

Unemployment Insurance Tax

Taxable and Exempt Items

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 (UI) Tax Account number can be completed online at NEworks.nebraska.gov. 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, Wages, and Services—Are They Taxable?		
Type of Employment, Wages, or Services	Unemployment Insurance 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)
Resident Alien		
1. Services performed in the U. S.	Taxable	NESL 48-604(8)
US Citizen		
2. Services performed outside the U.S.	Not reportable to Nebraska, unless organization has a business operation in Nebraska	NESL 48-604(3)(c)(A)

Special Types of Employment, Wages, and Services—Are They Taxable?

Type of Employment, Wages, or Services	Unemployment Insurance Tax Status	Reference: Statute/ Administrative Code
<p>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.</p>	Exempt	NESL 48-602(35)
<p>Back Pay: Wages paid as a result of a dispute related to employment</p>	Taxable—reported in quarter in which paid	NAC 220, Chapter 1
<p>Bonuses</p>	Taxable	NESL 48-602(35)
<p>Cafeteria Plan: Deductions under Internal Revenue Code section 125</p>	<p>Exempt—includes health insurance, child care, dental/vision, flex spending.</p> <p>Taxable—if the worker chooses cash</p>	NESL 48-602(35)
<p>Commissions:</p>	Taxable	NESL 48-602(35)
<p>Insurance for Employees:</p>		
<p>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</p>	Exempt	NESL 48-602(35)
<p>2. Group, Term, Whole or Universal life insurance costs</p>	Exempt	NESL 48-602(35)
<p>Insurance Sales Agents: Full-time life insurance salesperson, other salesperson of life, casualty, or other varieties of insurance</p>	<p>Exempt, if worker is paid solely by commission</p> <p>NOTE: Taxable, if the corporate officer receives the “commissions” as pass through wages (Effective 01/01/2016)</p>	<p>NESL 48-604(6)(l)</p> <p>Administrative Policy</p>

Special Types of Employment, Wages, and Services—Are They Taxable?

Type of Employment, Wages, or Services	Unemployment Insurance Tax Status	Reference: Statute/ Administrative Code
Limited Liability Companies (LLCs): Payments made to members of LLC	Taxable, for officers in LLC filing as a Corporation Exempt for single members LLC and for partners in LLC partnerships	NESL 48-604(8) NAC 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)(i)(C) & 48-604(6)(n)
Nonprofit Organizations(501)(c)(3)	Taxable, if non-religious organization has four or more individuals in employment for some portion of a day in each of twenty different weeks, whether or not such weeks were consecutive	NESL 48-604(4)(b) (ii)
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	NAC 220, Chapter 12
Railroads: Payments subject to the Railroad Retirement Act	Exempt	NESL 48-604(6)(h)
Real Estate and Insurance Agents: <ol style="list-style-type: none"> 1. Paid only commissions 2. Pass through commissions 	Exempt	NESL 48-604(6)(L) Administrative Policy & Code 26 USC §1366

Special Types of Employment, Wages, and Services—Are They Taxable?

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	Taxable, if corporate officer receives the “commissions” as pass through wages (Effective 01/01/2016)	
Retirement and Pension Plans:		NESL 48-602(35)(e)
1. employer contributions to a qualified plan	Exempt	
2. Elective employee contributions and deferrals to a plan containing a qualified cash or deferred compensation arrangement (e.g. 401(k))*	Taxable *Elective employee contributions may not be taxable	
*Please see publication 15-A of the Internal Revenue Service for more information on employer contributions.		
Corporate Officer Payments: All remunerations to Corporate officers performing a service for the corporation (including Subchapter S Corporations, and LLC’s)	Taxable	NESL 48-602(35)
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	Exempt	NESL 48-604(5)
Deceased Workers:		
1. Wages paid to beneficiary or estate in year of worker’s death	Taxable	NESL 48-604(8)
2. Wages paid to beneficiary or estate after calendar year of worker’s death	Exempt* *See IRS Publication 15	NESL 48-604(8)

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Type of Employment, Wages, or Services	Unemployment Insurance Tax Status	Reference: Statute/ Administrative Code
Deferred Compensation	Exempt—if under government 457 plan	NESL 48-602(35)(e)
Disabled Workers: Wages paid first six months in which workers become entitled to disability insurance.	Taxable	NESL 48-602(35)(c)
Director Fees: Fees paid to directors of a corporation for attending meetings on the board.	Exempt—if 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	Exempt	NESL 48-604(8)
2. Amounts in excess of specified government rate for per diem or stand mileage	Taxable	NESL 48-604(8)
Family Employees:		
1. Child employed by parent (or partnership in which each partner is a parent of the child)	Exempt—Until child reaches age of 21	NESL 48-604(6)(d)
2. Spouse employed by sole proprietor Parent employed by sole Proprietor	Exempt—also for single member LLC (disregarded entity treated as a Sole Proprietor)	
Foreign Government or International Organization	Exempt	NESL 48-604(8)

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Foreign Service by U.S. Citizens		
1. As U. S. government workers	Exempt	NESL 48-604(8)
2. For foreign affiliates of American employers and other private employers	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	
Holiday Pay	Taxable	NESL 48-602(35)
Hospital Workers:		
1. Student nurse / or interns	Exempt	NESL 48-604(6)(k)
2. Residents	Taxable	
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	Taxable	NESL 48-604(1)
2. Statutory workers	Taxable , except for full-time life insurance sales agents	NESL 48-604(8)
Severance, Termination, or Dismissal Pay	Taxable	NESL 48-602(35)
Sick Pay (Leave)	Taxable for the first 6 months following the month the worker last worked	NESL 48-602(35)

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Type of Employment, Wages, or Services	Unemployment Insurance Tax Status	Reference: Statute/ Administrative Code
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)
Students, Scholars: Student enrolled and regularly attending classes, performing services for a private school, college, or university; auxiliary nonprofit organization operated for and controlled by school, college or university; or public school, college or university.	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)(a)