

# Maryland Division of Unemployment Insurance (Division) UI Tax Rate Information for Employers

- Employers pay insurance premiums that are deposited into the Maryland Unemployment Insurance Trust Fund. The trust fund is used solely to pay unemployment insurance (UI) benefits to eligible claimants.
- For UI tax purposes, there are two types of employers; **contributory and reimbursable**.

- A **contributory employer** pays quarterly UI taxes, which are based on the benefits charged against the employer's account and the taxable wages the employer reported to the Division.
- A **reimbursable employer** (government entities and certain non-profit organizations) may choose to reimburse the state dollar-for-dollar for benefits charged against their account, instead of paying UI taxes.

- The trust fund is monitored and reviewed annually to determine its solvency.
- UI tax tables are used in assigning tax rates to employers for a particular year.
- The solvency of the trust fund controls which tax table is in effect in a given year.

- The Division has six UI tax tables, ranging from Table A to Table F.
- Table A includes the lowest UI tax rates and Table F includes the highest.
- One tax table is assigned each year.

- Tax rates are higher if it is determined that the trust fund needs additional contributions and are lower if additional contributions are not needed.

## Maryland UI Tax Rate Range

- A list of Maryland's UI tax tables, A to F, and the tax rate range for each table, is displayed below.

Tax Table	Tax Rate Range
Table A	0.30% - 7.50%
Table B	0.60% - 9.00%
Table C	1.00% - 10.50%
Table D	1.40% - 11.80%
Table E	1.80% - 12.90%
Table F	2.20% - 13.50%

# Contributory Employer Tax Rates

Contributory employers are assigned one of three different types of tax rates listed below.

1. **New Account (or New Employer) Rate** - This rate is assigned to a new employer (an employer without enough experience for an earned rate). There is one new account rate each year, and all employers assigned the new account rate receive the same tax rate. The rate can range from 1.0% to 2.6%, depending on the year.
    - **Note:** New employers in the construction industry that are headquartered in another state are not assigned a typical new account rate. They are assigned the average rate for the construction industry in Maryland.
    - For current employer tax rates, including for new employers in the construction industry, see the [Annual Tax Rate and Benefit Charge Information FAQs](#).
  2. **Experience (or Earned) Rate** - This rate is assigned after an employer has paid wages to employees in at least two fiscal years (July 1 to June 30) before the computation date.
    - The **computation date** is the July 1 before the calendar year for which the rate is assigned. For example, the computation date for calendar year 2020 was July 1, 2019.

The experience tax rate is calculated based on an employer's benefit charges and taxable wages.
  3. **Standard Rate** - This rate is assigned to an employer who is eligible for an earned rate, but has no taxable wages in a year because the employer failed to file quarterly tax and wage reports.
- The standard rate is the highest rate from the tax table in effect during that year.

- The Division notifies contributory employers of their annual UI tax rate each January via an **Experience Rate Notice**.
  - The notice is sent through an employer's preferred communication method (selected when a Maryland UI account was established).
- An employer's UI tax rate is also available in [BEACON](#).
  - To see the rate, log in to [BEACON](#) and view the **Tax Rate column** in the center of the screen.

# Calculating Employer Experience Tax Rates

- An employer's **experience tax rate is determined by the employer's benefit ratio** and the **tax table** in effect for the year.

- The Division determines an employer's benefit ratio by dividing the employer's benefit charges by their taxable wages (from the three fiscal years preceding the July 1 computation date).

- The **computation date** is the July 1 before the calendar year for which the rate is assigned.

## Example for Calendar Year 2020:

- The computation date was July 1, 2019, for calendar year 2020.
    - Fiscal years 2017, 2018, and 2019 were used to determine an employer's 2020 experience tax rate.

- If an employer has only been in business for two fiscal years before the computation date, the benefit charges and taxable wages for those two years are used.

- Note:** A benefit ratio is not calculated for an employer assigned either a new account or standard tax rate.

- An employer's benefit ratio corresponds with a specific tax rate on a UI tax table. The tax table in effect for a given year determines what the employer's tax rate is.
- Example:** If Tax Table F was in effect and the employer's benefit ratio was .0028 - .0054, the employer's tax rate (also called the contribution rate) would be 3.40%.

Tax Table	Employer's Benefit Ratio	Tax (Contribution) Rate
F	.0028 - .0054	3.40%

## Additional UI Tax Information Resources



- To learn more, see the following:
  - [Unemployment Insurance Tax Rates FAQs](#)
  - [UI Tax Rates](#)
  - [Employers' General UI Contributions Information and Definitions](#)
  - [Employers' Quick Reference Guide](#)