

Employment Tax Research and Recovery Services



Situation

As companies evolve, they often experience changes in legal entity structure including outside mergers and acquisitions, legal entity consolidations, reorganizations as a result of an emergence from bankruptcy, divestitures, and movements of business operations between related entities. These transactions are often overlooked, and can have a significant impact on employment taxes.

Payroll departments are under great pressure to ensure that the affected employees are seamlessly transitioned to their new employer(s) and are properly paid immediately after the transaction. However, because of the typical short time period, systems limitations, and other impediments, it is often difficult to take advantage of the employment tax opportunities associated with these transactions.

Subject to the particular facts and circumstances of each transaction, the acquiring employer may be allowed to utilize year-to-date wages paid by the prior employer in calculating its Federal Insurance Contributions Act (FICA), federal unemployment (FUTA), and state unemployment (SUI) tax liabilities. Additionally, rules may permit the acquiring employer to obtain a lower post-transaction SUI tax rate.

Solution

The transfer of experience options impacting state unemployment tax rates and the “successor” statutes and regulations at the federal and state levels for wage base carryovers are highly-reliant upon the facts and circumstances of each transaction. Equifax has assisted thousands of clients in identifying and recovering employment tax overpayments.

Refund Opportunities

Our services can help you better identify refund opportunities associated with:

- Mergers and acquisitions
- Internal reorganizations
- Spin-offs of business operations
- Bankruptcy reorganizations
- Transitions to new payroll systems or third party payroll providers
- Formation or dissolutions of joint ventures
- Unused tax credits
- Closures and wind-downs of business operations
- Penalties, interest, and other assessments



A typical engagement includes the following services:

- ✓ Review past transactions involving movements of employees between legal entities, potential tax impacts, and guidance relevant to the facts and circumstances of each transaction
- ✓ Examine historical employment tax filings to identify potential overpayments including Forms 940, 941, W-2/W-3, state unemployment quarterly returns, and registration/transfer filings
- ✓ Identify potential overpayments with respect to duplicated social security, FUTA, and SUI taxable wage bases
- ✓ Analyze state unemployment tax rates to determine potential savings
- ✓ Verify tax rate assignments and help you protest potentially incorrect determinations
- ✓ Review employment tax accounts for unused credits or overpayments
- ✓ Prepare federal and state amended tax returns necessary to secure refunds
- ✓ Follow up with the applicable taxing jurisdictions in pursuit of intended outcomes

Public Law 108-295—the SUTA Dumping Prevention Act of 2004—placed stringent compliance requirements related to the reporting of any employee movement between legal entities upon employers. As an added benefit of our Research and Recovery Services, Equifax can also help identify and mitigate potential risks that might exist.

Visit us at workforce.equifax.com for more details!



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Value

Equifax has the expertise to assist employers in identifying and securing overpaid employment taxes. Contact us if your organization has experienced historical mergers, acquisitions, and/or reorganizations that you would like for us to review.

