined?

#### 1. Calculating the Base Period

Only wages paid during a twelve month period called the base period are used in establishing unemployment benefit amounts. The traditional base period is the first four of the last five completed calendar quarters prior to the date the claimant files for benefits. For example, a claim filed on March 1, 2013 would have a base period of October 1, 2011 through September 30, 2012.

If a claimant cannot establish a claim using a traditional base period an "alternate base period" is used. The alternate base period consists of the four quarters immediately preceding the quarter in which the claim is filed. For example, a claim filed on March 1, 2013 would have an alternate base period of January 1, 2012 through December 31, 2012. The alternate base period is not an option for claimants and can only be used if the claimant cannot set up a traditional base period claim.

#### 2. Monetary Eligibility

To qualify monetarily a claimant must have insured wages in at least two quarters of the base period and total base period wages must equal thirty-five times the weekly benefit amount. For succeeding benefit year claims, a claimant must have had insured work in a least two quarters of the base period and must have worked and been paid wages equal to eight times the weekly benefit amount, since the filing date of the prior claim.

#### 3. Calculating the Weekly and Maximum Benefit Amounts

The weekly benefit amount is calculated by dividing the claimant's average base period

wages by 26 and then is limited by a minimum weekly benefit amount of \$81 and a maximum weekly benefit amount of \$451. A claimant may collect a total of sixteen times the weekly benefit amount in regular UI benefits or one-third of the total base period wages, whichever is less.

### How Do Employers Know When a Claim has been Filed?

Each time a *new* or *additional* claim is filed, a “Notice to Last Employer” ([Form DWSARK-501\(3\)](#)), is mailed to the claimant’s last employer. These notices are mailed to the address of the employer determined to be the claimant’s last employer immediately prior to filing the claim.

**To be eligible for non-charge rights employers must return the Notice to Last Employer within ten calendar days of its mailing date.**

Immediately upon receipt carefully review the Notice to Last Employer. To ensure that claims for benefits are properly adjudicated and to establish non-charging rights, it is imperative that the response be submitted within ten calendar days of the mailing date of the notice. If no reply is made within the ten calendar day period DWS issues the determination based upon the best available information. An employer that does not respond timely to the Notice to Last Employer waives the right to protest charges resulting from the determination.

Each time an individual files a *new* claim for benefits, a “Notice to Base Period Employer” ([Form DWS-ARK-550](#)) is sent to each base period employer (an employer that paid wages to the claimant during the claimant’s base period). This notice is not sent to the last employer if the employer is also a base period employer. As a base period employer, the worker’s reason for separation from employment determines whether an account will be charged for its proportionate share of any benefits paid to the claimant. To ensure proper charging and to establish non-charging rights, it is imperative that the response is submitted within fifteen days of the date the notice was mailed.

DWS has the capability to mail unemployment insurance claim forms to specific locations/addresses that are different from an employer’s tax/payroll address. To set up a special mailing address, a written request must be submitted. For information regarding the specifics which must be contained in such a request, contact the Unemployment Insurance Technical Unit at (501) 683-3244. Employers may also manage their accounts via the Internet at <https://www.workforce.arkansas.gov/Tax21/Home.aspx> From this site employers can:

- Apply for a new ADWS Employer Account Number
- File and pay Employer’s Quarterly Contribution and Wage Report
- Request that Unemployment Insurance Benefit Claims documents be sent to a different address than the tax documents.
- Respond to UI 901A Overpayment Wage Response System.
- Receive and Respond to Benefit Notices
- Report a Refusal of an Offer of Work
- Report a Failure to Submit to or Pass a Pre-Employment Drug Screen

## When Are Benefit Payments Made?

After a claimant is determined monetarily eligible, two major factors determine whether benefit payments will be made:

1. [The reason for separation from last employment.](#)
2. [Maintaining continuing eligibility requirements.](#)

### The Reason for Separation from Last Employment

Each application for benefits requires the claimant to explain the reason for losing employment from the last employer. Aside from the Notice to Last Employer the last employer generally is also sent a questionnaire [Form DWS-ARK- 525](#) to request verification of the reason for unemployment and to obtain specifics about the separation.

When a claimant has been discharged it is the employer's burden to establish that the reason for the discharge was due to the claimant's misconduct. It is not enough to respond by saying that the claimant was discharged for disqualifying reasons. Rather, specific facts must be provided to establish that the claimant's behavior was such that it violated a known rule or standard of behavior that employers have a right to expect of its workers. Accurate records of dates of incidents or infractions leading to the dismissal, warnings, and disciplinary actions can be used to establish misconduct.

**Keep accurate records of employment agreements and employee performance.  
Record dates of warnings and descriptions of incidents leading up  
to the dismissal of an employee.**

On the other hand, when a worker voluntarily leaves or quits employment it is the worker's burden to establish that there were work related reasons for quitting and that there was no choice but to quit.

After the initial information gathering phase is completed, both parties may be contacted for additional information. Once the necessary facts are gathered DWS issues a "Notice of Agency Determination" ([Form DWS-ARK- 578](#)).

Each Notice of Agency Determination contains a summary of the section of the law used to decide the issue and presents a statement showing the facts which were considered in adjudicating the issue. Instructions for filing an appeal are also found on each determination.

The following issues are the ones that most commonly affect an employer’s account when benefits are paid:

A Determination that the Worker:	Effect on Worker (Separation from Last Employer)	Effect on Last Employer*
<p>Voluntarily quit without good cause in connection with the work.</p> <p style="text-align: center;"><b>OR</b></p> <p>Failed, without good cause, to contact the Temporary Help Firm for reassignment upon completion of the assignment provided the Temporary Help Firm advised the temporary employee at the time of hire that he/she must report for reassignment upon conclusion of each assignment and that unemployment benefits may be denied for failure to do so.</p>	<p>Disqualified until subsequent to filing claim, there have been at least thirty days in new covered employment.</p> <p><a href="#">Reference: Ark. Code Annotated 11-10-513(3)</a></p>	<p>Account non-charged if Notice to Last Employer returned timely.</p>
<p>Was laid off due to a lack of work or reduction in force.</p> <p style="text-align: center;"><b>OR</b></p> <p>Was discharged for reasons other than misconduct.</p> <p style="text-align: center;"><b>OR</b></p> <p>Voluntarily quit with good cause in connection with the work.</p>	<p>Eligible for unemployment compensation if other eligibility conditions are also met.</p>	<p>Account charged.</p>
<p>Was suspended for misconduct in connection with the work.</p>	<p>Disqualified for the duration of the suspension or eight (8) weeks, whichever is the lesser.</p> <p><a href="#">Reference : Ark. Code Annotated 11-10-512 and 11-10-514(c)(1)-(2)</a></p>	<p>A charge decision is not made since permanent separation from employment has not occurred.</p>

A Determination that the Worker:	Effect on Worker (Separation from Last Employer)	Effect on Last Employer*
Was discharged for misconduct in connection with the work.	Disqualified until subsequent to filing claim, there have been at least thirty days in new covered employment.  If gross misconduct is involved, the disqualification shall be until the claimant earns insured wages in two quarters that total not less than thirty five times the weekly benefit amount. <a href="#">Reference: Ark. Code Annotated 11-10-512, 11-10-514(a)(1)-(3), and 11-10-514(b)</a>	Account non-charged if Notice to Last Employer returned timely.
Refuses an offer of suitable work or fails to apply for or to accept suitable work. <b>OR</b>	Disqualified until subsequent to filing claim, there have been at least thirty days in new covered employment.	N/A
Failed to appear for a qualified Department of Transportation (D.O.T.) drug screening after a bona fide offer of suitable work. <b>OR</b>	Disqualified until the claimant earns insured wages in two quarters that total not less than thirty five times the weekly benefit amount. <a href="#">Reference: Ark. Code Annotated Section 11-10-512 and 11-10-515(a)(1)-(2)</a>	
Failed to pass a qualified D.O.T. drug screening after a bona fide offer of suitable work.		

A Determination that the Worker:	Effect on Worker (Separation from Last Employer)	Effect on Last Employer*
Received other remuneration such as:	Treated as earnings	N/A
(a) Dismissal Payments	<a href="#">Reference: Ark. Code Annotated Section 11-10-517</a>	
(b) Vacation Payments		
(c) Bonus Payments	Disqualified	
(d) Unemployment Insurance from another state or from the United States Government.	Weekly benefits reduced by an amount equal to the amount of the pension reasonably attributed to the week.	
(e) Retirement Pay		
(f) Separation Pay	(Separation from Last Employer) Separation payments are disqualifying for the number of weeks following the date of the separation that equals the number of weeks of wages received in the separation payment.	
Refuses while on layoff to report for work within one week after notice of recall to the same job, or to a suitable job similar to the one from which he/she was laid off, or, if while unemployed, voluntarily removes their name from a recall list set forth in a written contract of a base period employer provided the employer files a written notice of the refusal of recall or removal from a recall list with the Agency within seven days of such occurrence.	Disqualification shall begin on the date of receipt of the written notice of refusal of recall or removal from recall list by the Agency and shall continue until, subsequent to filing a claim, the worker has had at least thirty days of employment covered by an unemployment compensation law of this state, or another state of the United States.  <a href="#">Reference: Ark. Code Annotated Section 11-10-516</a>	N/A



---

Made false statements on a continued claim in order to obtain benefits to which he/she is not entitled.

Disqualified for thirteen weeks of unemployment plus an additional three weeks for each week of fraud, repayment of all benefits obtained as a result of fraudulent acts, total reduction of subsequent benefits on the current and possible prosecution and, if conviction results, the imposition of fines and imprisonment.

[Reference: Ark. Code Annotated Section 11-10-519 \(2\)](#)

The overpayment is created and the account will be credited for charges assessed based on erroneous benefit payments.

For a Tax Rated account, the credit will be applied to the calendar quarter the overpayment becomes final. For a Reimbursable account, the credit will be applied during the quarter that benefits are paid back.

---

**A Determination that the Worker:**

Made false statements on an initial or renewed claim in order to obtain benefits to which he/she is not entitled.

---

**Effect on Worker (Separation from Last Employer)**

Disqualification from the date of filing the claim until he/she has had ten weeks of employment in each of which he/she has earned wages equal to at least the weekly benefit amount.

[Reference: Ark. Code Annotated Section 11-10-519 \(1\)](#)

---

**Effect on Last Employer\***

The account would be credited for any charges that had been assessed, based on any erroneous payment of benefits and the overpayment would be created. For a Tax Rated account, the credit will be applied to the calendar quarter during which the overpayment becomes final. For a Reimbursable account, the credit will be applied during the quarter that benefits are paid back.

## Continuing Eligibility Requirements

In addition to being involuntarily unemployed, a claimant must also meet several other requirements before receiving a payment of unemployment benefits. A claimant must:

- Register for work with a local office of the Division of Workforce Services.
- Be able to work. A claimant must be considered physically and mentally able to perform suitable work.
- Be available for and actively seeking work. A claimant must be seeking employment he/she is suited to by training or experience in a manner which will provide a reasonable opportunity of obtaining work. A claimant that restricts their availability to seek and accept work because of retirement, school attendance (*except approved training*), dependent care or other responsibilities, transportation problems, or unrealistic work hours or wage demands, may be denied benefits.
- Report to a DWS local office as directed.
- Serve a waiting period of one week in each benefit year, prior to the payment of benefits. The first week of a claim during which the claimant meets all eligibility requirements is known as the waiting week. Benefits are not payable during that period.
- Not refuse an offer of suitable work or fail to apply for or accept suitable work. A claimant that refuses a bona fide offer of suitable work or fails to apply for or accept suitable work will be denied unemployment benefits.
- Not have left or lost employment because of a labor dispute that continues during the period in which benefits are paid.

Any time information or evidence that a worker is not meeting one or more of these continuing eligibility requirements is received by DWS the issue will be investigated.

## Multiple Base Period Employers and Benefit Charging

When there are multiple employers in the Base Period benefits are charged in proportion to the percentage of wages paid to the claimant in the base period by each base period employer. For example the wages paid to the former worker during the base period equal 25% of the total base period wages, then the share of charges will be 25% of any benefits paid.

## Quarterly Notice of Benefit Charges

A “Quarterly Statement of Paid Benefits Charged to Your Account” ([Form DWS-ARK546](#)) is mailed each quarter listing all unemployment benefits charged to an employer’s account in the preceding calendar quarter. It lists the names and Social Security numbers of the workers and the amount of benefits charged to the account. It also designates first time charges with an \* which is important because charges related to a claim may only be protested the first time they appear on a charge statement.

Immediately upon receipt the charge statement should be reviewed. Any discrepancy should be reported in writing to:  
Division of Workforce Services  
Employer Charge Unit  
PO Box 8011  
Little Rock, AR 72203

The letter of protest can also be faxed to (501) 682-1599. The protest letter should include the name and Social Security number of the claimant in question, the name and account number of the business and an explanation of the reason(s) for the protest of the charges. All charge protests must be submitted within thirty days from the mailing date that appears on the statement.

DWS will respond in writing to all protests. Further appeal of the charges is via petition to the clerk of the circuit court in the employer's county of residence or Pulaski County.

### Reimbursable Employer Billings

The process of charging or noncharging benefits paid does not apply to reimbursable employers. At the end of each quarter, each reimbursable employer is mailed a quarterly listing of benefit charges showing the amount of regular benefits paid ([Form DWS-ARK-547](#)).

While the non-charging provisions of the law do not apply, reimbursable employers can protest the amount of the charges listed. Before charges become final, reimbursable employers may file a written application for review and redetermination to:

Division of Workforce Services  
Employer Charge Unit  
PO Box 8011  
Little Rock, AR 72203

The application must be made the first time charges appear on the quarterly charge notice. First time charges are designated by an \*. Subsequent charges on the same claimant in the same benefit year cannot be challenged.

### Detection and Prevention of Improper Payments

To ensure proper payment of UI benefits, DWS has a continuous program of checking claim records for the discovery and prevention of fraudulent claims for unemployment insurance benefits.

A random sample of wage items reported on contribution reports is matched by Social Security number with the benefit payment records for the same calendar quarter. When both wages and benefit payments appear, the record is carefully examined. If necessary, a request for weekly payroll information, "Benefit Audit and Investigation" ([Form DWS-ARK-901A](#)) is mailed. Replies to these requests are necessary in order for DWS to properly audit and investigate benefits paid.

In addition to the wage audit investigations, field investigators make regular checks with employers regarding specific claims and conduct audits and investigations as needed.

Under the DWS Benefit Accuracy Measurement (BAM) Program UI claims are randomly selected for a thorough investigation to determine whether the claim was properly paid. This investigation requires DWS employees to contact the claimant's previous employers to review pertinent wage and separation information.

### Interstate and Combined Wages Claims

A former worker that no longer resides in Arkansas may file a claim for UI based on wages earned from an Arkansas employer. This type claim is known as an "interstate" claim. The worker's eligibility for benefits and charges to a UI tax account are determined in the same manner as if the worker had filed the claim in Arkansas.

A former worker that last worked in Arkansas may have base period wages earned in another state.

If elected by the claimant the wages may be combined to pay UI benefits on a claim filed in either state. This type claim is known as a “combined wage claim.” The process for obtaining the claim information varies by state. It is important to return the claim forms from the other states when received in order to assist the other state in determining the claimant’s eligibility to receive UI benefits.

### **Federal-State Extended Benefits Program**

Public Law 91-373 of 1970 and Arkansas Act 35 of 1971 created a program of extended benefit payments to be shared equally by the Federal Government and the State. The extended benefit program provides payment of up to thirteen weeks of additional benefits during periods of high unemployment in the state. To qualify for this extension of benefits, a worker must have exhausted the total amount payable on the regular UI claim and must meet special work search and other eligibility requirements.

All employers, except reimbursable employers, are subject to a 0.1% tax on taxable payrolls to finance the payment of [extended benefits](#). When the Extended Benefits Account assets on the computation date exceed 0.2% of total employer payrolls for the preceding calendar year, the extended benefits tax is suspended during the current rate year. This tax payment will not be credited to an employer’s separate account. Extended benefits paid to a claimant shall not be chargeable to the account of any employer that pays contributions.

Private, nonprofit reimbursable employers must reimburse the Extended Benefits Account in the amount of one-half of any extended benefits paid and will be so billed. Government reimbursable employers must reimburse the Extended Benefits Account for 100% of any extended benefits paid.

The annual “[Experience Rating Notice](#)” will show the rate of extended benefits tax to be applied to payrolls reported for the current calendar year.

### **Shared Work — An Alternative to Total Unemployment**

The Shared Work program provides employers experiencing a business downswing the opportunity to retain trained personnel until business picks up. In lieu of a layoff, a group of worker’s weekly hours may be reduced by at least 10% but not more than 40%. To compensate for the reduction in hours and wages, the worker is entitled to weekly unemployment benefits proportionate to the reduction in the number of hours worked.

To qualify for benefits under the Shared Work Program, employees must be regularly employed by an employer whose plan to stabilize its work force has been approved by the Director or his duly authorized representative of the Division of Workforce Services.

*Reference: Ark. Code Annotated Section 11-10-601 through 11-10-613*

### **Trade Adjustment Assistance and Trade Readjustment Allowance**

Trade Adjustment Assistance (TAA) is a federally funded program designed to assist workers adversely affected by foreign competition. Eligible workers are provided assistance during periods of unemployment and underemployment. This program assists affected workers in obtaining satisfactory employment through the use of a full range of manpower services including training, job search and relocation allowances.

Trade Readjustment Allowance (TRA) is a federally funded program available to workers whose unemployment is linked foreign competition. Weekly allowances are paid to eligible workers following their exhaustion of unemployment benefits. Usually, these allowances are paid only if the individual is enrolled in a TAA approved training program.

### Disaster Unemployment Assistance

The Disaster Unemployment Assistance program became law under provisions of the Disaster Relief Act of 1974. Under this Act, the President of the United States, through the Federal Emergency Management Agency, can declare specific areas of the State as disaster areas. The purpose of this program is to provide payment and reemployment assistance to qualified individuals that are unemployed as the direct result of a major disaster.

If and when DUA assistance is applicable in our state, a news release will be issued by DWS notifying the public, as well as, when applications may be accepted. FEMA will also likely play a role in disseminating information about DUA, including where and how to apply. FEMA funds this program and administration and benefit payments do not affect the state trust fund.

### How Can I Keep My Unemployment Costs Down?

#### Stabilize Employment

1. Hire versatile employees that can be shifted to another job if necessary.
2. Transfer employees to other job sites when feasible.
3. Use regular employees for repairs and maintenance during slack periods.
4. Consider reducing the work week under the Shared Work program.

#### Minimize Charges

5. Keep accurate records of employment agreements, employee performance, dates and details of warnings and other disciplinary measures.
6. Return the "Notice to Last Employer" (*Form DWS-ARK-501(3)*) within ten days from the date the notice was mailed. Provide specific information about the reason for separation from employment if it was for a reason other than lack of work.
7. Return the "Notice to Base Period Employer" (*Form DWS-ARK-550*) within fifteen days from the date the notice was mailed. Provide specific information about the reason for separation from employment if it was for a reason other than lack of work.
8. Take the time to appeal if there is reason to believe a determination is incorrect.
9. Notify DWS promptly with information that a claimant is not available for work, not able to work, has refused work, or is employed.
10. Compete and return wage audit notices accurately and timely.

#### Maintain a Good Tax Rate

11. Submit quarterly wage reports timely to avoid penalties.
12. Pay taxes promptly to obtain maximum Federal Unemployment Tax credit.
13. Promptly report all account changes to:

Division of Workforce Services

Employer Account Services

PO Box 2981

Little Rock 72203

14. Do not report non-taxable payments or employees in exempt employment.
15. Compute all tax payments carefully.
16. Consider making a voluntary payment to lower the UI tax rate.

**Report Fraud or Abuse**

17. Through the Internet at: [www.dws.arkansas.gov](http://www.dws.arkansas.gov) Or use the Hot Line 800-482-5850 (toll free) or 501-682-1058.

## APPEALS

Whenever a determination is made that affects an account's tax liability, a written determination is mailed. Each determination provides separate appeal rights; in all cases an appeal must be made in writing and within the time specified in the notice.

### **IT IS EXTREMELY IMPORTANT TO SUBMIT ANY APPEAL WITHIN THE TIME FRAME INDICATED.**

Read each determination carefully to determine how to appeal and the deadline for filing the appeal



**Protect your rights!  
File Appeals within established time frames!**

### **Notice of Claimant Eligibility**

A “Notice of Agency Determination” ([Form DWS-ARK-578](#)) will be issued stating whether a former employee is eligible for unemployment benefits, the applicable section of Law under which the determination is made, and a statement showing the facts which were considered in adjudicating the issue. Instructions for filing an appeal are also on the determination notice.

Both the employer and the claimant have the right to appeal an adverse DWS determination. The appeal must be filed within twenty days after the date the determination was mailed. If no appeal is filed the determination becomes final.

Appeals of the Notice of Agency Determination may be mailed to:

Arkansas Appeal Tribunal  
P.O. Box 8013  
Little Rock, AR 72203

or filed directly at a DWS Local Office. If mailed, an appeal will be considered to have been filed as of the date of the postmark on the envelope. If filing directly to the Tribunal, please include a copy of the “Notice of Agency Determination” ([Form DWS-ARK-578](#)) along with written request for appeal.

Hearing officers at the Tribunal conduct hearings by telephone and in-person. The claimant and all affected employers are notified of the hearing and are expected to be present. These hearings investigate specific issues surrounding a claim and the resulting decision will be made as though no previous determination had been issued. The nature of these appeal hearings makes it vital that employers be present if the Tribunal is to make a correct decision. Because testimony is taken under oath at the hearing, information previously provided to DWS does not carry the same weight as the information presented at the Tribunal hearing. Employers having information about the claimant's eligibility are strongly encouraged to attend these hearings, not only to assist in paying benefits

properly, but also to protect the employer's interests. Witnesses and representatives for the employer should be individuals with firsthand knowledge of the events surrounding the issue on appeal.

All decisions rendered by the Appeal Tribunal are made in writing and copies sent to all interested parties. If any party disagrees with the decision, an appeal may be made to the Board of Review. Appeals to the Board must be made within twenty calendar days after the date the Tribunal decision is mailed. Instructions for filing an appeal to the Board accompany each Tribunal decision.

The Board consists of three members appointed by the Governor. The Chairman, a full-time member, is a licensed practicing attorney that, because of their vocation, occupation, or affiliation, is to represent the public at large. The other two members are part-time members. One is to be a representative of employers; the other is to be a representative of employees.

A decision rendered by the Board of Review will become final within thirty calendar days after the date the decision is mailed, unless a petition for review is filed in the Arkansas Court of Appeals.

*Reference: Ark. Code Annotated Section 11-10-523 through 11-10-530*

Telephone Number: Appeal Tribunal (501) 682-1063; Board of Review (501) 683-4300.