



Information regarding the NY Interest Assessment Surcharge

Dear Advantage Client:

We are writing about a special assessment that New York employers must pay to the New York Department of Labor (DOL). The New York DOL just informed Advantage that a 2011 interest assessment will be charged to all eligible New York employers. Notices were mailed out to employers on **Friday, July 15, 2011**, and are due by **Monday, August 15, 2011**.

The recent national recession led to record high levels of unemployed workers receiving unemployment insurance benefits. As a result, since 2009 New York State has borrowed over \$3 billion from the Federal Unemployment Insurance (UI) Trust Fund. The American Recovery and Reinvestment Act (also known as the Recovery Act) provided interest-free loans to New York and other states with insolvent Trust Funds during calendar years 2009 and 2010. So far, Congress has not extended the interest-free loan provisions into 2011. Currently, New York must pay approximately \$95 million in interest on these loans to the federal government by September 30, 2011.

To pay the interest due for 2011 on these federal loans, New York State is required by state law to assess a temporary charge to employers, called an Interest Assessment Surcharge (IAS). Should Congress extend the interest-free loan provision, the agency will either credit your tax account or refund the money paid.

New York's Interest Assessment Surcharge rate for 2011 is 0.25 percent.

Your surcharge amount is determined by multiplying the total taxable wages in the most recently completed payroll year (October 1, 2009, through September 30, 2010) by the IAS rate of 0.25 percent. Therefore, the **maximum amount that most employers will be assessed is \$21.25 per employee**. Payment of the IAS is due by **August 15, 2011**.

The New York DOL has included the following FAQs on their website:

Are all employers required to pay the IAS?

All employers who pay unemployment insurance (UI) tax to the state are liable for the IAS. State and local government and not-for-profit employers who self-insure for UI purposes are not liable for the IAS.

Why didn't I receive the notice of the IAS earlier?

Because multiple bills were being considered by Congress to extend the interest waiver position into the current year, it was prudent to wait for Congressional resolution. Unfortunately to date, Congress has not enacted an extension of this provision.

For more information, refer to the NY DOL website. <http://www.labor.ny.gov/home>

This assessment is paid outside the normal state unemployment insurance (SUI) return process. As such, you will be responsible for making this payment even if you are a Full Tax Filing client.

If you have any questions, please call your customer service representative at 1-800-440-9033.

Yours truly,

The staff at Advantage Payroll Services
www.LIAdvantage.com