
Unemployment Insurance Tax Information

2012 UI Tax Rates

In addition to the experience rate (0.1% – 10%) or new employer rate (2.9%), the 2012 rate includes the 0.8% stabilization tax, the 0.1% extended benefit tax and the 0.2% advance interest tax. The lowest tax rate is 1.2%, the highest 11.1%, and the new employer rate is 4.0%. The taxable wage base remains at \$12,000.

FUTA Tax Credit Reduction

Aside from state unemployment insurance taxes, employers also pay a federal unemployment or FUTA tax. The FUTA tax rate is 6.0% with a taxable wage base of \$7,000. However, if an employer pays its state unemployment insurance taxes, the FUTA tax is reduced by 5.4% to 0.6%. Once a state has outstanding advances on January 1st of two consecutive years, the FUTA credit reduction is reduced by 0.3%. January 1, 2011 marked the second January 1st on which Arkansas had an outstanding advance; therefore, the FUTA credit reduction will be reduced to 5.1% making the FUTA tax 0.9%. Employers will pay the additional 0.3% federal tax in 2012 when paying their 2011 FUTA taxes. An additional 0.3% reduction will occur each year until the advances and interest are repaid. The additional FUTA tax is applied to repay the outstanding advances.
