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Pennsylvania law gives retroactive SUI tax relief to employers whose operations were temporarily shut down due to COVID-19 and adds flexibility to the state's Shared Work program

Summary

- Legislation enacted in Pennsylvania in November 2022 provides added state unemployment insurance (SUI) tax relief by allowing employers that were temporarily shut down due to Governor Wolf's COVID-19 disaster declaration and did not make sufficient SUI contributions to qualify for a potentially lower SUI experience rate for fiscal year 2021.
- The legislation also reduces the wait time for many employers to implement an approved Pennsylvania Shared Work program.

On November 3, 2022, Pennsylvania Governor Tom Wolf signed into law [SB 1083](#), which effective immediately provides retroactive SUI tax relief to businesses temporarily shut down due to COVID-19 and lessens the wait time for employers to implement an approved state Shared Work plan.

SUI tax relief for businesses temporarily shut down due to COVID-19

Contributory employers that have a sporadic employment history (having filed "zero" returns during each quarter of the last four years ending on the computation date or having been inactive for less than five years) are assigned a standard rate of 6.4968% for 2023 (up from 6.1916% for 2022) if positive balanced, or 10.6464% (10.1968% for 2022) if negative balanced, while the base SUI tax rate for experienced-rated employers for 2023 ranges from 1.4190% to 10.3734% (up from 1.2905% to 9.9333% in 2022). (*Pennsylvania Department of Labor & Industry, [Contribution rate chart](#)*).

Under prior law, a business must have made SUI contributions for at least one quarter in 2020 or 2021 to qualify for a potentially lower experience rate for fiscal year 2021. SB 1083 amends Pennsylvania SUI law by clarifying that a business may qualify for a potentially lower experience rate if it made no SUI contributions because it was temporarily shut down for an extended period due to Governor Wolf's

COVID-19 disaster declaration. ([Fiscal note to SB 1083](#).)

Specifically, the law states that if an employer temporarily ceased operations as a result of the [emergency disaster declaration](#) under [35 Pa.C.S.A. Section 7301\(C\)](#) at any time after March 6, 2020 and prior to July 1, 2021, the employer will be deemed to have paid SUI contributions during fiscal year 2021 provided that the employer actually paid SUI contributions for one or more quarters in either the fiscal year ending on June 13, 2021 or in the immediate preceding fiscal year ending on June 13, 2020.

Flexibility for the Shared Work program

Under Pennsylvania's [Shared Work](#) program, employers with a temporary business slowdown can reduce workers' hours rather than lay them off and employees eligible for unemployment compensation (UC) can receive a percentage of their UC weekly benefit while they work a reduced schedule.

To participate in the state's Shared Work program, businesses must submit a shared-work plan meeting the state's requirements to the Pennsylvania Office of Unemployment Compensation (OUC) for approval. Under prior law, the start date of the employer's Shared Work plan was the first calendar week following the date on which the OUC approved the plan.

Under SB 1083, and effective immediately, the effective period of an approved Shared Work plan begins on the date on which the employer submits the plan to OUC for approval or on the first calendar week following the date the employer stipulated in the plan, whichever is later.

Due to SB 1083, most employers will experience a shorter wait time to implement their approved Shared Work plans.

Contact us for more information

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