

U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION OWS
	CORRESPONDENCE SYMBOL OIS/DUIO
	DATE July 26, 2001

DIRECTIVE : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO.44-01

TO: : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : GRACE A. KILBANE 
 Administrator
 Office of Workforce Security

SUBJECT : Simplified Tax and Wage Reporting System (STAWRS) Draft Report,
 Harmonized Wage Code for Unemployment Insurance (HWC/UI)

1. Purpose. To transmit the Draft Report of the HWC/UI dated June 20, 2001, and to request comments on the report.

2. Background. STAWRS is a multi-agency partnership between the Department of Labor, Department of the Treasury, Internal Revenue Service, Office of Management and Budget, Small Business Administration, Social Security Administration, various States, and private organizations. STAWRS' mission is to reduce the tax and wage reporting burden on employers while improving the efficiency and effectiveness of government operations. To achieve its mission, STAWRS established three major initiatives: Single Point Filing, Streamlined Customer Service, and Simplified Requirements. The Harmonized Wage Code project supports the Simplified Requirements initiative and focuses on reducing the tax and wage related burden on employers by recommending harmonization of the federal and state employment tax laws. These laws include federal and state income tax withholding, the Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA), and state unemployment insurance (UI) tax provisions.

3. Draft Report. The HWC/UI Draft Report presents recommendations for harmonization of the UI, FUTA and FICA laws. It does not include federal and state income tax withholding which are being done as a separate report. The recommendations are presented in the form of a blueprint for legislation and are intended for consideration by state legislatures and the federal government. The report points out that adoption of the HWC/UI would reduce the tax and wage reporting burden on employers by making employment tax laws less complex, allowing for easier interpretation of regulations, instructions, and procedures, simplifying record keeping, and lowering operating costs.

RESCISSIONS None	EXPIRATION DATE Continuing
----------------------------	--------------------------------------

4. Action Required. State Administrators are requested to provide copies of the attached draft report to the appropriate staff. The HWC/UI Draft Report will be presented and discussed in detail at the National UI Tax Conference being held in Sparks, Nevada, during the week of July 23-27. Staff will have the opportunity to ask questions and provide input at that time. Written comments may be provided to Rett Hensley, National Office Tax Team, 200 Constitution Ave. N.W., Room S4231, Washington, D.C., 20210, by August 31, 2001.

5. Inquiries. Questions should be directed to Rett Hensley at (202) 693-3203, or by email at ehensley@doleta.gov; or Bill Whitt at (202) 693-3219, or by email at bwhitt@doleta.gov.

Attachment