

Unemployment Insurance Tax System



Employer Guide

Welcome to the Arizona Unemployment Insurance Tax System

Introduction to Unemployment Insurance Taxes

The Unemployment Insurance (UI) program is a state and federal partnership that provides eligible workers who have lost their job through no fault of their own with temporary financial assistance (UI benefits) while they seek new employment. The federal unemployment tax, called FUTA, is collected by the IRS and provides administrative funding which is appropriated by Congress back to the states through the U.S. Department of Labor (DOL) for the administrative costs. The state unemployment insurance tax, called SUTA, is collected by the DES UI Tax Section. SUTA funds are used to pay unemployment insurance benefits. These contributions allow eligible individuals to receive Unemployment Insurance Benefits while they seek new employment. By law, unemployment taxes cannot be withheld from the wages you pay workers.



Getting Started

As a new employer in Arizona, there are steps you'll need to take to pay your unemployment taxes, and we're here to help! You can find the most up-to-date information about Arizona's UI Tax Program including [Frequently Asked Questions](#) and a printable copy of the [Unemployment Insurance Tax Employer Handbook](#) on our website at azuitax.gov.

Who pays UI Taxes?

In Arizona, most employers are required by law to pay unemployment taxes on the first \$8,000 in gross wages paid to each employee in a calendar year.

Successor to a Liable Employer

When you acquire all or part of a business that was required to pay unemployment taxes in Arizona, you are a “[successor](#)” for unemployment tax purposes. [Learn more about what it means to be a successor.](#)

Employees, Wages and Tax Rate

Visit our website to understand more about what constitutes an [employee](#), what types of payments are considered [wages](#) and what factors affect your business' Unemployment Insurance [tax rate](#).



Reporting Wages

Businesses determined liable to provide unemployment insurance coverage for their workers are required to:

- Submit [Unemployment Tax and Wage Reports](#) for each quarter they are covered, even for quarters during which no wages were paid, and
- Pay taxes each quarter taxable wages were paid.

Employers who use third-party payroll representatives are responsible for notifying the representative of their 8-digit Arizona Unemployment Insurance account number. Your UI account number can be found on your determination letter or tax rate notice.

Accounts will be systematically closed when an employer reports “no wages” for eight consecutive quarters. Employers must contact the Employer Registration unit when they resume paying wages to determine if the account can be re-opened. Unemployment Tax and Wage Reports filed on closed accounts will not be processed.



Paying Your Taxes

Pay your UI tax by phone using a credit card, debit card or ACH payment by calling (602) 771-6604; online at uitws.azdes.gov, or by mail using a cashier's check or money order payable to the Department of Economic Security (include your Employer Account Number with your payment).

Submit your Unemployment Tax and Wage Reports

Use the [Tax and Wage System](#) to:

- File Tax and Wage Quarterly Reports
- Make a Payment
- View/print copies of Quarterly Filings and Tax Rate notices

Use the Secure File Transfer Protocol [AZURE](#) system to:

- Use a bulk file upload server to server process (SFTP) to file and pay
- Receive electronic Acknowledgment

Penalties

File on time to avoid late [penalties](#) and interest charges. If you cannot pay the taxes due, you may be able to make payment arrangements.

- The penalty for a late report is 0.1% of total wages paid in the quarter; the minimum penalty is \$35 and the maximum is \$200.
- Interest on unpaid taxes accrues at 1% of the taxes due per month.
- Liens, and/or levy on property may be imposed for any overdue amounts.

[Learn more about late penalties.](#)

UI Tax and Wage Report Schedule

Quarter #	Wages Paid During	Quarter Ends	Reports Due By
1	January, February, March	March 31	April 30
2	April, May, June	June 30	July 31
3	July, August, September	September 30	October 31
4	October, November, December	December 31	January 31



Report Changes

A change in your business' ownership, operations, or structure may affect your Unemployment Insurance Tax liability. Failure to report changes may result in additional costs to you later. Changes that should be reported include:

- Selling your business
- Discontinuing your business
- Acquiring another business
- Changing the ownership of your business
- Changing the legal structure of your business (incorporating, etc.)
- Changing your business name
- Changing your address

Make changes to your account using the online [Tax and Wage System](#) or submit your completed [Report of Changes](#) form by email at uitstatus@azdes.gov. [Learn more about employer requirements and record keeping.](#)

Audits

Routine [audits](#) of Arizona employers are conducted on a random basis. Employers selected for an audit will be notified and provided detailed instructions of the audit process. [Learn more about Unemployment Tax audits.](#)

Appeals

Whenever a determination is made that affects your tax liability, a written notice will be mailed to you. Each determination provides separate [appeal](#) rights; in all cases, an appeal must be made in writing and within the time period specified in the notice. [Learn more about the types of notices you may receive and what to expect.](#)

Unemployment Insurance Benefit Claims

The taxes you pay are used to pay unemployment benefits to your former employees. Information regarding the Unemployment Insurance (UI) Benefits program is provided in the [Employer Handbook](#)

When a claim for UI benefits has been filed, a Notice to Employer is sent to each employer attached to the claim. Employers are required to complete and return the Notice to Employer within 10 business days. Visit the [UI Benefit Claims - Notice to Employer of Benefit Claim Filing](#) page for additional information regarding the Notice to Employer.

To ensure the proper payment of UI benefits, the department uses federal and state new hire data and employer's quarterly tax and wage reports to detect individuals who may be working while receiving UI benefits. A Wage Audit Notice is sent to an employer who has reported wages in the same calendar quarter in which benefits have been paid. Employers are required to complete and return the Wage Audit Notice within five calendar days. [Learn more about UI Benefit Claims - Detection and Prevention of Improper Payments.](#)



Comprehensive Arizona Claims Tracking and Unemployment Insurance System, CACTUS

CACTUS, the Unemployment Insurance (UI) Benefits case management system, provides employers with one convenient place to view, respond to, appeal benefit-related claims, and set up electronic notification preferences online, streamlining interactions with the UI system. Employers can access information in CACTUS at any time, however only timely responses to notices will be considered.

Employers can retrieve their CACTUS username online if an email address was provided when registering the business for a UI Tax account.

- To retrieve your username, select Employer when signing in to CACTUS at uibenefits.az.gov and follow the links to Retrieve User Name.
- CACTUS will send an email to the address on file with your username.
- If you do not receive the email contact the Resolution Desk at 602.364.4419 for assistance with your CACTUS username.
- To add or update an email address to your UI Tax account for CACTUS access, submit a [Report of Changes Form](#).

State Information Data Exchange System, SIDES

SIDES and SIDES E-Response offer employers and third-party administrators a secure, electronic and nationally-standardized format to respond to Unemployment Insurance (UI) information requests, reduce follow-up phone calls, and streamline UI response processes. Access to SIDES is only available when there is an active claim(s) notification.

Employers can [register online](#) to use SIDES. Once registered, employers will receive electronic notification with instructions when a former employee files a benefit claim and when specific action related to the benefit claim is needed.

- To update the email address for receiving SIDES notifications, submit a [Report of Changes Form](#).



Respond Electronically through CACTUS or SIDES

Prompt response to Unemployment Insurance (UI) Benefit Notices reduces improper payments, decreasing charges to your UI account to stabilize future tax rates. The time period for responding to a notice may vary, be sure to review each notice carefully to provide your timely response.

Unemployment Insurance Benefit Notices

- Separation Information
- Monetary & Potential Charges
- Earnings Verification
- Determinations & Decisions and
- Additional Fact Finding

Respond electronically using CACTUS at uibenefits.az.gov

Employers can access their Message Center and Dashboard after logging in to the system. From the Dashboard select the:

- Claimants icon to view and respond to a Notice to Employer.
- Wage Audits icon to view and respond to a Wage Audit Notice.
- Determinations icon to view a Determination and appeal if necessary.
- Employer Charges to view approved benefit claims charged to your employer account and appeal if necessary.

Employers registered for SIDES E-Response will be automatically redirected to SIDES to submit the response.

Respond electronically using SIDES at uisides.org

Employers registered for SIDES will receive electronic notification of UI Benefit notices. To respond directly within SIDES, employers will need to log in by selecting the correct exchange for response and must enter the Federal Employer Identification Number, the UI account number (seven digit account number plus three digit branch number), and the PIN provided in the electronic notice. Employers with multiple notifications will need to log in to each exchange separately.

[Learn more about CACTUS, the Unemployment Insurance Benefits case management system](#), and watch videos on how to sign in and respond to notices.

Contact Us

Visit our [Contact Unemployment Tax - General Information web page](#) for a full list of UI Tax departments and contact information.



When contacting the Unemployment Insurance Tax section please have your Federal Employer Identification Number (FEIN) and full 8-digit UI account number available. Your UI account number can be found on your determination letter or tax rate notice.

For general UI Tax questions and information:

Please visit azuitax.gov, call (602) 771-6606 or email uitadvocate@azdes.gov.

For general UI Benefits questions and information:

Please visit azui.com, call 1(877) 600-2722, or email uiaclientadvocate@azdes.gov.

DES and ARIZONA@WORK offer no-cost services to help you grow your business and meet your recruitment and training needs. Learn more about [no-cost services for Arizona's Employers](#).



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