Unemployment Insurance Tax Information

2014 UI Tax Rates

In addition to the experience based rates (0.1% – 12%) and the new employer rate (2.9%), the 2014 rate will include the 0.8% stabilization tax, the 0.1% extended benefit tax and the 0.2% advance interest tax. Due to these additional taxes the lowest total rate will remain at 1.2% and the new employer rate at 4.0%; however, due to Act 1191 of the 89th General Assembly, the highest rate will increase to 13.1%. The taxable wage base will continue to be $12,000.

FUTA Tax Credit Reduction State

Aside from state unemployment insurance taxes, employers 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 (credit) by 5.4% to 0.6%. During extreme economic downturns states may receive Title XII advances in order to continue to pay regular state unemployment insurance benefits. To help repay the Title XII advances a portion of the credit is reduced and the additional FUTA taxes are used to pay off the outstanding advances. Arkansas was a FUTA credit reduction state in 2011 and 2012 and will be so in 2013. When Arkansas employers pay FUTA taxes in 2014 for calendar year 2013 the credit will be reduced by 0.9% making the FUTA rate 1.5%. Barring any further economic downturn the Title XII advances should be returned during 2014 with the FUTA credit returning to the full 5.4% when employers pay FUTA taxes in 2015 for calendar year 2014.