

UI TAX

State Unemployment Insurance
Effective Tax Rate Reduction

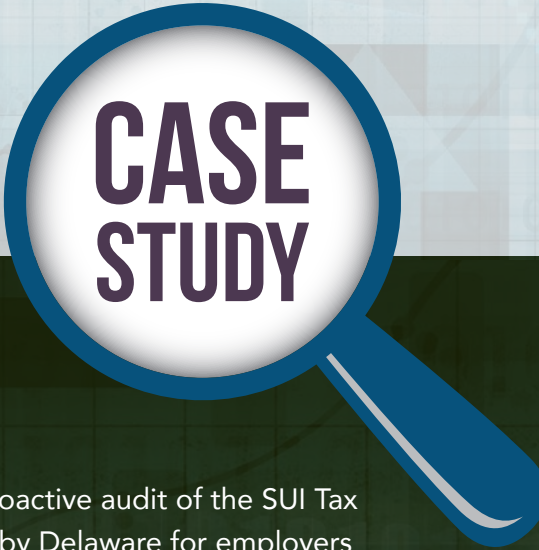


*How Walton Management Services' Integrated UI Tax
Planning Service helped a well-known entertainment
business lower state UI tax rates*



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CASE STUDY

OVERVIEW

State Unemployment Insurance (SUI) is state tax funded by companies with employees across the U.S. SUI funds provide short-term benefits to individuals that become unemployed because of a layoff or for reasons other than job performance or misconduct.

Any time a former employee files an unemployment insurance claim with their state, it is the employer's responsibility to respond within a set time-frame with information that either confirms or contests the validity of each claim. Based on the information the state receives from both sides, the states determine if benefits are warranted.

An employer's calculation of SUI tax rates varies by state and may change every year, depending on the number of former employees that file for benefits on behalf of an employer as well as other considerations and nuances. As a result, many businesses struggle to keep up and stay on top of these state taxes, leaving the door open for inaccurate assessments and penalties that may prove costly over time.

Such was the case with one of the largest employers in the state of Delaware; a well-known business in the entertainment industry with over 10,000 employees nation-

wide. During a proactive audit of the SUI Tax rate notices issued by Delaware for employers with more than one-thousand employees, Walton's integrated UI tax experts team noticed a significant rate increase that prompted questioning.

In this particular case, the state had issued a SUI penalty rate that results in a seven-figure penalty to the client in question. To further complicate matters, the deadline to contest the years in question had already elapsed, so on the surface, this meant the chances for the employer to reduce its Delaware SUI tax rates were slim to none.

Based on the assessment received from the state, this employer understood the increase in SUI seemed extreme and needed further review by a third-party firm with experience in appealing SUI tax rate notices. After learning about Walton's integrated UI Tax Planning services, this employer decided it was time to turn this problem over to Walton.

"Turning to Walton for help with our state unemployment insurance was the right thing for our business."

– Vice-President, Tax

APPROACH

- 1

Upon engaging with the client, our team immediately sprang into action. During the initial investigation our team uncovered the reason that prompted the rate increase. According to the findings the state of Delaware showed a late filing and delinquency of a couple thousand dollars, which dated back to 2020.
- 2

Walton’s team performed a deeper-dive to gain a comprehensive understanding of the business structure and unemployment insurance historical activity for this employer in Delaware. As a result, our team was confident we could change the outcome for this client.
- 3

Not taking no for an answer, our integrated team escalated the matter with the state of Delaware and presented a compelling argument and evidence to contest the penalties for both years, despite the fact the appeal deadlines had expired.

RESULTS

	State of Delaware Unemployment Insurance Effective Tax Rate	TAX YEAR	BEFORE	AFTER
		2021	6.5%	.8% ↓
		2022	6.5%	1.5% ↓

The information Walton’s team provided to the state of Delaware substantiated a re-evaluation of the increased tax rate for this employer. Upon completion of the new evaluation, the state determined that all reports had in fact been filed timely. Therefore, the penalty assessed for both years was made in error.

The successful outcome of our team’s appeal resulted in a new SUI tax rate notice issued to this employer. The state of Delaware’s issued a revised SUI tax rate of 0.80% and 1.50% respectively for both years. Additionally, the state issued a check for \$1.2M as a refund to the employer for overpayment due to the state’s error.

“Kudos to Walton! Their swift action and persistence recovered a huge retroactive refund.”

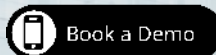
– Chief Financial Officer

CONCLUSION

Managing and staying on top of SUI tax rates to ensure employers keep state tax rates low is not an easy task for businesses. There are simply too many variables at play and one small mishap can prove detrimental to the financial success of any business.

That's where partnering with Walton pays off. Our team of experts understand every moving part when it comes to SUI and all state nuances. Leaving no stone unturned, we will deliver the best possible outcomes known to maximize your company bottom line.

If your business is struggling to manage state unemployment insurance rates, or similarly to the company referenced in this study you may be over-paying, give Walton a call for a free consultation.



ABOUT WALTON MANAGEMENT SERVICES, INC.

Walton is the largest privately-owned provider of technology solutions proven to automate Point-of-Hire Tax Credits, Verification of Employment + Income and Unemployment Insurance cost reduction.

Walton's solutions deliver a streamlined user-experience powered by an award-winning technology platform and proven best-practices developed and fine-tuned over the last four decades. Walton proudly integrates with a vast ecosystem of trusted business partners to deliver automation and second-to-none service to hundreds of businesses across all industries.

For more information, visit us at: www.waltonmgt.com

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