



Unemployment Insurance Tax Rates for 2021

The rate schedule for each calendar year is based on the Unemployment Insurance Trust Fund balance as of October 31, divided by the total wages paid to all employees covered under Unemployment Insurance for the previous state fiscal year. The resulting ratio determines which of the eleven schedules will be in effect for the year. Schedule I will be in effect for 2021.

Each employer is assigned a contribution rate based on their reserve ratio, which is contributions paid minus benefits charged since October 1, 1981, divided by average annual taxable payroll for the prior three fiscal years ending September 30. All employers are arranged from the highest positive reserve ratio to the highest negative reserve ratio. The highest positive reserve ratio is assigned the lowest contribution rate. The rate class the reserve ratio falls into determines individual rates.

The reserve ratios assigned to each rate class for 2021 are listed below. If your account had a positive reserve (more contributions paid than benefits charged), you were assigned an Eligible rate. If the reserve was negative (more benefits charged than contributions paid in), you were assigned a deficit rate. Your account's reserve ratio was compared to the range of ratios below to determine the UI rate for 2021.

The Administrative Fund Tax (AFT) rate for Eligible class 1 and 2 employers is 0.13%. The AFT for all other employers is 0.18%. Never combine the UI rate and AFT rate when entering the UI rate in your software.

2021 RESERVE RATIO TABLE				
If your reserve ratio was in this range	Your rate class will be	UI Contribution Rate is	Your AFT Rate will be	Your total cost is
Reserve Balance - Eligible (positive reserve)				
0.151282 to 999.999999	Eligible 01	0.00 %	0.13 %	0.13 %
0.138823 to 0.151281	Eligible 02	0.00	0.13	0.13
0.133973 to 0.138822	Eligible 03	0.02	0.18	0.20
0.131253 to 0.133972	Eligible 04	0.22	0.18	0.40
0.128485 to 0.131252	Eligible 05	0.42	0.18	0.60
0.121726 to 0.128484	Eligible 06	0.62	0.18	0.80
0.108000 to 0.121725	Eligible 07	0.82	0.18	1.00
0.081579 to 0.107999	Eligible 08	1.02	0.18	1.20
0.048063 to 0.081578	Eligible 09	1.22	0.18	1.40
0.000000 to 0.048062	Eligible 10	1.42	0.18	1.60
Reserve Balance - Deficit (negative reserve)				
-0.000001 to -0.006022	Deficit 01	2.92 %	0.18 %	3.10 %
-0.006023 to -0.012250	Deficit 02	3.12	0.18	3.30
-0.012251 to -0.022220	Deficit 03	3.32	0.18	3.50
-0.022221 to -0.034111	Deficit 04	3.52	0.18	3.70
-0.034112 to -0.058220	Deficit 05	3.72	0.18	3.90
-0.058221 to -0.112901	Deficit 06	3.92	0.18	4.10
-0.112902 to -0.208151	Deficit 07	4.12	0.18	4.30
-0.208152 to -0.358854	Deficit 08	4.32	0.18	4.50
-0.358855 to -0.729978	Deficit 09	4.52	0.18	4.70
-0.729979 to -999.999999	Deficit 10	6.12	0.18	6.30

What is the Taxable Wage Base for 2021?

The taxable wage base for 2021 is \$35,300, which is 80% of Montana's 2019 average annual wage (\$44,135) rounded to the nearest \$100.

Why did my tax rate go up?

There are several reasons why the rate may go up. The most common reasons are:

- An increase in benefit charges to your account will decrease the reserve ratio and cause the rate to increase;
- An increase in your taxable wages from one year to the next may cause your reserve ratio to go down, and a decrease in your reserve ratio will usually cause your rate to increase;
- Converting/changing from a new employer rate based on the industry average to an experience-rated employer rate based on your own experience may result in a rate increase;
- If the Rate Schedule for all employers' changes to a higher schedule, rates will increase for most rate classes.

Your account's individual UI rate may go up because of one factor or a combination of the above.

My rate notice shows a UI Contribution Rate of 0.00%. Is that correct?

Yes, it is! On Schedule I, employers in eligible rate classes 1 and 2 are assigned a 0.00% rate. Enter the UI rate as 0.00% in your software. If you have a 0.00% UI rate, the Administrative Fund Tax is reduced from 0.18% to 0.13%. Do not enter the combined rate of 0.13% as your UI rate. This will result in tax overpayments.

What is a Penalty Rate?

Employers who have a balance due or have not filed all reports when rates are calculated in December will receive a "penalty rate". A penalty rate is 50% higher than the computed rate. The penalty rate will be removed if an employer files all delinquent reports and pays all taxes, penalty, and interest due by **February 5, 2021**.

Can I e-file quarterly UI reports?

Yes, we encourage it! To set up online access, go to uieservices.mt.gov. To help with the initial security questions, have the last quarterly report filed for your business on hand. For help getting started, contact our Customer Support team at (406) 444-3834, option 2.

E-filing quarterly reports through **UI eServices for Employers** (eServices) is a good way to eliminate the most common mistakes made by employers and preparers. It's quick, easy and secure. Through eServices you can file and/or amend quarterly reports, make payments, communicate with our staff, check rates, view benefit charges, and access SIDES E-Response to respond to benefit claims correspondence.

Am I required to e-file my quarterly UI reports?

Electronic filing is required for ALL quarterly reports prepared by third party preparers and ALL employers who had 20 or more employees during any quarter in the preceding calendar year, per ARM 24.11.2711. Refer to the Montana UI Contributions e-Filing Handbook on our eServices home page (uieservices.mt.gov) for more information on approved electronic filing methods.

Can I electronically receive UI rates for all my clients?

Yes. All third-party preparers should either have individual authorizations for their clients to view the rates on UI eServices or participate in our Fiscal Rate Exchange through eServices. A signed memorandum of understanding (MOU) is required to participate in the rate exchange. Once the MOU is on file, you can request the rates for your clients as often as needed. Refer to our eServices HELP page (uieservices.mt.gov) and the Quarterly Fiscal Rate Exchange Handbook for more information or call (406) 444-3834, option 2.