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| Employment and Training Administration<br>Advisory System<br>U.S. Department of Labor<br>Washington, D.C. 20210 | <b>CLASSIFICATION</b><br>UI               |
|   | <b>CORRESPONDENCE SYMBOL</b><br>OUI DUI O |
|   | <b>DATE</b><br>August 4, 2010             |

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 29-10

**TO:** STATE WORKFORCE AGENCIES

**FROM:** JANE OATES /s/  
Assistant Secretary

**SUBJECT:** Tax Performance System Handbook Updates, ET HANDBOOK NO. 407, 4th EDITION, CHANGE 5

**1. Purpose.** To provide updated pages for the Unemployment Insurance (UI) Tax Performance System (TPS) Handbook, ET Handbook No. 407, 5<sup>th</sup> Edition.

**2. References.** ET Handbook No. 407, 4<sup>th</sup> Edition, November 20, 2003; ET Handbook No. 407, 4<sup>th</sup> Edition, Change 1, December 9, 2004; ET Handbook No. 407, 4<sup>th</sup> Edition, Change 2, July 31, 2006; ET Handbook No. 407, 4<sup>th</sup> Edition, Change 3, December 11, 2007; Unemployment Insurance Program Letter (UIPL) No. 25-09, and UIPL No. 13-10.

**3. Background.** TPS is part of the comprehensive UI performance management system “UI Performs”. ET Handbook No. 407, Edition 5, provides standard instructions for operating TPS in each state. This advisory transmits a number of modifications, and replacement pages for the Handbook. Included in the changes are instructions for the review of State Unemployment Tax Act (SUTA) Dumping detection activity. Subsequent to the original instructions released with UIPL No. 13-10, a small workgroup of state and Federal tax experts was convened and the workgroup proposed several modifications to the instructions. Those changes are reflected in the changed pages (see attached). For states that have already applied instructions contained in UIPL No. 13-10 as part of the 2010 Calendar Year (CY) TPS review, no further review is necessary and, if no problems or significant changes have taken place in the state’s SUTA dumping detection system, the next regularly-scheduled review would take place in concert with all other aspects of the TPS Systems Reviews (i.e., once every four years).

Unless otherwise noted, the changes will take effect as of the date of this Advisory.

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| <b>RESCISSIONS</b><br>None | <b>EXPIRATION DATE</b><br>August 4, 2011 |
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#### **4. Handbook Modifications Summary.**

- Chapter III, Status Determination. SUTA Dumping detection activity questions have been modified.
  - Verbiage was added to clarify that states must have an automated system in place that tracks movement of employees.
  - Instructions for the examination of SUTA dumping detection query documentation were changed to remove references to tracking changes to reimbursing status and tracking excess voluntary contributions, if such factors are not applicable to a state's particular tracking system.
  - Further details were added regarding the timing and number of cases to examine when verifying the existence of a SUTA dumping detection system. While the TPS review itself may take place any time during the calendar year, SUTA dumping investigations that have been completed during the four quarters immediately preceding the TPS review are to be examined. For instance, if the TPS review takes place in November, the quarters examined would be the third, second, and first of that calendar year, plus quarter four of the preceding calendar year. For each quarter, a minimum of two SUTA dumping investigations should be examined.
  - Instructions were changed to explain that the TPS review confirms that SUTA dumping investigations have been conducted in compliance with the state's own written procedures and guidelines.
- Chapter IV, Cashiering.
  - Text in the sampling instructions has been modified to remove reference to sampling 100 employer remittances per day. During the sampling period of the five busiest days, remittances arrive at different levels each day and sampling should more closely follow this trend. Instructions now focus on the desired total of 500 remittances.

**5. OMB Approval.** ET Handbook No. 407 has been approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995, OMB Approval No. 1205-0332, expiration date: June 30, 2012.

**6. Action Requested.** Administrators are requested to distribute this advisory and the attached replacement pages to the TPS reviewer(s) and appropriate tax staff. These updates are also available electronically at: <http://wdr.doleta.gov/directives> under Employment and Training Handbooks.

**7. Handbook Maintenance.** ET Handbook 407, 4<sup>th</sup> Edition, Change 4, should have the following pages removed and replaced with the attached pages.

Remove Pages

Chapter III

Pg. 47 R 10/09 and 48 R 10/09

Chapter IV

Pg. 99 R 11/04 and 100 R 11/04

Insert Pages

Pg. 47 R 06/10 and 48 R 06/10

Pg. 99 R 06/10 and 100 R 06/10

**8. Inquiries.** Address all inquiries to the appropriate Regional Office.

**9. Attachment.** Replacement pages for Handbook 407, Edition 4, Change 5.