



UNDERSTANDING SUCCESSOR EMPLOYER / PARTIAL SUCCESSOR

Experience Rates and Business Acquisitions, Mergers, and Re-organizations

Experience rate transfer means that the tax rate of the company which was purchased becomes the tax rate of the new owner.

It also means that both the benefit charges and taxable wages used to compute a rate are transferred to the new employer.

There can be benefit charges based on claims filed against the original owner, either before the acquisition or as a result of the change in ownership that are not yet reflected in the rate.

The statute requires the Department to combine the rates when there is more than one predecessor account being acquired.

In the case where the employer was already an employer subject to the unemployment statute prior to the acquisition of the new company, the employer will keep its rate for the remainder of the rate year.

After, the experience of all existing and acquired accounts will be merged to determine a new experience rate as of the beginning of the next rate year, which is July 1st of each calendar year.

Entities with common ownership fall under Title 21, Chapter 17, Section 1325(d) and may, or may not, be eligible for experience rate transfer and/or combining.

Final determine of rate transfer or prohibited rate transfer cannot be made until all information and forms are completed and returned.

For more information see Title 21, Chapter 17, Section 1325(b),(c), & (d).