

logo not found or type unknown

Dept. of Labor Issues Reminder on New Tax Rates, Warns of Penalties for Non-Compliance

Act 8209 details new rates; non-compliant employers may face financial consequences

Community Center / **Published On May 15, 2024 07:07 PM /**

Staff Consortium **May 15, 2024**

Image not found or type unknown



The V.I. Dept. of Labor on Wednesday reminded all employers about the new Payroll Variation Tax methodology and Experience Rating System that came into effect on January 1, 2024.

This reminder follows what the department says were extensive briefings held from February through November 2023 and a prior press release in December 2023 announcing the new Unemployment Tax rate. The details of the new tax methodology are outlined in Act 8209, with the implementation date revised by Act 8827. Employers should note that this change is distinct from any implementation delays related to the online Employer Portal.

Under the new system, employers have been assigned a new tax rate, which includes:

1. **Total Contribution Rate:** This comprises a base contribution rate and a fund solvency factor, calculated annually based on a ratio of all employers' total wages to taxable wages.
2. **Tax Rate Factor:** This includes the portion of the employer tax rate that incorporates the experience factor for the given period.

Some employers have submitted their first quarterly reports for 2024 using the old tax rates, resulting in non-compliance with current labor laws, DOL said. These employers may face interest on any unpaid taxes.

For more information, employers can contact the VIDOL Tax Unit at (340) 773-1994 (St. Croix) or (340) 776-3700 (St. Thomas).

© Viconsortium 2024