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Tennessee SUI tax rates continue at lowest rate schedule for the six months beginning July 1, 2022

Summary

- ▶ *Tennessee employer state unemployment insurance (SUI) tax rates will remain at the lowest possible for the first half of fiscal year 2023 (July 1, 2022 to June 30, 2023) with SUI tax rates for experience-rated employers continuing to range from 0.01% to 10.0%.*
- ▶ *The 2023 SUI wage base will be based on the UI trust fund balance as of December 31, 2022. If the UI trust fund balance exceeds \$1 billion at that time, the taxable wage base will remain at \$7,000 for calendar year 2023.*

According to the Tennessee Department of Labor & Workforce Development [website](#), the employer state unemployment insurance (SUI) tax-rate schedule continues to be the lowest possible for fiscal year 2023 (July 1, 2022, to June 30, 2023).

Because the SUI trust fund [balance](#) exceeded \$1 billion as of June 30, 2022, SUI tax rates for experience-rated employers will continue to range from 0.01% to 10.0% on [Premium Rate Table 6](#) (though individual SUI tax rates increased or decreased as of July 1, 2021, because tax rate factors affect tax rates on a fiscal-year basis). (*Email response to inquiry.*)

Most new employers continue to pay at 2.7% for fiscal year 2022. The new-employer rate for construction employers may be found on Form [LB-0441](#), *Report to determine status*.

Note that though SUI tax rate notices are issued on an annual fiscal-year basis (July 1, 2021 through June 30, 2022), the SUI tax-rate schedule may change as of January 1, 2023, increasing SUI tax rates for the first and second quarters of 2023, if the level of the state's UI trust fund balance falls below \$1 billion as of December 31, 2022.

Mailing of fiscal year 2022 rate notices

A Department representative told us that the FY 2022 SUI tax rate notices were issued to employers at the end of August 2022. *(Email response to inquiry.)*

2022 SUI wage base

Employers continue to pay SUI taxes on a taxable wage base of \$7,000 for tax year 2022. The 2023 wage base will be based on the UI trust fund balance as of December 31, 2022. If the UI trust fund balance continues to exceed \$1 billion at that time, the taxable wage base will remain at \$7,000 for calendar year 2023.

By February 1 of each year the Department must report to the state legislature the UI trust fund balance as of the prior December 31 for purposes of determining the SUI taxable wage base for the calendar year. If the UI trust fund balance on December 31 of any year is less than \$900 million, the taxable wage base is \$9,000. If the trust fund balance is above \$900 million, but less than \$1 billion on December 31, the taxable wage base is \$8,000. If the trust fund balance exceeds \$1 billion on December 31, the taxable wage base is \$7,000.

Employer accounts not charged with COVID-19 UI benefits through July 3, 2021

The Department [announced](#) that the procedure to not charge COVID-19 UI benefits against employer SUI accounts was extended through July 3, 2021. This extended the provision under [Executive Order 77](#) issued by Governor Bill Lee on February 26, 2021, that allowed COVID-19 UI benefits to be non-charged through March 14, 2021. The Department had originally intended to start charging UI benefits to employer accounts on March 15, 2021.

Employers have not been charged with COVID-19 UI benefits since March 15, 2020 due to the 2020 enactment of [SB 2520](#) (Chapter 745), which also codified the waiver of the one-week waiting period for COVID-19 UI benefits contained in Executive Order [15](#). According to a Department representative, Department Commissioner Jeff McCord does not plan to extend the non-charge provision past July 4, 2021, unless further legislation is enacted. *(Email response to inquiry.)*

Ernst and Young LLP insights

CARES Act funds totaling \$939 million, transferred to Tennessee's UI trust fund in 2020, kept the 2021 SUI taxable wage base at \$7,000 for calendar year 2021 and the rate schedule at the lowest level for FY 2021 and the last two quarters of 2021. *([Report to the financial stimulus accountability group on the federal and state fiscal response to COVID-19, updated June 2, 2021.](#))*

The [report](#) estimates that had the transfers of CARES Act funds not occurred, employer SUI taxes would have increased by 300%.

According to the federal Treasury Direct [website](#), as of August 16, 2022, Tennessee had not yet exercised the option to receive federal unemployment insurance (UI) Title XII advances (UI loans).

Contact us for more information

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