

Dear Business Client:

September 23, 2020

Recently, you may have received an email from Washington Employment Security Department regarding the Benefit Charge Offset program. This program was funded by a state law passed in March and allots \$25 million to offset benefit charges from the first two quarters of 2020 and to reduce your 2021 experience tax rate. This program is separate from Relief of Benefit Charges which may also reduce your 2021 experience tax rate. The purpose of this email is to explain the two programs and how you can apply for them.

Benefit Charge Offset

In Washington, an employer has to pay unemployment (UI) tax based on each employee's wages up to maximum of \$52,700 (2020 annual limit). The UI tax rate is subject to change from one year to next year depending on unemployment benefits former employees have collected on your account. A new experience rate will affect at least 3 years of premiums. We anticipate UI tax premiums could triple as Employment Security Department tries to replenish the state unemployment trust fund.

The Benefit Charge Offset applies to unemployment benefits paid in the first two quarters of 2020 to employees who were temporarily laid off as direct (i.e.: Governor Jay Inslee's Stay-at-Home Order) or indirect result of COVID-19, and they have returned to work for at least four weeks and have been paid at least 90% of the weekly pay they earned prior to COVID19 closure.

To apply, you need to have your 1Q and 2Q 2020 Statement of Benefit Charges. Identify the employees who have returned to work and submit your application either online through this link <https://esd.wa.gov/employer-taxes/offset> or submit paper copy thru fax/email/mail. The deadline for submission is September 30, 2020.

To submit online, download the "Benefit Charge Offset Application Template" provided by Employment Security Department to enter employee names and socials security numbers. Once you have filled out the template and save it on your computer, you can upload on the "Apply for Benefit Charge Offset Page". If you want to submit by mail/fax, you can fill out the application form we have attached in this email.

Relief of Benefit Charges

For those employees listed on your 1Q and 2Q 2020 Statement of Benefit Charges who were not working for you immediately before Covid-19, you can apply for relief of benefit charges. The benefits paid to your former's employees will not be factored in your experience tax rate. You may qualify for relief if your former employee(s) separated from your business due to one of the following reasons:

- They voluntarily quit, and you did not cause the quit.
- They were discharged for misconduct or gross misconduct connected with the work.
- They were laid off as a direct result of a catastrophe, such as fire, flood or other natural disaster.
- Your business had to close or curtail operations due to a COVID-19 infection at the workplace.
- They were directed by a medical professional to be isolated or quarantined to prevent the spread of COVID-19, even if they were not actually diagnosed with COVID-19.

You must apply for relief of benefit charges in writing using one of the three methods listed below. You have to include the name of former employee, social security number and the reason for relief in the submission

Online: You can submit your relief of charges online using [eServices](#). In the *Client Account* view, select the *Issues* tab then the “Relief of charges” link.

Fax: 800-301-1796

Mail:

Employment Security Department
Registration and Rates Unit
PO Box 9046
Olympia WA 98507-9046

If you require assistance in completing either of the application, we are here to assist you. We estimate our fees will range \$300 to \$450 depending on the number of the current or former employees.

Application for Offset of Benefit Charges (online link)

<https://esdorchardstorage.blob.core.windows.net/esdwa/Default/ESDWAGOV/employer-Taxes/application-benefit-charge-offset.pdf>

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