

**IOWA WORKFORCE DEVELOPMENT
TAX BUREAU - GENERAL INFORMATION**

Specific Information 800-972-2024
 Tax FAX 515-242-6301
 Web Home Page www.iowaworkforce.org

TAX RATES FOR A NEW BUSINESS IN IOWA

YEAR	NEW CONST RATE	NEW NON-CONST RATE	PLUS SUR-CHARGE	TAXABLE WAGE BASE	TAX TABLE
1999	7.00%	1.00%	0.05%	\$16,500.	8
2000	7.50%	1.00%	0.05%	\$17,300.	7
2001	7.50%	1.00%	0.04%	\$17,900.	7
2002	7.50%	1.00%	0.037%	\$18,600.	7
2003	8.00%	1.00%	0.036%	\$19,200.	6
2004	8.00%	1.00%	0.035%	\$19,700.	6

Benefit Charge Statement: 01 – 50 Benefit.Charges1@iwd.state.ia.us
 51 – 00 Benefit.Charges2@iwd.state.ia.us

As a result of Senate File 458 enacted into law in 2003, a Reserve Fund has been created that is actually an integral part of the tax rates that are indicated on the tax table for 2004. The contribution rates will remain the same, but will consist of a State Experience Rate and Reserve Fund Rate. The State Experience Rate and Reserve Fund Rate will equal the Contribution Rate. The Surcharge will remain in effect through 2006 but the percentage may vary from year to year. This is not a tax rate increase but does reflect a change in that the distribution of each quarters contribution paid will go into the employer tax account and into the Reserve Fund using ratios indicated on the tax rate notice and tax report. The tax rate is calculated based upon Taxable Wages and Benefit Charges, not the balance in the tax account.

Changes have been made to the forthcoming information sheets and quarterly tax reports that more clearly explain this new fund. The Reserve Fund will be used to pay unemployment benefits and fund Iowa Workforce Development centers. Employers that will be excluded from participation in the Reserve Fund include zero rated employers, new non-construction employers, governmental entities and certified nonprofit organizations.

For Federal 940 Certification purposes, the State Experience Rate indicated on line 2 of the tax rate notice is the State Experience Rate as defined on the federal form 940.