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MMARS Policy: Payroll

Issue Date: July 1, 2004

Date Last Revised: October 17, 2008

Tax Administration and Payroll Tax Chargebacks: Unemployment Insurance Reporting/Universal Health

Executive Summary

Unemployment Insurance (UI)

Unemployment Insurance (UI) coverage for Commonwealth employees is governed by Chapter 151A, Section 14C of the Massachusetts General Laws. The Director of the Massachusetts Department of Workforce Development (formerly Division of Employment and Training), in conjunction with the U.S. Department of Labor, is authorized to establish an Unemployment Insurance Rate and provide guidelines to employers.

Considerations

This policy applies to all Commonwealth Branches and Departments.

Policy

The Office of the Comptroller prepares a quarterly Unemployment Insurance Report and pays UI premiums to the Massachusetts Department of Workforce Development on behalf of Commonwealth Departments and its employees, including those employees living and working outside Massachusetts.

For those Commonwealth Employees working outside of Massachusetts, their non-MA claims can be filed in their home state and the claim will be reconciled by their filing state to the Massachusetts' Department of Workforce Development.

Departments are responsible for ensuring that employees are properly classified in the payroll system as subject to UI / UHI or not subject to contributions.

All employees, both state and contract, are included in the Unemployment Insurance pool. Unless otherwise specified in general or special laws, all wages paid, up to the defined limit, to an employee for services rendered from January 1st to December 31st of any tax year are subject to unemployment taxes.

Wages paid for the following services are excluded from both UI and UHI contributions:

- Wages paid to elected officials
- Wages paid to judges of the Commonwealth
- Wages paid to clients
- Wages paid to the National Guard
- Wages paid to students who work and attend classes in the same school

- Wages paid to student nurses in the employ of a hospital or school
- Wages paid to interns and research assistants (e.g. judicial clerkships, medical residencies)
- Wages paid to service agricultural laborers
- Wages paid to workers in a private, local college club or local chapter of a college fraternity or sorority
- Wages paid to independent contractors

At the end of each quarter, the Office of the State Comptroller will provide Unemployment Insurance to the UI Administration Division at the Department of Workforce Development

Universal Health Insurance (UHI)

Universal Health Insurance (UHI) contributions are governed by Chapter 151A, Section 14G of the Massachusetts General Laws. The UHI contribution rate is determined by the Director of the Division of Employment and Training. All employees, both state and contract, contribute to Universal Health Insurance. Unless otherwise specified in general or special laws, all wages paid, up to defined limit, to an employee for services rendered from January 1st to December 31st of any tax year is subject to Universal Health Insurance contribution.

The Office of the Comptroller is responsible for preparing a quarterly UHI report and for sending the contribution to the Division of Unemployment Assistance on behalf of Commonwealth Departments.

At the end of each quarter, HR/CMS will provide Universal Health Insurance reports to the Payroll Unit at the Office of the Comptroller.

Chargebacks

To fulfill its obligation to pay Unemployment Insurance and Universal Health premiums on behalf of Commonwealth employees, the Office of the Comptroller processes a periodic chargeback for each state Department. As of Fiscal year 2007, UI and UHI is charged monthly to departments at the employer payroll chargeback rate. (Please See Fiscal Year Memo for current rate.)

Internal Controls

See [Best Practices For Payroll](#).

Information Sources

Related Procedure – HR/CMS Job Aid: Maintain Tax Data

- Legal Authority
- 801 CMR 6.00
- Massachusetts General Laws, Chapter 7A, Sections 3, 7 and 8
- Massachusetts General Laws, Chapter 151A, Section 14C
- Massachusetts General Laws, Chapter 151A, Section 14G
- Attachments - None
- Links - None
- Contacts – CTR Help Desk 617-973-2468
- [Comptroller Web Portal Homepage](#)

Revisions

October 17, 2008 – Changed title. Added provision for non MA claims – Changed chargeback methodology language.

November 1, 2006 – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.

