

**Q:** What if I don't agree with the audit findings?

**A:** You will have 30 days from the date of the post audit letter to request a review of the audit. Your request must be in writing and state why the audit findings are incorrect. If after the review you still disagree, you can request an appeal in writing. The hearing officer will notify you of the date of the appeal hearing.

**Q:** Does my appeal request stop interest from accruing?

**A:** No. You can only stop interest from accruing by paying the disputed amount. If the decision is in your favor, your money will be refunded.

## How can employers help?

Employers can help by providing ES Tax auditors with:

- requested information,
- additional requested information promptly and
- accurate information.

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**ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT**

We are an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Alaska's Unemployment Insurance Program is 100 percent funded by the U.S. Department of Labor through a grant award totaling \$24,412,663.

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# Employment Security Tax Audits



## Questions & Answers

# Employment Security Audit Program

## **Q: Who is Employment Security (ES) Tax?**

**A:** The Alaska Department of Labor and Workforce Development Employment Security (ES) Tax is responsible for administering the Unemployment Insurance (UI) Tax Program.

## **Q: Why does ES Tax perform audits?**

**A:** The federal Effective Audit Measure guidelines require states to audit employers annually. ES Tax auditors monitor and review employer accounts to assure the employer is paying their fair share of taxes. Audits also verify the employer is in compliance with Alaska Statutes.

## **Q: Will the audit program benefit employers?**

**A:** Yes. The auditors can assist the employer in many ways. They educate employers on reporting and payment requirements, coverage provisions, contract labor, employer liabilities and experience rating. They may also be able to point out our services to save time and money when reporting and paying.

## **Q: What will the auditor look for?**

**A:** An auditor confirms all wages have been reported and computed correctly. The most common reporting errors involve advances, casual labor, contract labor, excluded employment and wages reported in the wrong quarter.

## **Q: How far back will the audit cover?**

**A:** An audit covers one to three years. If there is an exception, the auditor will explain the situation to you.

## **Q: What records will I need?**

**A:** Records reviewed include payroll records, check register, general ledger and federal forms (i.e., 1099, W-2, W-3, 940 and 941s). The auditor will review any additional records if needed.

## **Q: Where will the audit take place?**

**A:** The auditor will contact you and make arrangements for the audit. Generally the audit will take place wherever the records are located. Often this is the employer's place of business or at an accountant's office. Arrangements may also be made to have the audit take place at one of the Field Tax Offices.

## **Q: Should my accountant be present?**

**A:** Although it is not necessary, it is at the employer's discretion.

## **Q: What if I don't have any employees?**

**A:** The auditor will review your records to assure your business practices do not meet Alaska Statutes to be considered a liable employer.

## **Q: What happens if I paid a person for services I mistakenly believed was casual or contract labor?**

**A:** If individuals are found to be employees not previously reported, you will be expected to pay the amount of tax plus any interest or penalty due. If you have any questions, contact your Field Tax Office before hiring these individuals.

## **Q: When can I expect to hear the results of the audit?**

**A:** At the conclusion of the audit, the auditor will advise you of the potential findings. After investigating potential findings, a post audit letter will be sent explaining the audit results.

## **Q: What if the audit results in a balance due?**

**A:** You will be required to make payment. If you are unable to make payment in full, contact your auditor for payment arrangements. You should also contact the IRS to see if amended federal reports are needed.