

## What is Florida Reemployment Tax?

Every state has an Unemployment Compensation Program. In Florida the Unemployment Compensation Program is known as the Reemployment Assistance Program. The name change was passed by the Legislature in 2012 in order to redirect Florida's job seekers to become reemployed.

The Florida Reemployment Tax is a tax paid by Florida employers. The tax collected from employers is deposited into the Unemployment Compensation Trust Fund for the purpose of paying Reemployment Assistance benefits to eligible claimants. Since 2000, the Florida Department of Revenue has administered the state's Reemployment Tax. FloridaCommerce administers Reemployment Assistance benefits, which provide temporary income to workers who lose their job through no fault of their own.

## Reemployment Tax

Employers in the state of Florida are taxed on the first \$7,000 of wages paid to each employee in a calendar year. Employers with stable employment records received a reduced tax rate after a qualifying period.

When a new employer becomes liable for reemployment tax, the initial rate is .0270 (2.7%) and will stay at that rate until the employer has reported for 10 quarters. The account will then be rated by dividing the total benefits charged to the account by the taxable payroll reported for the first 7 of the last 9 quarters immediately preceding the quarter for which the rate is effective.

The only exception is for employers liable by succession who choose to accept the tax rate of the previous employer, along with the responsibility of paying any outstanding amounts due. At that time, a tax rate will be calculated using the employment record and the rating factors, which are built into the Reemployment Assistance Law.

**The maximum tax rate allowed by law is .0540 (5.4%).** The 5.4% rate can be earned, or it can be assigned to employers who have the following:

- delinquencies greater than one year, and
- employers who fail to produce all work records requested for an audit.

**By law, an employer's tax rate may not be lower than .0010 (.1%).**

**NOTE:** Rate notices are mailed to all contributing employers each year. You may protest your tax rate within 20 days from the date printed on the Reemployment Tax Rate Notice (Form RT-20).

## 2024 Tax Rates

The minimum and maximum tax rates, effective January 1, 2024, are as follows (based on annual wages up to \$7,000 per employee):

- Minimum rate: .0010 (.10%) or \$7.00 per employee
- Maximum rate: .0540 (5.4%) or \$378 per employee

**NOTE:** Employers can view their employer tax rate by logging in to the Department of Revenue's [Reemployment Tax](#) file and pay website.

# Reemployment Tax Rate Calculation

The state Reemployment Assistance program is a federal-state partnership between FloridaCommerce and the U.S. Department of Labor. Each state determines benefit qualification levels and amounts, benefit duration, disqualifications, and tax structure, within federal limits.

For example, federal guidelines require each state to:

- Base its tax structure on benefit experience
- Have a new employer tax rate of **at least** 1.0%
- Have a maximum tax rate of at least 5.4%
- Have a taxable wage base of **at least** \$7,000

Each state sets tax rates, benefit levels, and trust fund balances based on that state's needs. Each state has its own benefit trust fund account within the U.S. Treasury. In Florida, the account is funded by a Reemployment Tax paid by employers.

**Florida assigns new employers an initial tax rate of 2.7%.** This rate stays in effect for the first 10 quarters. At the end of this period, an employer has enough history to qualify for an experience-based tax rate. **The formula for calculating the rate combines three major factors:**

- 1. The individual benefit ratio makes up the greatest portion of the employer's final tax rate. This ratio is calculated by dividing the previous three years of benefit charges for former employees by the taxable payroll for that same three-year period. The benefits charged and the size of the payroll have a direct effect on the employer's tax rate.**
  - The timely reported taxable payroll uses up to \$8,000 for each employee prior to 2015 and up to \$7,000 for each employee thereafter.
- 2. The variable adjustment factor (multiplier) is made up of three ratios that spread the costs among employers that have had benefit charges in the three previous years.**
  - The last three years of non-charged benefits (those not attributable to any employer).
  - Excess payments (the portion of benefit charges which exceed the maximum rate of 5.4%).
  - The fund size factor, which, depending on the amount in the trust fund, may affect the tax rate. If the amount in the trust fund is between 4% and 5% of the previous year's taxable payroll, no adjustment factor is made to the tax rate. If the balance in the trust fund is below 4% of the previous year's taxable payroll, a positive adjustment factor is computed each year until the fund balance equals or exceeds 4% of the previous year's taxable payroll. A positive adjustment factor will increase tax rates. If the balance in the trust fund is above 5% of the previous year's taxable payroll, a negative adjustment factor is computed each year until the fund balance is less than 5% of the previous year's taxable payroll. A negative adjustment factor will decrease tax rates.
- 3. The final adjustment factor spreads costs not included in the second factor to all employers whose rates are not at the initial or maximum rate. This factor is also distributed among employers who had no benefit charges in the preceding three years. This factor determines the minimum rate for the tax year.**

Ideally, each employer would pay the exact amount of reemployment assistance benefits that are chargeable to his or her account. This is not possible because the maximum contribution rate is 5.4%, and sometimes benefit payments are not charged to a specific employer. These added costs are divided among all rated employers through the variable adjustment factor and the final adjustment factor. Each employer's contribution rate is his or her benefit cost, plus a share of unassigned costs. This keeps the Reemployment Assistance program solvent.

Source: Florida Department of Revenue, "Reemployment Tax Rate Information," [https://floridarevenue.com/taxes/taxesfees/Pages/rt\\_rate.aspx](https://floridarevenue.com/taxes/taxesfees/Pages/rt_rate.aspx)