

Employment and Wage Submission Guidelines and Information

Division of Unemployment Assistance (DUA)

Commonwealth of Massachusetts

Effective:

Quarter 4 – 2009 Filing

Quarter 1 – 2010 Filing and Beyond

Revised 4/21/10

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1 PROJECT OVERVIEW

The Division of Unemployment Assistance (DUA) has initiated a major program to modernize our information systems and streamline the way the Division conducts the Unemployment Insurance business with employers and third party administrators in the future. The initiative will produce benefits for both external users and the Commonwealth of Massachusetts.

The initiative is called the Quality Unemployment System Transformation Program (QUEST). The project will be deployed in two phases: Phase I - Revenue and Phase II - Benefits. The information in this document focuses on Revenue Services and the project's first phase. QUEST's Revenue Services phase will introduce a modern interactive web enabled Revenue system automating the Registration, Wage and Employment Reporting, Tax Calculation, Payment Processing, and Account Maintenance. The new system will provide employers and agents with self-service management of their accounts; more specifically, employers and agents will be provided an easy on-line approach to processing quarterly tax filings. The information in this document outlines the primary guidelines for providing electronic data via file uploads and downloads to DUA. The Revenue phase will be implemented for use in December of 2009.

1.1 DOCUMENT OVERVIEW

The information that follows provides extensive detail for processing Employment and Wage data through the new QUEST System. Supplemental file formats and documentation is also available; however, this document focuses on process flows, key business rules and changes, and provides employers and agents the contact information necessary to make the necessary preparations for change.

Note: DUA UI system is still under construction and every effort has been made to ensure that the information included in this document will not change but if necessary modifications will be made. If any modification(s) made to the instructions, a new version of the document detailing the changes will be posted on the DUA QUEST website.

1.2 FILING CHANGES OVERVIEW

The Division of Unemployment Assistance will begin collecting detailed Wage and Employment data in Quarter 4 of 2009. The new collection process will include the following changes:

- Eliminate gross wage filing for Unemployment Insurance and employer calculations of taxes due.

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- Eliminate employer filings of wages to the Department of Revenue for Unemployment Insurance.
 - NOTE: Employers must continue to File W2 and tax filings based on Massachusetts tax laws with DOR. The changes are ONLY for Unemployment Insurance filings including wage filing.

- Require all employers to submit detailed Employment and Wage data.
 - Employers Subject to Unemployment Insurance
 - Currently submitting reports for Unemployment Insurance
 - Employers Not-Subject to Unemployment Insurance
 - Currently only submitting Department of Revenue Data
 - Reimbursable Employers
 - Currently only submitting UHI (Health Insurance) Data
- The Employment and Wage data required includes the following elements for each SSN employed by a company:
 - Unemployment Insurance Subject Wages
 - Department of Revenue Withholding Wages
 - Department of Revenue Amount Withheld
- New System will calculate amounts due based on an employer's liability status, contributory employer rates, and UHI withholding calculations.
 - For filings starting in Quarter 1 – 2010, calculations will assess the amount of taxes due based on each SSN's taxable and excess wages.
 - For filings prior to Quarter 1 – 2010, calculations will be based on gross wage submissions.
 - Employers and agents with adjustments or original submissions to quarters prior to Quarter 1 – 2010 can submit the old summary record file and/or the new detailed file specification. The data will be processed according to the appropriate quarter/year rules and calculations.
 - **NOTE:** *The calculation differences between pre-2010 data and Quarter 1 – 2010 data are established to accommodate the large conversion of data, maintain consistency with UI Benefits programming, and provide accuracy and consistency between old and new approaches.*

- All employers must have a valid DUA-assigned employer account number.
- Electronic files will be submitted via an employer's or agent's self-service web account; or, uploaded via secure file transfer protocol (SFTP).
- Magnetic-media, CD, or other discs/tapes formats will no longer be accepted.
- Employers and/or agents not submitting electronic files can also submit Employment and Wage data via a manual "Copy-Previous Quarter" data, "Manual Entry", or "Zero Wage" submission via web self-service.

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- Electronic submission file formats for Quarter 4 – 2009 and later will now collect 12th of the Month Employment data, reporting unit/location, hours worked, and owner/officer information at the detailed SSN record data

1.3 EMPLOYMENT AND WAGE FILING RULES – DUA SUBJECT EMPLOYER

Filing Rules For Original and/ or Adjustment Submission	2009 3rd Quarter and Prior	2009 4th Quarter New File Format	2010 1st Quarter and Beyond
<p>File Employment & Wage Filing at DETAIL Employee Level.</p> <p>Report gross wages, MA withholding wages, MA amount withheld, and employment data for each employee.</p>	Optional	Required	Required
<p>File Employment & Wage data using the current filing format for FORM 1 (UI).</p> <p>Report the Gross Wages; Taxable Wages, Excess Wages, and Employment Data at Employer Level using the current file format.</p>	Required	Required	NA
<p>File Employment & Wage data using the current filing format for FORM 1700 (UHI).</p> <p>Report the Gross Wages; Taxable Wages, Excess Wages, and Employment Data at Employer Level using the current file</p>	Required	Required	NA

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format.			
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1.4 EMPLOYMENT AND WAGE FILING RULES – DUA NON-SUBJECT EMPLOYER

Filing Rules For Original and/ or Adjustment Submission	2009 3rd Quarter and Prior	2009 4th Quarter New File Format	2010 1st Quarter and Beyond
File Employment & Wage Filing at DETAIL Employee Level. Report gross wages, MA withholding wages, MA amount withheld, and employment data for each employee.	Optional	Required	Required
File Employment & Wage data using the current filing format for FORM 1 (UI). Report the Gross Wages; Taxable Wages, Excess Wages, and Employment Data at Employer Level using the current file format.	NA	NA	NA
File Employment & Wage data using the current filing format for FORM 1700 (UHI). Report the Gross Wages; Taxable Wages, Excess Wages, and Employment Data at Employer Level	NA	NA	NA

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using the current file format.			
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Information regarding file formats and processing requirements are included in the sections below.

1.5 SECURITY

The Commonwealth of Massachusetts understands that Unemployment Insurance, more specifically employment and wage data, is extremely confidential and private in nature. Protecting the privacy of employers and employees is central to QUEST's mission and key the project's success. In order to ensure secure data transmission and processing, the QUEST project has implemented the following industry standards and policies.

1.5.1 SECURITY DETAIL

To enable employers to securely interface with the QUEST System, the application provides secure access with various features such as an LDAP server using Secure Sockets Layer (SSL) technology. The QUEST security capabilities include the following elements:

- **User Authentication.** Performed in conjunction with an industry-standard Active Directory LDAP server.
- **Role-Based Security Model.** Permissions for a given user are defined by that user's role, allowing the system to restrict the retrieval and dissemination of information appropriately.
- **Single Sign-On.** Users are authenticated one time and maintain their security credentials throughout their session.
- **Authorization/Data Access.** These are governed by specific rules on the Active Directory LDAP server. Once a user is allowed access to the system via the Active Directory LDAP server, only the data for which the user is authorized becomes available. Restricting data access through the application to authorized users prevents use of ad hoc data access tools to breach the sensitive Information Tier, thus reducing the risk of malicious data attacks.
- **Secure Sockets Layer Technology.** Encrypts data to prevent sensitive data from being viewed as it is transmitted via the Internet. All information being transferred across the Presentation Tier is SSL encrypted to protect data including web interfaces implemented via HTTPS and incoming file transfers implemented via secure SSH FTP.
- **URL Encryption:** In some cases, clicking links within the application requires data elements to be passed within the actual URL. In the QUEST

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application this data is automatically encrypted in order to prevent users from discerning the actual content. The encryption is also used to validate that the data has not been tampered with. In this way, users are unable to inject data into the system by changing the URL directly.

- **URL Hijacking:** The QUEST application relies on a State Machine based architecture to manage a session's current page; therefore a user is unable to login into the system and submit a modified URL to be transferred to another (possible unauthorized) page.

1.6 TECHNICAL ASSISTANCE AND RESOURCES

The Commonwealth and QUEST Team will continue to provide employers and third party administrators with updated project information. Please watch for information sent via US Mail or electronic mail. Additionally, project information will be regularly updated at the point listed below.

QUEST Project Employer and Agent Web Link:

Project updates, file formats, process flows, training vignettes (when available), and other necessary documentation will be provided here under Key Resources and Publications on the main web page:

<http://www.mass.gov/uima>

QUEST Employer and Agent Inquiry:

In addition to the main telephone number (617 626-5075), for specific questions regarding the project, please click on QUEST Related Questions on the upper left under Our Organization on the main page as above (<http://www.mass.gov/uima>).

2 GUIDELINES AND INSTRUCTIONS

The Guidelines and Instructions included in this section are meant to address the needs of a broad audience. The information will aide both small and large employers and agents; where necessary, these distinctions are provided.

2.1 PROCESS FLOWS

The following process flows provide a high-level overview of how employment and wage data will be collected and processed. There are two electronic file processing approaches outlined: Online and Secure File Transfer Protocol (FTP). Most employers and third party administrators will follow the Online processing method. Employers and Agents with over 10,000 employee records per filing will submit data via the FTP process – special and individual set up is required (contact DUA if you have questions). Employers not submitting an electronic data file will submit their data manually online via the employer or agent self-service web application.

2.1.1 ONLINE ELECTRONIC FILE SUBMISSIONS

The online processes provide employers and agents a method to submit information via a self-service web application. A user name and password will be required to submit information (guidance will be provided near “go-live”). Data will be processed in real-time unless data loads are extremely high or file sizes are extremely large, and errors will be presented for immediate resolution. Submission and error history is viewable online.

2.1.2 SECURE FILE TRANSFER PROTOCOL (FTP) FILE SUBMISSIONS

The secure FTP processes provides employers and agents with extremely large amounts of data (generally over 10,000 records) a method to submit information via an FTP folder. Special set-up is required for FTP submitters with secure access to individual employer and/or agent folders. Data will be processed in over-night batch and acknowledgement files will be provided in a separate FTP folder for review the next day. All other error handling and process (i.e., calculation) rules apply. Submission and error history is also viewable online.

2.1.3 ONLINE MANUAL DATA SUBMISSION

Employers and/or Agents can submit data without using electronic files. The new system allows users to manually enter data online via the self-service web application. Employers with previous submissions can copy previous data to start their submission and reduce time. The process is intuitive and designed for self-

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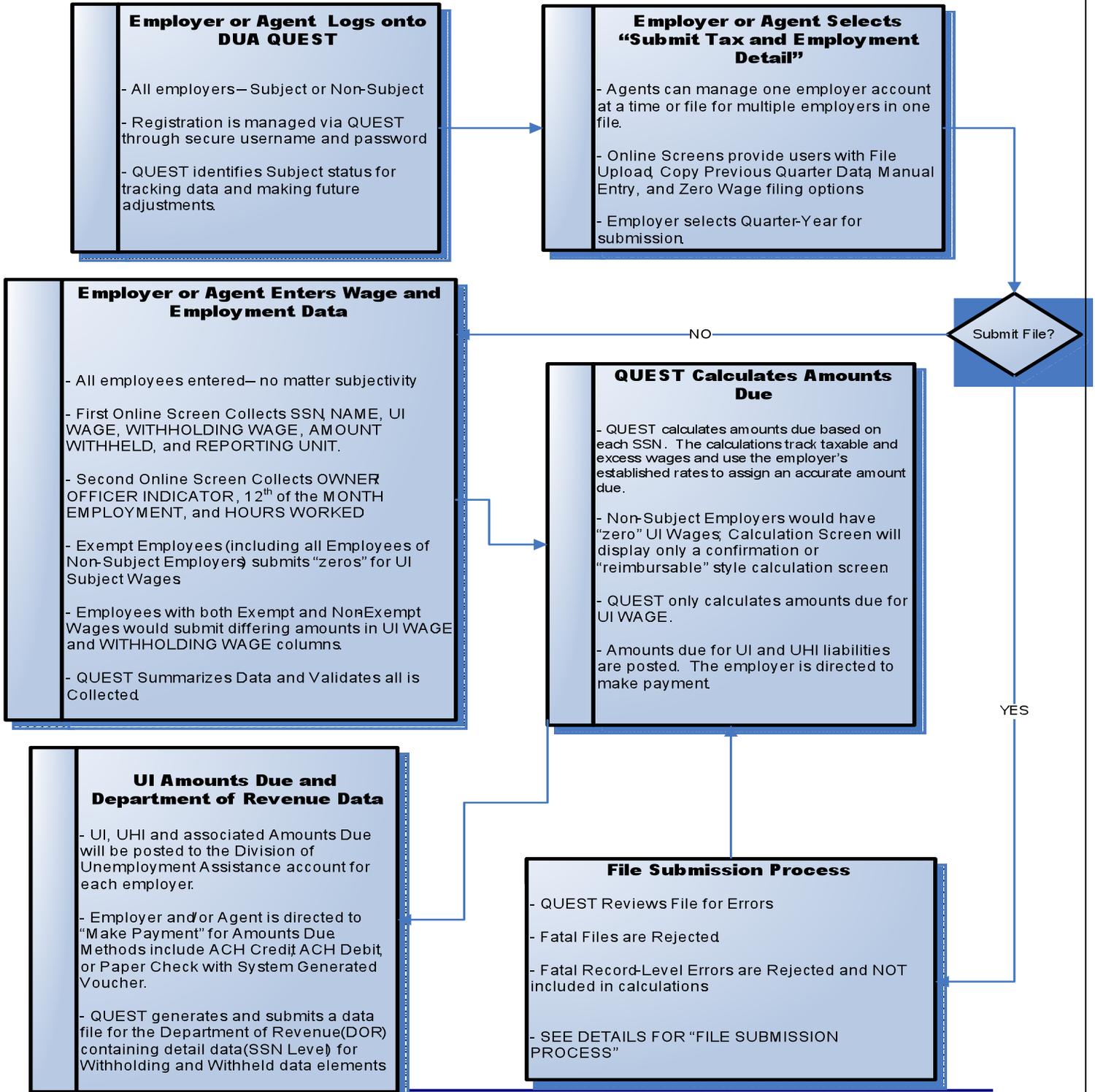
service. Screen edits, instructions, and user help are all incorporated into the design. Further information and user guides will be provided near system deployment.

The process flows on the following pages outline how the new system will collect and process data.

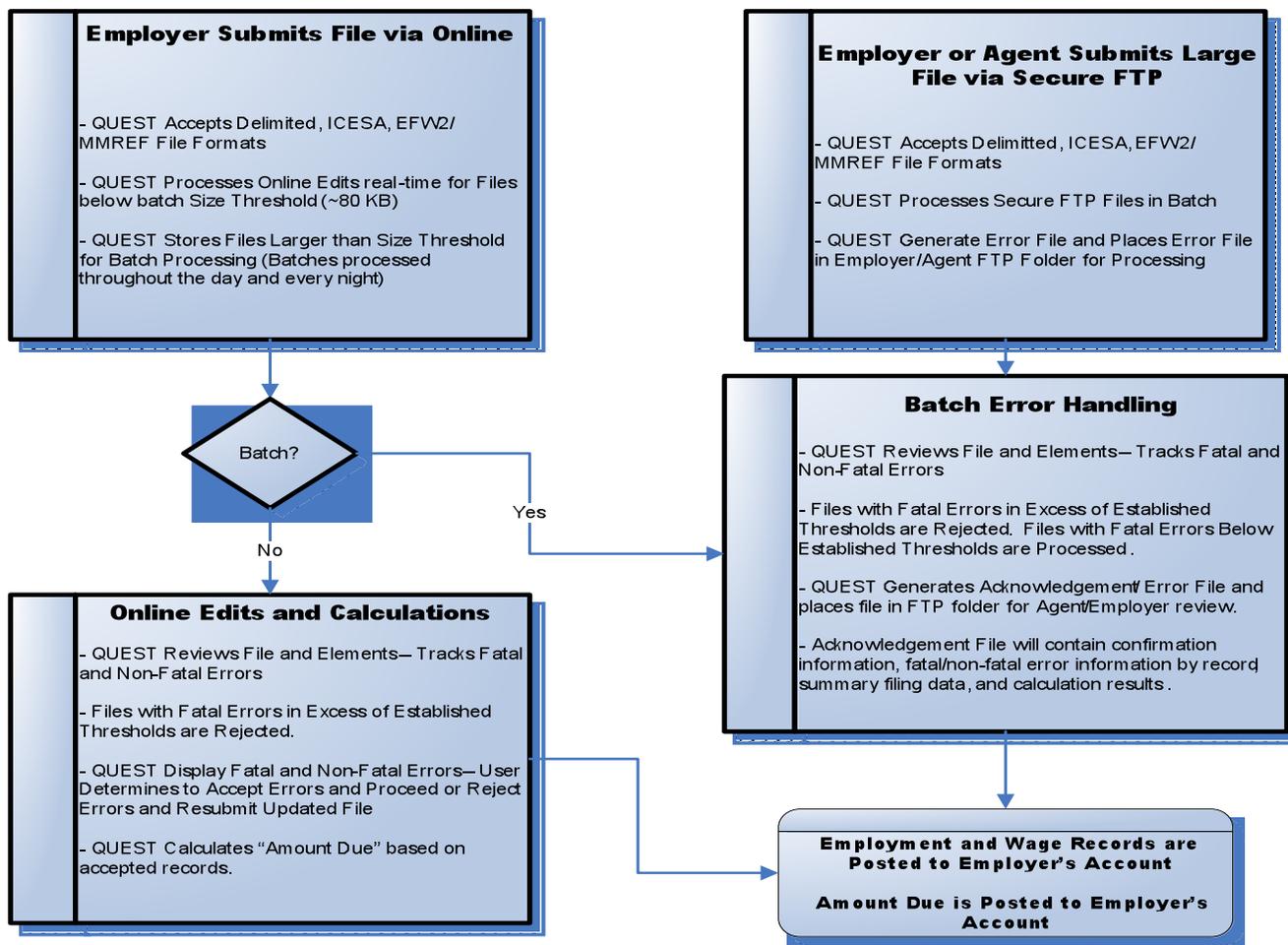
- **High-level Employment and Wage Processing Flow:** This diagram outlines how both files and online manual submissions will be processed via DUA's new system.
- **File Submission Process:** This diagram provides added detail related to processing electronic files both online via the self-service web application; and, via the Secure File Transfer Protocol process.
- **Online Manual Data Entry:** This diagram outlines how a user can submit Employment and Wage data online without submitting an electronic file. The process focuses on data entry via the self-service web application.

High-Level Employment and Wage Processing Flow Employment and Wage Data

NOTE: Secure File Transfer Protocol follows a similar but slightly modified approach



File Submission Process Employment and Wage Data



Error Processing Base Rules (see Error Management and File Rejection section for full details)

- QUEST Validates UI WAGE based on DUA QUEST Requirements
- Errors Deemed "Fatal" for UI Purposes will be rejected at the SSN Level
- QUEST will Perform BASIC Validations on WITHHOLDING WAGE and AMOUNT WITHHELD these include: ALPHANUMERIC Checks and "NULL" values
- QUEST will assign "Fatal" Errors on WITHHOLDING WAGE and AMOUNT WITHHELD if an ALPHANUMERIC or "NULL" value is identified
- QUEST will NOT cross validate UI WAGE with WITHHOLDING WAGE and/or AMOUNT WITHHELD during Online or Batch Processing.
- QUEST will Calculate UI Taxes Due Based on UI WAGE Columns ONLY.
- Non-Subject Employers MUST Submit "Zero" Values in UI WAGE or QUEST will Produce "Fatal" Errors and Reject File.
- Employment Data (e.g., 12th of the Month) will be Collected Consistently Across Employer Filings (Subject – Non-Subject); Data will be Sorted Post Submission.

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Employer Submits Wages and Employment Data via Online Data Entry Screens

- Employer must Select Quarter/ Year for Filing
- Manual and Copy Previous Quarter Processes Collect the Same Data Elements
- Data Entry Validations ensure proper data submission

Online Manual Data Entry Processing Employment and Wage Data

Wages and Employment Data Entry Screen #1

- Entry Screen #1 Contains ALL Employee(SSN Level) Wage Information, this includes Work Location
- Elements include the following

Social Security Number | Last Name | First Name | MI | Reporting Unit | UI WAGES | WITHHOLDING WAGES | AMOUNT WITHHELD

- Validations and Information
 - SSN Data Must Meet Validations
 - Name and Reporting Units Must Match DUA Specifications
 - UI Wages Must be Completed (OR - Can Not Proceed)
 - Withholding and Amount Withheld Must be Completed

Wages and Employment Data Entry Screen #2

- Entry Screen #2 Carries over the following Elements from Screen #1:

Social Security Number | Last Name | First Name | MI | Reporting Unit

- Screen #2 Entry Elements include the following

Employment Month 1 | Employment Month 2 | Employment Month 3 | Hours Worked | Owner/Officer Indicator

- Validations and Information
 - Employment data for all months must be completed
- Both Subject and Non-Subject Employers Enter Screen #2 Data

Confirmations and Calculation

- Confirmation Screen Displays Totals based on ALL Elements, this includes WITHHOLDING WAGES and AMOUNT WITHHELD.
- Calculations will be Based on UI Tax Calculations ONLY
- Amounts Due will Represent UI Amounts Due ONLY.

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2.1.4 THIRD PARTY ADMINISTRATORS/AGENT CLIENT RATE INFORMATION DOWNLOAD

Third Party Administrators / Agents will be provided with a monthly client rate file. The file will be made available either online through a file download to a spreadsheet file (*.txt) from the agent's online self-service account; or, via a Secure FTP folder.

The file will be processed each month and placed either online or in the specific FTP folder. The file will contain all employers with active Power-of-Attorney assignments for the select quarter/year. File formats and process flows will be provided in future communications. The process will be incorporated with the Agent Assignment and Power-of-Attorney process. Final details are pending and will be communicated as they are made available.

2.2 KEY RULES AND DATA MANAGEMENT

The following sections outline areas where employers and agents often request assistance. The goal is to provide enough information to the key processing scenarios.

2.2.1 DATA ELEMENTS COLLECTED

The following data elements are required for each quarterly submission. The elements allow the Division of Unemployment Assistance to accurately calculate UI Contributions Due, and effectively manage benefits eligibility for future UI claims. The data is also used to track labor market information and trends. Finally, the Department of Revenue is collecting Withholding and Amount Withheld Data for cross-reference purposes; you must still submit withholding and W2 data to the Department of Revenue as proscribed by Massachusetts tax laws.

The following elements will be collected in all submissions, starting Quarter 4, 2009. Definitions and codes for each element are included within the submission file format specifications. Error rules (fatal/non-fatal) for each element are listed later in this document.

1. DUA Employer Account Number (also known as DET number)
2. Year/Quarter
3. Employee SSN
4. Employee last name
5. Employee first name
6. Employee middle initial

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7. Owner/Officer Indicator
8. Hours worked
9. UI Gross wages – Subject to Unemployment Insurance
10. MA Wages Subject to Withholding
11. MA Income Tax Amount Withheld
12. Unit number (also known as work location)
13. 12th of the month Employment data – month 1
14. 12th of the month Employment data – month 2
15. 12th of the month Employment data – month 3
16. Adjustment Reason Code (For Original Submissions enter "0"; Adjustment Codes are outlined in file format specifications)

2.2.2 ERROR MANAGEMENT AND FILE REJECTION

The new QUEST System will review all data for errors. Errors are evaluated as "Fatal" or "Non-Fatal". Fatal errors will prevent the record from processing or for being used in calculations. Non-Fatal errors will be tracked, but will not prevent the record from processing or being used in calculations. Although non-fatal errors do not prevent processing, DUA holds the right to request the information at a later time from the employer and/or agent. If a file contains 25% or more records with fatal errors, the entire file will be rejected. If the file does not contain 25% or more records with fatal errors all complete records will be processed. Employers/Agents will have the opportunity to correct their files prior to final submission; this will reduce errors and improve calculations.

The following table outlines the Fatal and Non-Fatal errors. Descriptions in the table outline information that will display on the error management screen during online filing; or, within the acknowledgement/error file for FTP filers.

Element: Scenario Description	Record: <i>Specific Line within a File</i>	Edit/Error Description:	Error Code	Notes/Business Rules
Employer Account Number: Missing Account Number in Employer or TPA Submission	Fatal	Missing Employer Number	error.missing.ean	If a record is submitted without an employer account number, or an invalid account number, the information for that specific record will not be accepted. If TPAs do not have employer account numbers, the employer must provide this to the TPA; or, the TPA/employer must register the employer online (UI Staff will not process data without pre-registered, active/valid employer account numbers.
Employer Account Number: Invalid Employer Account Number – Quarter/Year Not Open	Fatal	Invalid Employer Number – Quarter/Year Not Open	error.invalid.ean	If a record is submitted with an EAN for an employer and the quarter and year for the submission is prior to the subjectivity date for that employer, the information for that specific record will not be accepted.
Employer Account Number: Invalid Employer Account Number (this includes alphanumeric invalidity). in Employer or TPA Submission	Fatal	Invalid Employer Number – incorrect format	error.invalid.ean	If a record is submitted without an employer account number, or an invalid account number, the information for that specific record will not be accepted. If TPAs do not have employer account numbers, the employer must provide this to the TPA; or, the TPA/employer must register the employer online (UI Staff will not process data without pre-registered, active/valid employer account numbers.
Employer Account Number: Invalid Employer Account Number – Does not Exist in Employer or TPA Submission	Fatal	Invalid Employer Number – Does not Exist	error.invalid.ean	If a record is submitted with an employer account number that does not exist, the information for that specific record will not be accepted. If TPAs do not have employer account numbers, the employer must provide this to the TPA; or, the TPA/employer must register the employer online (UI Staff will not process data without pre-registered, active/valid employer account numbers.
Employer Account Number: Invalid Employer Account Number – Employer Suspended or Ceased in Employer or TPA Submission	Fatal	Invalid Employer Number - Employer Suspended or Ceased	error.invalid.ean	If a record is submitted with an inactive employer account number (the employer associated with the EAN is either suspended or ceased), the information for that specific record will not be accepted.
Employer Account Number: Invalid Employer Account Number – Not Authorized to submit for EAN (TPA Submission) for TPA submissions	Fatal	Invalid Employer Number -- Not Authorized to submit for EAN	error.invalid.ean	Based on TPA Submissions: If a record is submitted with an employer account number for which the TPA is not authorized to submit, the information for that specific record will not be accepted. Employers must assign power-of-attorney to an agent. Without proper authority, the record will be rejected.

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Element: Scenario Description	Record: Specific Line within a File	Edit/Error Description:	Error Code	Notes/Business Rules
TPA ID: Not authorized – TPA has Delinquent debt	Fatal	Invalid TPA ID – Not authorized – TPA has Delinquent debt	Error.invalid.TPA.DelinquentDebt	The System will reject employment and wage detail submitted by TPAs on the behalf of employers if the TPA has delinquent debt of \$1,000 or more.
TPA ID: Not authorized –TPA has delinquent employment and wage reports	Fatal	Invalid TPA ID - Not authorized – TPA has delinquent employment and wage reports	Error.invalid.TPA.DelinquentEmploymentandWageReports	The System will reject employment and wage detail submitted by TPAs on the behalf of employers if the TPA is delinquent in filing their employment and wage report for two or more consecutive quarters.
Invalid File – 25% or more record errors	Fatal	Invalid File –25% or more record errors	Error.invalid.file	The System will reject a file where 25% or greater of the total records have fatal record errors. If file is rejected via FTP method the confirmation number will be blank. Error will be displayed in detail header (.e.g. D01,0,error,error.invalid.file,Fatal Error,Invalid File 25% or more record errors.)
Employer Unit ID: Missing Unit Identifier in TPA or Employer Submission	Non-Fatal	Missing Unit Number	error.missing.unitid	The records will be identified as an error, but will not prevent processing the parent record. System will assign records to the employer’s parent reporting unit. DUA uses this data for economic research and holds the right to request this data if not accurately submitted.
Employer Unit ID: Invalid Unit Identifier in TPA or Employer Submission	Non-Fatal	Invalid Unit Number	error.invalid.unitid	Invalid records are considered those that do not match the employer's recorded units or include alpha characters. The record will be identified as an error, but will not prevent processing the parent record. System will assign records to the employer’s parent reporting unit.

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Element: Scenario Description	Record: <i>Specific Line within a File</i>	Edit/Error Description:	Error Code	Notes/Business Rules
SSN: Missing SSN in TPA or Employer Submission	Fatal	Missing Social Security Number	error.missing.ssn	SSN is required field. Records without a SSN will be rejected and not included in calculations.
SSN: Invalid SSN in TPA or Employer Submission	Fatal	Invalid Social Security Number	error.invalid.ssn	Invalid SSN's includes alpha-submissions or System identified invalid SSN's. These include: 123456789, 987654321, 000000000, 111111111, 222222222, 333333333, 444444444, 555555555, 666666666, 777777777, 888888888, 999999999, or SSN's with the last four digits as 0000. SSN records Must be 9 digits. Records without a valid SSN will be rejected and not included in calculations
SSN: Duplicate SSN within Unit-EAN in TPA or Employer Submission	Fatal	Duplicate Social Security Number within Unit	error.duplicate.ssn	Duplicate SSN within a single reporting unit will be rejected and not included in calculations.
First Name: Missing First Name	Non-Fatal	Missing First Name	error.missing.firstname	Must be alpha. Error will be produced for each missing record, but if all other required data is available, record will be processed.
First Name: Invalid First Name	Non-Fatal	Invalid First Name	error.invalid.firstname	Must be alpha. Error will be produced for each record, but if all other required data is available, record will be processed.
Last Name: Missing Last Name	Non-Fatal	Missing Last Name	error.missing.lastname	Must be alpha. Error will be produced for each missing record, but if all other required data is available, record will be processed.
Last Name: Invalid Last Name	Non-Fatal	Invalid Last Name	error.invalid.lastname	Must be alpha. Error will be produced for each record, but if all other required data is available, record will be processed.

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Element: Scenario Description	Record: Specific Line within a File	Edit/Error Description:	Error Code	Notes/Business Rules
Last Name and First Name: Missing both First and Last Name	Non-Fatal	Missing First and Last Name	error.missing.lastname error.missing.firstname	Must be alpha. Error will be produced for each missing record, but if all other required data is available, record will be processed.
Middle Initial: Invalid/Numeric	Non-Fatal	Numeric Middle Initial	error.invalid.middleinitial	Must be alpha. Error will be produced for each record, but if all other required data is available, record will be processed.
UI Gross Wages: Missing Records within Employer or TPA Submission	Fatal	Missing Gross Wages	error.missing.grosswages	Gross Wages must include at least a "0" and must be a positive numeric value. Records without Gross Wages will not (cannot) be included for calculations. Employer can submit "0" hours and "0" wages.
UI Gross Wages: Invalid records/non-numeric in employer or TPA submission	Fatal	Gross Wages Contain Non-Numeric Values	error.invalid.grosswages	No commas will be accepted. Other, invalid or non-numeric, values will be rejected (i.e., letters, punctuation, or symbols). The decimal for cents will be accepted in Delimited files ONLY. If user does not provide the decimal and cents the system will add a decimal and cents to the amount (e.g. 100 = 100.00). For ICESA and EFW2 files the system will not accept decimals and regard the last two digits as cents. For example, 1 = .01 10 = .10 100 = 1.00 1000 = 10.00
MA Wages Subject to Withholding: Missing Records within Employer or TPA Submission	Fatal	MA Withholding Wages Missing	error.missing.MAwithholding wages	MA Wages Subject to Withholding must include at least a "0" and must be a positive numeric value. Records without MA Wages Subject to Withholding will not be included for calculations
MA Wages Subject to Withholding: Invalid Records within Employer or TPA Submission	Fatal	MA Withholding Wages Invalid	error.invalid.MAwithholding wages	No commas will be accepted. Other, invalid or non-numeric, values will be rejected (i.e., letters, punctuation, or symbols). The decimal for cents will be accepted in Delimited files ONLY. If user does not provide the decimal and cents the system will add a decimal and cents to the amount (e.g. 100 = 100.00). For ICESA and EFW2 files the system will not accept decimals and regard the last two

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Element: Scenario Description	Record: Specific Line within a File	Edit/Error Description:	Error Code	Notes/Business Rules
				digits as cents. For example, 1 = .01 10= .10 100 = 1.00 1000 = 10.00
MA Income Tax Amount Withheld: Missing Records within Employer or TPA Submission	Fatal	MA Amount Withheld Missing	error.missing.MAAmount Withheld	MA Income Tax Amount Withheld must include at least a "0" and must be a positive numeric value. Records without MA Amount Withheld will not be included for calculations
MA Income Tax Amount Withheld Invalid Records within Employer or TPA Submission	Fatal	MA Amount Withheld Invalid	error.invalid.MAAmount Withheld	No commas will be accepted. Other, invalid or non-numeric, values will be rejected (i.e., letters, punctuation, or symbols). The decimal for cents will be accepted in Delimited files ONLY. If user does not provide the decimal and cents the system will add a decimal and cents to the amount (e.g. 100 = 100.00). For ICESA and EFW2 files the system will not accept decimals and regard the last two digits as cents. For example, 1 = .01 10= .10 100 = 1.00 1000 = 10.00
Hours Worked: Missing Hours Worked within Employer or TPA Submission	Non-Fatal	Missing Hours Worked	error.missing.hoursworked	The records will be identified as an error, but will not prevent processing the parent record. Missing hours will default to zeroHours greater than 999 in the delimited file will default to 999.
Hours Worked: Invalid/Non-Numeric, Negative, and/or Larger than Possible	Non-Fatal	Invalid Hours Worked	error.invalid.hoursworked	The records will be identified as an error, but will not prevent processing the parent record. Negative or non-numeric hours will default to zero. For delimited files, hours in excess of 999 will default to 999.

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Element: Scenario Description	Record: <i>Specific Line within a File</i>	Edit/Error Description:	Error Code	Notes/Business Rules
Officer Code: Invalid (i.e., non "0" or "1") Record	Non-Fatal	Invalid Officer Codes	error.invalid.officercode	The records will be identified as an error, but will not prevent processing the parent record. Default to "No" in the case it is invalid. Error would be produced with explanation of Owner/Officer rule. If missing, System would default to "No" without an error being produced.
Employment (1-2-3): Missing Data	Fatal	Missing 12th of Month Data	error.missing.month12	If the field is left blank, the system will reject the record and provide error message.
Employment (1-2-3): Invalid - Non-Numeric Data	Fatal	Invalid/Non-Numeric 12th of Month Data	error.invalid.month12	If the field is invalid, the system will reject the record and provide error message.
Quarter/Year: Missing quarter/year	Fatal	Missing quarter and year	error.missing.quarteryear	Quarter/year must be included for each record. If the information is missing for that specific record, it will not be accepted.
Quarter/Year: Invalid quarter/year	Fatal	Invalid quarter and year	error.invalid.quarteryear	Correct Quarter/year layout must be included for each record. If the information for quarter/year is not in valid form the record will not be accepted. Quarter/Year formats for each file format include: Delimited - yyyyq (Quarter 1 2004 = '20041/) ICESA - mmyyyy (last month in the quarter being filed and year, for example Quarter 1 2004 = '032004') EFW2 - mmyyyy (last month in the quarter being filed and year, for example Quarter 2 2004 = '062004')
Quarter/Year: Quarter/year for record does not match quarter/year select for online file upload by employer	Fatal	Invalid quarter and year	error.invalid.quarteryear	If the quarter/year for the record does not match the quarter/year selected by the employer for the online file upload process, the System will produce a fatal error.

2.2.3 TAX CALCULATION PROCESS

Each Employment and Wage record will be tracked using the employee's Social Security Number (SSN). The new QUEST system will calculate all taxes, assessments, penalties, and interest for employers and agents. Employers and Agents no-longer need to calculate their taxable and non-taxable wages. The examples below outline how the new system will process and calculate amounts due for each submission by SSN:

- The QUEST System will track each SSN's taxable wages per employer account.
- The QUEST System will calculate UI taxes due and UHI taxes due based on the employer's tax rate and the taxable wages for each employee submitted and accepted without fatal errors.
- The QUEST System will calculate Workforce Training Funds and add them to the amount due.
- Calculations will be based on all accepted records. Fatal error records will NOT be included in calculations; for example:
 - Employer A submits 100 employee records.
 - System assess the electronic file and identifies 7 records do not contain the proper filing information and have "fatal" errors.
 - System calculates the taxable wages, contributions, penalties, and interest for the 93 accurately submitted records and creates an "Amount Due" that is posted to the employer account.
- The QUEST System will, for all calculations involving currency, truncate the result at three positions after the decimal.
- The QUEST System will, for all calculations involving currency, round to two positions after the decimal. Rounding up at 5 and above, and down at 4 or below.

2.2.3.1 Calculation Example:

Scenario – Quarter 1, 2010 Filing – Single Employer / Single Employee

- SSN 012-90-9876 / John Doe
- Timely Submission
- UI Contribution rate = 5.4%
- UHI Contribution rate = 0.12%
- Workforce Training Fund rate = 0.06%
- Gross Wages = \$12,038.65
- UI Taxable Wages = \$12,038.65
- UHI Taxable Wages = \$12,038.65

UI Contribution:

$(12038.65 \times .054) = 650.0871$ round up to \$650.09

UHI Contribution:

$(12038.65 \times 0.0012) = 14.4463$ round up to \$14.45

DUA QUEST

Workforce Training Fund:

$(12038.65 \times 0.0006) = 7.2231$ round down to \$7.22

Quarterly Amount Due:

$(650.08 + 14.45 + 7.22) = \mathbf{\$671.75}$

For each subsequent quarter, the QUEST System will calculate the remaining amount of taxable wages per SSN, and proceed to calculate amounts due. If an employer's taxable rate changes quarter over quarter (based on succession or business transfers), the system will take into account the new rate and calculate accordingly.

2.2.4 OUT OF STATE WAGE CREDITS

Employers who have employees that work both in Massachusetts AND another state can take the wage credit for wages submitted and used for UI contributions to those states; this will reduce the employer's Massachusetts UI tax liability.

The Division of Unemployment Assistance has determined that employers in this circumstance must work directly with DUA staff to process these credits. Employers need to follow the process outlined below:

- All Wages Paid to an Employee must be reported in the Massachusetts UI Employment and Wage Filing.
- Contact the Division of Unemployment Assistance for processing of out-of-state credits at (617) 626-5075. There are two documents needed: the Word document, the **OUT OF STATE WAGE DETAIL CREDIT REQUEST**, and an Excel file, the **WAGE Credit Out-of-State**, that need to be filled out to request Out of State Wage Credits. These documents are available on the main website, <http://www.mass.gov/uima> under Publications. The employer and agent can send this file via CD, **but not via email**. They can fax information to DUA at (617) 523-4882.

2.2.5 NON-FILER, ELECTRONIC FILING ENFORCEMENT RULES, AND SYSTEM INTEREST

DUA's new system will calculate penalties and interest based on processing rules and Massachusetts statutes. The information below outlines the primary penalty and interest rules.

DUA QUEST

Non-Submission Penalty:

System will calculate the Employment and Wage detail Non-Submission Penalty based on the calculated workforce size in the following manner:

- Workforce size of 0-4 carries a penalty amount of \$25
- Workforce size of 5-9 carries a penalty amount of \$100
- Workforce size of 10-49 carries a penalty amount of \$250
- Workforce size of 50-99 carries a penalty amount of \$500
- Workforce size of 100-499 carries a penalty amount of \$1000
- Workforce size of 500 and up carries a penalty amount of \$2500

Failure to File Electronically Penalty:

System will calculate the amount of the Failure to File Electronically Penalty based on the calculated workforce size in the following manner:

- Workforce size of 0-4, penalty amount = \$25
- Workforce size of 5-9, penalty amount = \$100
- Workforce size of 10-49, penalty amount = \$250
- Workforce size of 50-99, penalty amount = \$500
- Workforce size of 100-499, penalty amount = \$1000
- Workforce size of 500 and up, penalty amount = \$2500

Interest:

The System will calculate a daily interest on any Delinquent Debt day after it is due at the rate of 12%.