Iowa Workforce Development

Unemployment Insurance Tax Bureau
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Information on Rate Computations for Private Employers

(Prior to 2026)

Iowa law stipulates that UI taxes may be collected from employers under eight different tax rate tables. **Prior to Q1 2026**, each tax rate table had 21 rate brackets (or ranks). Rates varied from 0.000% to 9.000% on table 1, and from 0.000% to 7.000% on table 8. This means table 1 collected the most UI tax and table 8 collected the least UI tax.

The tables were established to help maintain the stability of the UI Trust Fund. As such, a formula in the law mandates movement to a table that collects more revenue when the balance in the UI fund is low and movement to a table collecting less revenue when the balance is high. The rate table in effect for any given year is applicable to all participating employers.

- New non-construction employers are assigned the rate from Rank 12 of the table in effect, or 1.000%, whichever is higher.
- New construction employers are assigned the rate from Rank 21 of the table in effect.
- Once your are an eligible employer, you will receive a computed UI Tax Rate.

Benefit Ration	Approximate	Contribution Rates Table							
Rank	Cumulative Taxable	1	2	3	4	5	6	7	8
1	4.80%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2	9.50%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
3	14.30%	0.100%	0.100%	0.100%	0.100%	0.100%	0.000%	0.000%	0.000%
4	19.00%	0.400%	0.300%	0.300%	0.200%	0.100%	0.100%	0.100%	0.100%
5	23.80%	0.600%	0.500%	0.400%	0.300%	0.300%	0.200%	0.100%	0.100%
6	28.60%	0.900%	0.800%	0.600%	0.500%	0.400%	0.300%	0.200%	0.100%
7	33.30%	1.200%	1.000%	0.800%	0.600%	0.500%	0.400%	0.300%	0.200%
8	38.10%	1.500%	1.300%	1.000%	0.800%	0.600%	0.500%	0.300%	0.200%
9	42.80%	1.900%	1.500%	1.200%	0.900%	0.700%	0.600%	0.400%	0.300%
10	47.60%	2.100%	1.800%	1.400%	1.100%	0.800%	0.600%	0.500%	0.300%
11	52.40%	2.500%	2.000%	1.600%	1.300%	1.000%	0.700%	0.500%	0.300%
12	57.10%	3.000%	2.400%	1.900%	1.500%	1.100%	0.900%	0.600%	0.400%
13	61.90%	3.600%	2.900%	2.400%	1.800%	1.400%	1.100%	0.800%	0.500%
14	66.60%	4.400%	3.600%	2.900%	2.200%	1.700%	1.300%	1.000%	0.600%
15	71.40%	5.300%	4.300%	3.500%	2.700%	2.000%	1.600%	1.100%	0.700%
16	76.20%	6.300%	5.200%	4.100%	3.200%	2.400%	1.900%	1.400%	0.900%
17	80.90%	7.000%	6.400%	5.200%	4.000%	3.000%	2.300%	1.700%	1.100%
18	85.70%	7.500%	7.500%	7.000%	5.400%	4.100%	3.100%	2.300%	1.500%
19	90.40%	8.000%	8.000%	8.000%	7.300%	5.600%	4.200%	3.100%	2.000%
20	95.20%	8.500%	8.500%	8.500%	8.000%	7.600%	5.800%	4.300%	2.800%
21	100.00%	9.000%	9.000%	9.000%	9.000%	8.500%	8.000%	7.500%	7.000%

Determining Each Employer's Benefit Ratio

In addition to mandating the tax table in effect, Iowa's UI law provides a formula for determining the tax rates of individual employers.

Prior to Q1 2026, two factors are calculated in the benefit ratio system. An employer's five-year average annual benefit payment is divided by the employer's five-year average annual taxable payroll. The result is benefits expressed as a percent of taxable payroll, or a benefit ratio. Each employer's benefit ratio is then compared to every other employer's benefit ratio in a ranking or array system. Those employers with the lowest benefit ratio receive the lowest tax rates.

Ranking Employers by Benefit Ratio

Your rank as an employer is determined by how your benefit ratio compares to the benefit ratios of other employers.

Each employer's rank is calculated by listing their increasing benefit ratios from the lowest benefit ratio to the highest benefit ratio. Next, employers are divided into 21 groups or ranks. Each of the 21 ranks contain approximately 4.76% (or 1/21) of the total taxable wages reported by the same employers for the four calendar quarters immediately preceding the rate computation date (July 1).

Applying the Rate Table to the Rankings

- Notice of Tax Rate is sent in November of each year for the following tax year.
- Employers whose benefit ratios place them in Rank 1 are assigned the corresponding Rank 1 rate from the rate table.
- Therefore, employers in Rank 2 are assigned the corresponding Rank 2 rate, etc. until all employers have been assigned rates.
- Refer to the Notice of Tax Rate for a breakdown of the quarterly taxable wages and benefit charges applied to the account.
- For Federal 940 Certification purposes, the State Experience Rate indicated on the Notice of UI Tax Rate is the State Experience Rate as defined on the federal form 940.

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