



Headway Workforce Solutions Can Help Mitigate SUTA Tax Increases

[SUTA Tax Rates Are Increasing in Many States Having A Detrimental Impact on Businesses](#)

As previously reported in Headway's **Analyst Statement on SUTA Tax Increases**, many states have dramatically increased their SUTA (State Unemployment Tax Act) rates as other states are considering the need to double or triple these taxes, which employers directly pay, in order to address massive overruns in their unemployment benefit funds.

[Headway's Employer of Record Solution Can Help Reduce SUTA Tax Burdens](#)

Headway offers its Employer of Record Service, where Headway is the legal employer and is therefore responsible for the processing of employee payroll, the withholding and payment of all employer taxes (including the SUTA and FUTA UI tax), as well as the handling of all HR matters and Workers Compensation Insurance, administration and claims activities.

Just as increases in SUTA tax rates can impact your financials, avoiding these rate increases along with any SUTA rate decrease will have a positive impact on your bottom line.

Example: If you have 5,000 employees, and on average the states where they are located have a threshold of \$10,000, an increase of average SUTA rates from 5.0% to 6.0% represents a **\$500,000 increase** in SUTA taxes that must be paid by the employer.

If you are able to avoid this increase, it would be a savings of \$500,000 to your company. Furthermore, if your Unemployment Experience rating actually improves (by having a decrease in your claims to payroll ratio through employing fewer workers or by a reduction in claims activity) and your subsequent SUTA rates were to decrease from 5.0% to 4.0%, this would enable you to achieve an additional \$500,000 in cost savings.



[Savings, SUTA Rate Mitigation & Other Benefits With Headway as the Employer of Record](#)

With Headway as the Employer of Record (EOR) for your seasonal, part-time or limited duration workers population, your organization will be able to realize these benefits, too:

1. Headway handles all of the typical HR functions for these seasonal/part-time employees, removing this burden (and activities) from your existing HR team.
2. Headway handles all Unemployment Benefit claims, and to the extent that the seasonal contingent workers receive Unemployment Payments, these are counted against Headway's UI rate and not against your UI rate.
3. Headway handles all Workers Comp claims. In our experience, temporary seasonal workers on average have higher rates of WC claim. Much like SUTA, the actions of a temporary group of employees can affect the WC Mod Rate, which must be paid for ALL employees.

[Headway's Online SUTA Impact Calculator](#)

In order to help organizations better understand the impact SUTA tax rates can have on a business, Headway developed a simple and intuitive online widget that quickly calculates how state unemployment tax increases will affect your organization's bottom line.

You will be able to run multiple scenarios and input variable workforce estimates and see how anticipated SUTA rates may increase your tax amounts at www.headwaycorp.com/sutaimpact. This site also lists the **TOP 15 States** having the largest percentage increase in their SUTA rates.

For more information on Headway's Employer of Record (EOR) programs, please visit: www.HeadwayCorp.com/employers_businesses/workforce_solutions/hr_outsourcing.aspx

[Headway Contact Information](#)

If you would like to learn more about Headway Workforce Solutions please call 919-424-5800 or visit the company at www.HeadwayCorp.com