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Dear Accounting and Payroll Clients:

With only a few weeks left in third quarter the office of Robert C. Rowland, CPA would like to inform you of a few changes taking place:

For businesses operating in Arizona, a new state tax law (House Bill 2619) is set to impose a Special Assessment (SA) on taxable wages paid in 2011 and 2012. The state being one of more than thirty states that borrowed money from the federal government to continue paying unemployment benefits as required by federal law will use the SA monies collected to repay on the loan.

SA Highlights:

1. Payment of the SA for the first **three** quarters of 2011 will be due by October 31, 2011.
2. SA rate is **0.40 percent** of taxable wages paid this year.
3. If operating in QuickBooks®, software is identifying SA as a **“Surcharge Tax”**.
4. **2012** SA rate has not been determined as of yet.

This month, DES will mail employers statements of the SA amounts they owe, if any, for the first **two quarters of 2011** and payments will be due on or before October 31, 2011. For third quarter, SA amounts are to be reported on Line 7, Part C of Form UC-018 (Unemployment Tax and Wage Report).

If your books are being supported through QuickBooks® we recommend you pay close attention to the calculation of the “surcharge tax” recently added to adapt to the new state tax law. Applicable Job Training Tax (JTT) and SA should pull together on your quarterly payroll report before submitting.

For additional information on Bill 2619 or SA payment options please visit the Arizona Department of Economic Security’s (ADES) website at www.azdes.gov.

Our office looks forward to taking care of your third quarter accounting and payroll needs. We continue to offer electronic filing of quarterly payroll reports as well as have added **direct deposit options** to our always expanding payroll services. For additional information on services please visit our website at www.rowlandtax.com or contact us at (520) 319-0077.

Sincerely,

The Office of Robert C. Rowland, CPA