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U.S. Virgin Islands Receives Federal Waiver Preventing FUTA Tax Increase for Employers

VIDOL has secured federal approval of the 2025 FUTA Credit Reduction Waiver, preventing a tax increase for local employers.

Community Center / **Published On November 12, 2025 07:46 PM /**

Staff Consortium **November 12, 2025**

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V.I. Dept. of Labor Headquarters on St. Croix. By. ERNICE GILBERT. V.I. CONSORTIUM.

The V.I. Department of Labor has announced that the U.S. Department of Labor's Employment and Training Administration (ETA) has approved the 2025 Federal Unemployment Tax Act (FUTA) Credit Reduction Waiver for the territory, a decision that spares local employers from higher federal tax liabilities in the coming year.

The approval, officially confirmed on Monday, came through a notification from Michelle Beebe, Administrator of the ETA's Office of Unemployment Insurance, VIDOL revealed. The letter

affirms that the U.S. Virgin Islands continues to meet the eligibility standards outlined under Section 3302 of the FUTA.

VIDOL said the approval ensures that Virgin Islands employers will not face an increase in FUTA tax rates for Calendar Year 2025, providing what officials described as a significant financial reprieve for the territory's business community.

Commissioner Gary Molloy praised the collaborative effort that made the waiver possible, highlighting coordination between the department, the Office of the Governor, and federal officials. "This waiver reflects the Virgin Islands' continued progress in managing our Unemployment Insurance Trust Fund with fiscal responsibility and transparency," Dr. Molloy stated.

He expressed gratitude to Governor Albert Bryan Jr. for what he called "steadfast leadership and commitment to ensuring the Territory's compliance and financial stability," while also commending the dedicated VIDOL team that "worked tirelessly to prepare and submit the 2025 waiver request."

Officials said the waiver not only safeguards employers from additional tax burdens but also reinforces the Virgin Islands' economic recovery efforts and its commitment to modernizing the unemployment insurance system.

The FUTA Credit Reduction Waiver approval, according to the department, reflects progress toward promoting stability for employers, protecting jobs, and maintaining trust fund solvency as the Virgin Islands continues strengthening its fiscal footing.