

For Employers

The Nebraska Employment Security Law has evolved from the Federal Social Security Act of 1935. In 1937, Nebraska started with the program of unemployment compensation /insurance. A liable employer is required to pay a tax or reimburse the department for benefit charging to their respective tax account. The worker does not pay any portion of this tax.

Employers are required to complete a tax application. Application for an Unemployment Insurance Tax Account number can be completed through the internet by using [UIConnect](#) or completing a paper tax application (Form 1). If the employer is determined liable, a tax account will be established. This UI tax account number is different from the state withholding number and the FEIN (Federal Identification Number).

The following chart is for informational purposes only. It does not have the force of law, rule, or regulation.

| SPECIAL TYPES OF EMPLOYMENT AND WAGES—ARE THE SERVICES TAXABLE? | | |
|--|---|--|
| Type Of Employment / Wages | UI Tax Status | Reference: Statute/ Administrative Code |
| Advances against future earnings | Taxable | NESL 48-602(35) |
| Agricultural Labor | Taxable if: You have agricultural workers and Pay \$20,000 or more in a calendar quarter; OR You have 10 or more agricultural workers for some part of a day in each of 20 weeks during a calendar year. | NESL 48-604(4)(c)(i) |
| Aliens, Resident: 1) Services performed in the U. S. 2) Services performed outside of the U. S. | Taxable Not reportable to Nebraska, unless organization has a business operation in Nebraska | NESL 48-604 |

| Type Of Employment / Wages | UI Tax Status | Reference: Statute/ Administrative Code |
|--|--|---|
| Annuities: Payments made by the employer into a fund for retirement or death benefits under a plan offered to all workers or a certain class of workers. | Exempt | NESL 48-602(35) |
| Back Pay: Wages paid as a result of a dispute related to employment | Taxable—reported in quarter which paid | NEB Admin Code 220, Chapter 1 |
| Bonuses | Taxable | NESL 48-602(35) |
| Cafeteria Plan: Deductions under Internal Revenue Code section 125 | Exempt—includes health insurance, child care, dental/vision, flex spending. Taxable—if the worker chooses cash | NESL 48-602(35) |
| Commissions: | Taxable | NESL 48-602(35) |
| Insurance for Employees: 1) Accident and health insurance premiums under a plan or system for workers and their dependents generally or for a class or classes of workers and their dependents 2) Group term life insurance costs | Exempt Exempt | NESL 48-602(35) |
| Insurance Sales Agents: Full-time life insurance salesperson other salesperson of life, casualty, or other varieties of insurance | Exempt, if worker is paid solely by commission NOTE: Taxable, if the corporate officer receives the “commissions” as pass through wages (Effective 01/01/2016) | NESL 48-604(6)(l) Administrative Policy |

| Type Of Employment / Wages | UI Tax Status | Reference: Statute/ Administrative Code |
|--|--|--|
| Limited Liability Companies (LLCs): Payments made to members of LLC | Taxable, for officers in LLC Corporation Exempt for single members LLC and for partners in LLC partnerships | NESL 48-602(29) NEB Admin Code 220, Chapter 12 |
| Newspaper Carriers and Vendors: Newspaper carriers and newspaper and magazine vendors buying at fixed prices and retaining receipts from sales to customers | Exempt | NESL 48-604(6)(t) |
| Non-Profits Organizations (501)(c)(3) | Taxable, if non-religious organization has four or more workers a day for 20 weeks | NESL 48-604(4)(b) |
| Officers or Shareholders of a Corporation: Distributions and other payments made by a corporation to a corporate officer or shareholder to the extent the amounts are reasonable compensation for services to the corporation by the officer or shareholder | Taxable | NESL 48-604(8) |
| Partner or Sole Proprietor: Distribution of profits to general or limited partners of a partnership or to a sole proprietor | Exempt | NEB Admin Code 220, Chapter 12 |
| Railroads: Payments subject to the Railroad Retirement Act | Exempt | NESL 48-604(6)(h) |
| Real Estate and Insurance Agents: Paid only commissions | Taxable, if corporate officer receives the "commissions" as pass through wages (Effective 01/01/2016) | Administrative Policy |

| Type Of Employment / Wages | UI Tax Status | Reference: Statute/ Administrative Code |
|--|-------------------------------------|--|
| <p>Retirement and Pension Plans:</p> <p>1) employer contributions to a qualified plan</p> <p>2) Elective employee contributions and deferrals to a plan containing a qualified cash or deferred compensation arrangement (e.g. 401(k))*</p> <p>*Please see publication 15-A of the Internal Revenue Service for more information on employer contributions.</p> | Taxable | NESL 48-602(35) |
| <p>Corporate Officer Payments:</p> <p>Corporate officers performing a service for the corporation (including sub-chapter S Corporations, LLC Corporations)</p> | Taxable | NESL 48-602(35) |
| <p>Cosmetologist or Barbers: Who are licensed, contract with a shop, are free from direction and control of the shop owner, own or lease equipment, receive payment from Clientele</p> | Exempt | NESL 48-604(5) |
| <p>Deceased Workers:</p> <p>1) Wages paid to beneficiary or estate in year of worker's death</p> <p>2) Wages paid to beneficiary or estate after calendar year of worker's death</p> | <p>Taxable</p> <p>Exempt</p> | NESL 48-602(35) |
| <p>Deferred Compensation</p> | Exempt—if under government 457 plan | NESL 48-602(35) |

| Type Of Employment / Wages | UI Tax Status | Reference: Statute/ Administrative Code |
|---|--|--|
| Disable Workers: Wages paid first six months in which workers become entitled to disability insurance. | Taxable | NESL 48-602(35) |
| Director Fees: Fees paid to directors of a corporation for attending meetings on the board. | Exempt—if an amount paid is within the reasonable payments for industry | NESL 48-604(8) |
| Domestics: See Household Workers below | | |
| Employee Benefit Expense Reimbursement: 1) Amounts not exceeding specified government rates for per diem or standard mileage 2) Amounts in excess of specified government rate for per diem or stand mileage | Exempt Taxable | NESL 48-604(8) NESL 48-604(8) |
| Family Employees: 1) Child employed by parent (or partnership in which each partner is a parent of the child) 2) Spouse employed by sole proprietor 3) Parent employed by sole Proprietor | Exempt—Until child reaches age of 21 Exempt—also for single member LLC Exempt—also for single member LLC | NESL 48-604(6)(d) |
| Foreign Government or International Organization | Exempt | NESL 48-604 |

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|--|--|--|
| Foreign Service by U. S. Citizens 1) As U. S. government workers 2) For foreign affiliates of American employers and other private employers | Exempt Exempt, unless on American vessel or aircraft and performing work under contract made in U.S. or worker is employed on vessel when it touches a U. S. port | NESL 48-604 |
| Holiday Pay | Taxable | NESL 48-602(35) |
| Hospital Workers: 1. Student nurse / or interns 2. Residents | Exempt Taxable | NESL 48-604(6)(k) |
| Household Workers: Domestic service in private homes, colleges clubs, fraternities and sororities | Taxable if total cash wages are \$1,000 or more (for all household workers) in any quarter in the current or preceding calendar year | NESL 48-604(4)(d) |
| Salespersons: 1) Common Law workers 2) Statutory workers | Taxable Taxable, except for full-time life insurance sales agents | NESL 48-604 NESL 48-604(8) |
| Severance, Termination, or Dismissal Pay | Taxable | NESL 48-602(35) |
| Sick Pay | Taxable for the first 6 months following the month the worker last worked | NESL 48-602(35) |
| State/Local Governments and Political Subdivisions (workers of): 1) Payments, (including salary or and wages) to most elected officials 2) Election workers | Exempt Exempt | NESL 48-604(6)(f) |

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|--|---------------|--|
| Students, Scholars: Student enrolled and regularly attending classes, performing services for a private school, college, or university; auxiliary non-profit organization operated for and controlled by school, college or university; or public school, college or university-financial assistance program | Exempt | NESL 48-604(6)(j) |
| Tips or Gratuities: reported in writing to employer | Taxable | NESL 48-602(35) |
| Vacation: Paid vacation for worker | Taxable | NESL 48-602(35) |
| Worker's Compensation | Exempt | NESL 48-602(35) |

Note: This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal pre procedural documents that only affect the internal operation of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document (Neb. Rev. Stat § 84-901.03)

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