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News from TRICOM

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FUTA Credit Reductions: What Does This Mean For Your Tax Bill?

As staffing company business owners and managers, you've had a lot to think about and adapt to in the last 18 months or so. That's why part of our job at TRICOM is to make sure we stay abreast of any changes – tax, legislative, or otherwise – that could impact your business.

One such change is the FUTA Credit Reduction.

The standard FUTA tax rate is 6% on the first \$7,000 of wages subject to FUTA. Employers receive a credit of 5.4% if they pay their quarterly unemployment in a timely manner using Form 940, making the rate .6% (the percentage we are used to). If your state has a federal loan for unemployment that has not been paid within the given timeframe, **your credit is reduced by .3% each year.**

If states are struggling to come up with the funds to pay Unemployment Insurance benefits for the residents of their state, they may take out a loan from the Federal Unemployment Trust Fund. **If a state fails to pay that loan back and has an outstanding loan balance on January 1 for two consecutive years and does not repay the full amount of its loans by November 10 of the second year, then the FUTA credit rate employers in that state pay is reduced – which in effect means that you'll pay a higher FUTA tax rate.**

With the high unemployment rates during the last 18 months of the pandemic, we're seeing some unprecedented loan amounts from the Federal Unemployment Trust Funds.

[CLICK HERE](#) TO READ WHICH STATES HAVE OUTSTANDING FUTA TRUST FUND LOANS AND HOW THAT MAY IMPACT YOUR TAX BILL.

Did You Know? Focus on a TRICOM Preferred Provider UHY, LLP

TRICOM has a curated list of preferred providers who meet our high standards for quality products and services. One such provider is UHY, LLP, Certified Public Accountants. UHY's National Staffing Practice, led out of Michigan, is focused on bringing forward-thinking solutions to provide staffing companies the advantage they need to operate in a competitive environment. As a full-service CPA firm with a deep staffing industry focus, they understand the competitive forces shaping staffing companies. They work as business consultants advising owners and C-level professionals on how to best optimize and evolve their respective business models. Their professionals work with staffing companies every step of the way to deliver essential accounting, tax, and advisory services. As leaders in the staffing industry, they are quick to identify and address new trends, accounting requirements, and regulations to ensure our clients' future success. Visit uhy-us.com for more information.

[CLICK HERE](#) TO SEE OUR COMPLETE LIST OF PREFERRED PARTNERS.



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Events:

Nov. 3-5 — SIA Healthcare Staffing Summit. Encore Boston Harbor, Boston, MA. Staffingindustry.com

Nov. 17-18 — TechServe Alliance Executive Summit. Ritz-Carlton, Amelia Island, Amelia Island, FL. Techservealliance.org

Check out our podcast section on our homepage at TRICOM.com! Watch for our new monthly podcast series, "Insights with Insiders," with new podcasts being added the second Thursday of each month (and sometimes even sooner!).

You can also pop over to [Spotify](#) to follow us and listen to terrific conversations!

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