



## ELECTION OF REIMBURSEMENT

### NONPROFIT ORGANIZATION

Section 1104(a) of the Pennsylvania Unemployment Compensation (PA UC) Law states in part that:

"Any nonprofit organization which," in accordance with the PA UC Law, "is or becomes liable to the contribution provisions of this act may, in lieu of payment of such contributions, elect to pay to the department for the Unemployment Compensation Fund an amount equal to the amount of regular benefits and of one-half of the extended benefits paid, that is attributable to service in the employ of such nonprofit organization. Such employer shall continue to be liable for reimbursement of benefit payments based on wages paid prior to the termination date of such election."

**BOND OR DEPOSIT REQUIREMENT** - The organization shall either file with the department a surety bond or deposit with the department money or securities of equal present monetary value. The amount of the bond or deposit shall be one percent of the organization's taxable wages for the most recent four calendar quarters prior to such election.

**ACCEPTABLE FORMS OF COLLATERAL DEPOSIT** -

1. The surety bond must be on the PA Department of Labor and Industry Form UC-1681 and must have all four (4) signatures affixed.
2. A collateral deposit must be made in the form of an electronic payment, check or money order. The Department will liquefy your payment, which will be held in an interest bearing account.

### POLITICAL SUBDIVISION

Section 1202.2(a) of the PA UC Law states in part that:

"Any political subdivision of the commonwealth or any instrumentality of one or more thereof, which" in accordance with the PA UC Law, " becomes liable to the contribution provisions of the act may, in lieu of payment of such contributions, elect to pay to the department for the Unemployment Compensation Fund, an amount equal to the amount of regular benefits and of one-half of the extended benefits paid, ...that is attributable to service in the employ of such political subdivision of the commonwealth or any instrumentality of one or more thereof. Such employer shall continue to be liable for reimbursement of benefit payments based on wages paid prior to the termination date of such election."

### NONPROFIT ORGANIZATION OR POLITICAL SUBDIVISION

**PERIOD COVERED BY ELECTION** - Such election shall be for a period of not less than two taxable years, unless sooner terminated by the department.

**REIMBURSEMENT PAYMENTS** - At the end of each calendar month, the department will bill the organization for the amount of benefits charged to its account during such month or will bill the political entity for the amount of benefits charged to its account during such quarter. Payment shall be made not later than 30 days after such bill was issued.

### TERMINATION OF ELECTION

**BY THE EMPLOYER** - Any nonprofit organization, any political subdivision of the commonwealth, or any instrumentality of one or more thereof which has made an election may terminate such election by filing with the department a written notice thereof. This must be done not later than 30 days prior to the beginning of the taxable year for which such termination notice is to be effective. Such action may be approved by the department only if all payments and wage reports have been made by the terminating organization or political entity, as required by the provisions of the act.

**BY THE DEPARTMENT** - If any nonprofit organization, any political subdivision of the commonwealth, or any instrumentality of one or more thereof, is delinquent in making payments in lieu of contributions or if any nonprofit organization is remiss in providing proper collateral, as required under the act, the department may terminate such organization's or political entity's election to make payments in lieu of contributions as of the beginning of the next taxable year, and such termination shall be effective for that and the next taxable year.

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*Auxiliary aids and services are available upon request to individuals with disabilities.  
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