

# New legislation provides unemployment tax relief to employers

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During the 2022 legislative session, legislators passed a bill that provides tax relief to employers in Washington.

Senate Bill 5873 (SB 5873) reduces the unemployment social tax rate for most employers in 2022 and 2023. It also reduces the 2023 social tax rates for employers who report 10 or fewer employees for fourth quarter 2021.

As a result of this change, the Employment Security Department will recalculate employer tax rates for 2022. Please see the attached tax rate notice.

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## How do I know if I received financial relief?

You can review your tax rate on the included tax rate notice, which reflects your reduced unemployment insurance social tax rate. Employers in our highest rate classes may not see their total tax rate change.

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## How SB 5873 works

Most employers will see a reduction in their tax rates in 2022 and 2023.

- For 2022, most employers will see a reduction in their social cost factor rate from 0.75% to 0.5%. Your social tax rate could vary based on your rate class.
  - For 2023, the flat social cost factor rate will cap at 0.7% instead of 0.8%.
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## Small employers get a lower social tax rate

SB 5873 also gives many small employers with 10 or fewer employees in fourth quarter 2021 more relief on their social tax rate in 2023.

- Employers in rate classes 8 to 40 will get the social tax rate for rate class 7.
- Employers in rate classes 1 to 7 will stay at their social tax rate.

For example, if the flat social cost factor in 2023 is 0.7%, a small employer in rate class 25 will pay a social tax rate of 0.45% instead of 0.84%.

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## Other tax relief for employers

Previous legislation provided additional unemployment insurance tax relief for eligible employers in 2022. Learn more at [esd.wa.gov/employer-taxes/offset](https://esd.wa.gov/employer-taxes/offset).

**For more information about unemployment taxes, go to [esd.wa.gov/employer-taxes](https://esd.wa.gov/employer-taxes).**