

# WORKERS' COMPENSATION TAXES & ASSESSMENTS

Industrial Commission of Arizona  
Tax & Assessments Overview  
May 2019

# WHO MUST PROVIDE WORKERS' COMPENSATION COVERAGE?

- ▶ Every Arizona employer is required to provide workers' compensation coverage to employees
- ▶ There are two ways to provide workers' compensation coverage:
  - ❖ Apply for authorization to self-insure
  - OR
  - ❖ Buy a workers' compensation policy from an authorized insurance carrier

# WHO PAYS WORKERS' COMPENSATION TAXES?

- Self-Insured employers that have been authorized by the Industrial Commission of Arizona.
- Insurance Carriers authorized by the Arizona Department of Insurance to write workers' compensation policies in Arizona.

# ANNUAL FILING WITH THE INDUSTRIAL COMMISSION

- Every Self-Insured organization and every Insurance Carrier authorized to write workers' compensation in Arizona are required to file with the ICA on annual basis.

# QUARTERLY FILING WITH THE INDUSTRIAL COMMISSION

- Any self-insured organization or insurance carrier which paid or is required to pay workers' compensation taxes of two thousand dollars or more for the preceding calendar year must file and pay quarterly, in addition to completing the annual filing requirements.

# METHODS OF PAYMENT

- Self-Insured organizations pay estimated quarterly taxes as a percentage of the prior year net taxable premium.
- Two payment methods are available for insurance carriers. The insurance carrier selects one of these methods for the full tax year:
  - Method One: Estimated payment as a percentage of the prior year net taxable premium.
  - Method Two: Percentage of the actual premiums written for the quarter.

# QUARTERLY FILING DEADLINES

- Quarter 1 ends March 31
  - Filing and payment is due April 30
- Quarter 2 ends June 30
  - Filing and payment is due July 31
- Quarter 3 ends September 30
  - Filing and payment is due October 31
- Quarter 4 ends December 31
  - Filing and payment is due January 31

# LATE PAYMENTS

- Any insurer failing to pay taxes on time shall be charged a penalty of the greater of twenty-five dollars, or five percent of the tax due plus interest at the rate of one percent per month from the date the tax was due. A.R.S. § 23-961



# THREE COMPONENTS OF THE WORKERS' COMPENSATION TAX

- Administrative Fund Tax pursuant to A.R.S. § 23-961 (G).
- Special Fund Tax pursuant to A.R.S. § 23-1065 (A)
- Apportionment Tax pursuant to A.R.S. § 23-1065 (F)

# TAX FORMS FOR SELF INSURED ORGANIZATIONS

- Forms may be located at <https://www.azica.gov/forms>
  - Self-Insured Employer - Quarterly Tax Form
  - Annual Payroll Report Form
  - Annual Injury Report Form
  - Annual Medical Report Form
  - Annual Hospital Report Form

# TAX FORMS FOR INSURANCE CARRIERS

- Forms may be located at <https://www.azica.gov/forms>
  - Insurance Carrier - Quarterly Tax Form
  - Insurance Carrier - Annual Tax Form 200. The annual tax form must be accompanied by Statutory Page 14 (Business page for Arizona).

# QUESTIONS?

- If you have any questions, please do not hesitate to contact us:
  - ❖ Phone: (602) 542-1836
  - ❖ Email: [Taxes@azica.gov](mailto:Taxes@azica.gov)
- ▶ Thank you!