Pennsylvania's Unemployment Compensation Programs...

UC Newsletter

Pennsylvania Department of Labor & Industry

07/3/2025

Misclassified Workers

Worker misclassification is a nationwide problem that has a negative impact on Pennsylvania's economy and Unemployment Compensation (UC) Fund, and it creates an uneven playing field for employers who properly classify their workers.

Under Section 4(*l*)(2)(B) the Pennsylvania UC Law, 43 P.S. § 753(l)(2)(B), a worker performing services for payment is presumed to be an employee, unless the employer can show the worker meets following two conditions:

1) The individual has been and will continue to be free from control or direction over the performance of the services involved, both under their contract of service and in fact, and
2) as to these services, the individual is customarily engaged in an independently established trade, occupation, profession, or business.

The Construction Workplace Misclassification Act ("CWMA"), applies broadly to those providing services in the construction industry. Construction is defined as "[e]rection, reconstruction, demolition, alteration, modification, custom fabrication, building, assembling, site preparation and repair work done on any real property or premises under contract, whether or not the work is for a public body and paid for from public funds." 43 P.S. § 933.2. The CWMA provides that:

(a) General rule.--For purposes of workers' compensation, unemployment compensation and improper classification of employees provided herein, an individual who performs services in the construction industry for remuneration is an independent contractor only if:
1) The individual has a written contract to perform such services.
2) The individual is free from control or direction over performance of such services both under the contract of service and in fact.
3) As to such services, the individual is customarily engaged in an independently established trade, occupation, profession or business.

43 P.S. § 933.3(a). The CWMA also provides that:

(b) Criteria.--An individual is customarily engaged in an independently established trade, occupation, profession or business with respect to services the individual performs in the commercial or residential building construction industry only if:
(1) The individual possesses the essential tools, equipment and other assets necessary to perform the services independent of the person for whom the services are performed.
(2) The individual's arrangement with the person for whom the services are performed is such that the individual shall realize a profit or suffer a loss as a result of performing the services.
(3) The individual performs the services through a business in which the individual has a proprietary interest.
(4) The individual maintains a business location that is separate from the location of the person for whom the services are being performed.
(5) The individual:

(i) previously performed the same or similar services for another person in accordance with paragraphs (1), (2), (3) and (4) while free from direction or control over performance of the services, both under the contract of service and in fact; or

(ii) holds himself out to other persons as available and able, and in fact is available and able, to perform the same or similar services in accordance with paragraphs (1), (2), (3) and (4) while free from direction or control over performance of the services.

43 P.S. § 933.3(b). Additionally, the CWMA states that "[t]he failure to withhold Federal or State income taxes or pay unemployment compensation contributions or workers' compensation premiums with respect to an individual's remuneration shall not be considered in determining whether the individual is an independent contractor for purposes of the Workers' Compensation Act or the Unemployment Compensation Law." 43 P.S. § 933.3(c).

More information about the CWMA can be found at Act 72 | Department of Labor and Industry | Commonwealth of Pennsylvania.

If you feel you, or someone you know, may be misclassified or know of a business that may have misclassified workers, please take a few moments to submit the Worker Misclassification Inquiry form or call 866-403-6163 (option 1)

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Public Outreach Team - UC Tax Services

The Office of UC Tax Services (OUCTS) Public Outreach Team serves as an open line of communication with the public. Their work provides education and helps increase compliance with UC tax regulations among Pennsylvania's employers, accountants and the general public. The Public Outreach Team offers six presentation topics that related directly with UC tax issues. Those topics include:

- Unemployment Compensation Tax Services - Who We are and How We Can Help
- Employer Rights and Responsibilities
- Preparing for a UC Audit
- Independent Contractor vs. Employee
- Registration of Employers
- Unemployment Compensation Tax Rates

Recently the team presented at the "Pennsylvania Society of Tax and Accounting Professionals (PSTAP) Day at the Capitol" and worked with the PA Department of Revenue to present at their Fall Tax Seminar in Cranberry Township, PA. The team plans to present during the 2025 Fall Tax Seminars across the state. Additionally, the team has partnered with the Office of UC Service Centers and offered presentations in Clearfield and Berks County and participated in virtual Teams sessions.

In 2025, the Public Outreach Team will be offering the following scheduled presentations and anticipate adding more:

Date	Time	Location	Address	Topic(s)
9/18/2025	1 00 PM 3 00 PM	Lehigh Valley CareerLink	555 Union Blvd Allentown PA 18109	Unemployment Compensation Tax Rates UC Tax Services - Who We are and How We Can Help
10/15/2025	9 00 AM - 11 00 AM	Schuylkill County Career-Link	203 E Arch St Pottsville PA 17901	Unemployment Compensation Tax Rates UC Tax Services - Who We are and How We Can Help
10/22/2025	9 00 AM - 11 00 AM	Schuylkill County Career-Link	203 E Arch St Pottsville PA 17901	Independent Contractor vs Employee Employer Rights and Responsibilities
TBD	TBD	PA Dept of Revenue Fall Tax Seminar Series	TBD	TBD

Inquiries for presentation requests can be emailed directly to the (UCTS) Public Outreach Team at: ra-li-ucp-uc-speaker@pa.gov

Preparing for a UC Tax Audit

Each year, several thousand employers are selected for audit to ensure compliance with the reporting and taxation provisions of the Pennsylvania (PA) Unemployment Compensation Law (UC Law).

Employers may be chosen at random from the entire population of businesses covered under the PA UC Law. Additionally, audits may be conducted to verify that businesses correctly exclude workers from UC coverage if they do not report employees. Employers may also be audited if a reporting error is suspected or confirmed, or if they operate in an industry with a high rate of reporting errors.

To assist employers who receive a UC tax compliance audit notice from the Department of UC Tax Services, we provide answers to frequently asked questions on our PA.gov website. These FAQs are also included as an attachment with the audit notice. The FAQ is not legal advice and is only provided as an aid.

If you have questions about your UC tax audit, you can contact the assigned auditor directly using the contact information provided in your audit notice.

PATHS

Free PATHS Trainings Help Keep Workers Safe on the Job

Free Safety Trainings Help Keep Workers Safe on the Job

Did you know you can access no-fee safety training resources for your employees? The Pennsylvania Training for Health and Safety program (PATHS), is an important resource for employers and workers throughout the Commonwealth.

Established in 2012 by L&I's Bureau of Workers' Compensation's Health and Safety Division, the Pennsylvania Training for Health and Safety program is a free and comprehensive statewide service that provides safety training sessions and other resources to enable participants in the workers' compensation system to create safer, accident-free workplaces.

You can access safety training sessions or other available materials in a variety of ways:

- Find and register for currently scheduled training webinars on the online PATHS Training Calendar. Some of April's online offerings include Back Safety & Safe Lifting, Opioid Use Disorder, Risk Management and Work Zone Safety webinars and much, much more.
- Select from a wide variety of PDF's from PATHS Workplace Safety Forms and Safety Talk Topics on a range of subjects including Establishing a Personal Protective Equipment Program, Eye Protection, Driving in Bad Weather, Safe Material Handling, etc.

Sign up now to be added to our PATHS subscriber list and receive email newsletters, including upcoming webinar schedules. You may also request resources including PowerPoint presentations, fact sheets, and Q&A keys for any of our PATHS training topics.

PATHS trainings benefit employers by helping reduce costly workplace injuries and benefits employees by creating a safe, more productive work environment.

UC Tax Employer Live Chat

The Department of Labor & Industry's (L&I) Office of Unemployment Compensation (UC) has expanded access to its UC Live Chat feature. Employers can now ask questions related to their business accounts. UC Tax Services began using UC Live Chat to provide immediate assistance and guidance to businesses regarding UC employer-related questions.

Employers can now get answers to common UC-tax related questions including:

- Accessing Employer Account
- Employer Quarterly Filing and Payment
- PA UC Contribution Rates and Appeals
- Employer Refunds
- Employer Statement of Account
- Federal Certification
- Lien Questions
- Pennsylvania Online Business Tax Registration
- Clearance Certificates

Visit Employer Tax Live Chat weekdays from 7:30 a.m. to 4:00 p.m., Eastern Time, Monday through Friday. Select "Chat" on the right-hand side of your screen to begin. If you need further assistance, please call 866-403-6163.

Email Communications from the Office of Unemployment Compensation Tax Services

The Office of Unemployment Compensation Tax Services (OUCTS) has automated processes that allow us to communicate with our stakeholders via email. Employers and Third party-administrators can find the following:

- The option to receive communications when a new correspondence has been created for an account in our Unemployment Compensation Management System (UCMS). *
- Responses to requests for temporary passwords and forgotten Keystone/User IDs to access UCMS. These requests are initiated by selecting the Forgot/Change your password or Forgot your Keystone/User ID links at www.uctax.pa.gov.
- Notifications for preparers and authorizers of PA Online Business Tax Registrations for retrieval of new account numbers.
- One-time passcodes for Multi-Factor Authentication when attempting to access UCMS at www.uctax. pa.gov.
- General information.

Due to the volume of emails that are issued by the OUCTS, some email systems may mark emails as spam, or totally block the email from entering your inbox. ***It is important that you include the following email addresses as "safe senders" to ensure delivery of email communications from the OUCTS.***

Communication Type	Email Address
New Correspondence Available for an account in UCMS	LI-UCTS-UCMS-Communication@pa.gov
Temporary Password and Forgotten User IDs	LI-UCTS-UCMS-Communication@pa.gov
New Account Number Retrieval	LI-UCTS-UCMS-Communication@pa.gov
Multi-Factor Authentication	automatedemailDONOTREPLY@pa.gov
General UC Tax Information	RA-LI-UCMS-ANNC@pa.gov

*If you would like to receive email notifications whenever a new UC Tax correspondence is available, it can be done in just three easy steps:

1. Log in to your account at www.uctax.pa.gov.
2. Select “Employer Profile/Profile Maintenance” or “Representative Profile/Profile Maintenance” on the left menu.
3. In the Notifications area, select the “Send Notifications via Email” option.

Why Sign Up for Email Notifications?

- Timely - electronic notifications provide real-time important UC Tax information about your account.
- Reliable - to ensure the notifications are not missed; up to 25 contact addresses can receive the email notification.
- Identifiable – the email notification provides the Legal Name and Correspondence Type, so you know what information is available.
- Environmentally Friendly – paper notices are not mailed for accounts that receive electronic notifications.

Launch of New L&I Website – Enhancing Access and Usability for All

L&I’s Office of Unemployment Compensation is excited to announce the launch of the department’s new website. The new layout is designed to be more user friendly for everyone, including UC claimants and employers.

Our new site follows a unified approach and design that provides efficient digital experiences for the Commonwealth of Pennsylvania’s state government websites. The goal is to ensure consistency, accessibility, and user satisfaction across the diverse range of online services provided by the government.

As you may have noticed, the UC website (previously www.uc.pa.gov) was combined with L&I’s main website and Workstats. This consolidation helps promote cohesive visual language and user experience across departments and programs. An important addition to the new site is a Services section. This section allows users to navigate services provided by all state government agencies, including Labor & Industry and Unemployment Compensation. Other important sections can be found by selecting Labor & Industry under the Agency Directory tab – users will then be taken to a landing page for L&I, which now includes a search tool and sidebar navigation. With the help of sidebar navigation, users can select various categories, including Resources, Departments & Offices, and Programs & Services.

L&I’s digital team worked diligently to provide the best possible website for L&I staff, stakeholders, and especially the residents of Pennsylvania. While it remains a work progress, we are confident this change will help streamline UC services and ultimately enhance the overall quality of our digital interactions with claimants and employers across the Commonwealth.

Employers: Do you have questions about using Secure File Transfer Protocol (SFTP) to report new hires to the Pennsylvania New Hire Reporting Program?

We have the answers.

New hire reporting is required by state and federal law and saves employers money by identifying and reducing fraud in public workforce programs. Here are some common questions employers often have about submitting their new hires using Secure File Transfer Protocol (SFTP).

Question: How do I report my new hires using SFTP?

Answer: Submission of new hire data using SFTP requires the employer to register with the Program (to receive login username and password information for the Department of Labor & Industry's SFTP server), by first requesting to use this method of reporting. At the Program website under "Secure File Transfer," press the "Request Credentials" link and contact Program Customer Service at (888) PAHIRES or (888)724-4737 (or by email at **RA-LI-CWDS-NewHire@pa.gov**) to start the registration process.

Note, to enhance security and confidentiality in using SFTP credentials, the Pennsylvania New Hire Reporting program is making changes to this process by which employers receive and use their login credentials, depending upon whether they are brand new users of SFTP, or existing employers using SFTP. Employers who have never reported before using SFTP will "test" the feasibility of the new process by using the login credentials they are initially provided to first login successfully to a UAT (user acceptance testing) site, before being given a second set of actual Production username and password credentials to proceed with routine reporting. In addition, employers who currently use SFTP to report their new hires will be provided a new IP address to use to login and report their data.

For both types of employers, however, user passwords will need to be updated every 120 days on a routine basis, to maintain security and confidentiality. For additional details about these changes to the SFTP process, please contact Program Customer Service for more information.

Important Note: registering to receive SFTP login credentials is not the same process as registering with PA CareerLink® to receive Employer Keystone ID Credentials, and login credentials are not interchangeable between websites (i.e., SFTP credentials cannot be used to access an employer's homepage within PA CareerLink®, and Keystone ID Credentials cannot be used to access the FTP server at the FTP IP address).

Question: If I am a payroll service provider reporting new hires using SFTP, may I share my SFTP server login credentials with my employer-clients?

Answer: No! To ensure the new hire data that you as an employer (or payroll service company reporting on behalf of employers) report through SFTP remain secure and confidential, it is critical that the security and confidentiality of your SFTP login credentials (i.e., username and password) be maintained. Only the authorized person associated with your account at the time it was created may use these credentials to report new hires via SFTP. Never share SFTP login credentials with unauthorized persons, including representatives of your employer-clients—doing so is a serious breach of data security and confidentiality, is in violation of Commonwealth of Pennsylvania Information Technology policies (including Management Directive 205.34, dated 09/07/2022) and could lead to the loss, corruption, or theft of the sensitive information associated with your account. SFTP login credentials that are being shared or used by unauthorized persons must be deactivated immediately, and new secure login credentials must be requested from PA New Hire Reporting Program staff.

Question: If an employer uses a third-party payroll service to report their new hire information using SFTP, should the same report also be submitted by the employer directly to the Pennsylvania through New Hire Reporting Program?

Answer: No. For those employers who use the services of a third-party payroll service to report their new hire information by SFTP, there is no need for the employer to also submit the same report directly to the Pennsylvania New Hire Reporting Program. However, should such employers wish to verify that their new hire employees are being reported timely and correctly by the third-party payroll service, they are encouraged to verify the status of their new hire information by contacting Program Customer Service.

Question: What other methods of reporting new hires besides SFTP are available to me as an employer?

Answer: Besides SFTP, employers may securely and safely report their new hire to the Program through the website, located at:

https://www.pacareerlink.pa.gov/jponline/Common/LandingPage/ReportNewHires.

Once there, employers may choose:

- Secure file upload of a file (in .xls, .xlsx, .xml and .txt [tab-delimited or fixed-width] file format ONLY), under the “Upload a File…Start Reporting” tile; or

- Secure data entry of up to fifty (50) new hire records at one time (per web session) under the “Enter Manually…Start Reporting” tile.

Question: Where do I go for more information?

Answer: Have more questions? Our friendly and knowledgeable Program Customer Service will do their best to answer your new hire reporting questions, and make the reporting process easy for both employers and payroll providers. Phone us at: (888)-PAHIRES or (888) 724-4737, email us at **RA-LI-CWDS-NewHire@pa.gov**, or visit the Pennsylvania New Hire Reporting Program website at the url listed above.

UC EMPLOYER RESOURCE CENTER UPDATES

Our UC Employer Resource Center is available to assist employers by phone or email. We recently updated information providing clarification for employers @ www. uc.pa.gov.

Coming soon you will also notice some changes in our menu when calling our staff. Please listen to the messages carefully before making a selection. These changes are all part of our effort to provide better customer service to all employers offering unemployment claims and benefits information in one location.

Please click this link to our updated Employer-Quick-Guide to determine which option you should select, or you may email us your question to ucemployerhelp@pa.gov.

Paid for with Pennsylvania taxpayer dollars.
pennsylvania
DEPARTMENT OF LABOR & INDUSTRY
SHARE WORK.
SAVE JOBS.
Keep your business on track and your team intact with Shared-Work.
The Pennsylvania Shared-Work Program allows employers to retain their workforce during a temporary slowdown and then quickly ramp up operations without the expense of recruiting, hiring, and training new employees.
Learn more today at www.uc.pa.gov/sharedwork

Pennsylvania's SHARED-WORK PROGRAM

An Innovative Alternative to Employee Layoffs

An Innovative Alternative to Employee Layoffs – Pennsylvania's Shared-Work Program

By Alan Robinson, Shared Work Outreach Coordinator
PA Dept. of Labor & Industry

Pennsylvania's Shared-Work program is a great tool that allows an employer to temporarily reduce the work hours of a group of employees while supplementing their lost wages with partial unemployment benefits rather than laying off any employees. Employees covered by the Shared-Work Plan receive a percentage of their unemployment compensation (UC) weekly benefit amount while they work their reduced schedule, if they are otherwise eligible for UC.

Shared-Work Plans empower employers to retain a trained and qualified workforce during periods of slowdown, and quickly ramp up operations without the expense of recruiting, hiring, and training new employees. Since March 2020, more than 1050 Shared-Work Plans have been successfully put into action from employers across the Commonwealth. With changing dynamics in the modern-day workplace, Pennsylvania's Shared-Work Program may help your business in its continued success.

> "As a small company that sells winter heating oil, the Shared Work program allows us to share the work between employees during the slower, warmer months. The company benefits because it is simple to sign-up for, we save on wages and training costs, and it helps us keep our well-trained employees year after year."
>
> "Our employees benefit by maintaining their jobs, pay, and benefits, and enjoying some additional time off during the summer. We are thankful that this program, which we've participated in since 2016, has allowed us to avoid annual employee layoffs."
>
> Amy Purcell, President
> Robert E Reedy & Sons Inc

Who Is Included in The Shared-Work Plan?

As the employer, you select which employees will be included in the Shared-Work Plan. A Plan must apply to one "affected unit" which is defined as a department, shift, or other organizational unit of two or more employees; employees must not be corporate officers. Employers may have more than one Plan if there is more than one affected unit. For example, all employees working the night shift may be one unit. All employees in the affected unit must participate; however, the plan cannot include employees who have been employed in the affected unit for less than three months, or employees who would work 40 or more hours a week under the plan.

How Much Will the Employees' Hours Be Reduced Under the Shared-Work Plan?

Once you have identified the affected unit(s), you must select the percentage by which the employees' hours are reduced, referred to as the "reduction percentage." The employer determines the reduction percentage based on business needs, but it must be at least 20 percent and cannot exceed 40 percent of the employees' normal weekly hours. The reduction percentage must be the same for all employees participating in the Shared-Work Plan. For example, if an employee normally works 40 hours per week, and the reduction percentage is 20 percent, then the employee's hours are reduced by 20 percent and he or she would work 80 percent of 40 hours, or 32 hours per week. If an employee in the same unit works 30 hours per week, then he or she would work 80 percent of 30 hours, or 24 hours per week.

How Are Employee UC Benefits Determined Under the Plan?

For each week in the Plan, an employee receives a percentage of his or her UC weekly benefit amount (WBA) equal to the reduction percentage. For example, if the employee's WBA is $400 and the employee's hours are reduced by 20 percent under the plan, the employee would receive 20 percent of $400 (or $80) in SharedWork UC benefits.

What Employer Qualifications Are Required for Participation?

As an employer, you are eligible to participate in Pennsylvania's Shared-Work Program if you have filed all UC tax reports and paid all amounts due under PA UC Law, have a positive reserve account balance (for contributory employers) and have paid wages for the last 12 consecutive quarters preceding the date of the application.

For more information and to view FAQs, forms, and the brochure, please visit www.uc.pa.gov/sharedwork.

Additional resources:

Shared-Work Brochure (UCP-1081)

Employer Shared-Work Fact Sheet (UCP-1082)

Tips to Help Us Ensure Your Forms are Sent to the Correct Address

The Department will send Form UC-45, Notice of Application and Request for Separation Information, to the address you have designated. Under some circumstances, however, this form might be sent to another address. Below are two things that will ensure that Form UC-45 is sent to the desired address:

Mandatory: *Give Form UC-1609 to separating employees*. Form UC-1609, Employer Information, contains your name, address and other contact information for a former employee, or an employee whose hours are reduced, to use when applying for benefits.

Recommended: *Enroll in SIDES*. The State Information Data Exchange System (SIDES) and SIDES E-Response are web-based systems available to employers and TPAs free of charge. They provide a secure and nationally standardized format to receive the electronic counterpart of Form UC-45 and to electronically respond to UC information requests. Please visit the SIDES page on our website for more information and to enroll in the SIDES program.

UC Issues Update is published by the Pennsylvania Department of Labor & Industry on a quarterly basis. Questions, comments and feedback can be sent via email to UCTaxServices@pa.gov. General UC Tax information is available by calling 717-787-7679 or outside the Harrisburg area, toll free 866-403-6163 from 8:00 AM to 4:00 PM If you have questions regarding UC benefit charges to your account, please call 717-787- 4677 from8:00 AM to 4:30 PM If you suspect fraud, report it online at www.uc.pa.gov under “Report Fraud,” or contact 800-692-7469.

Auxiliary aids and services are available upon request to individuals with disabilities.
Equal Opportunity Employer/Program