Kansas Administrative Regulations

Department of Labor—Division of Employment

Article 2.—Unemployment Insurance; Contributing, Reimbursing and Rated Governmental Employment

50-2-22. Concurrent employment by related corporations with a common paymaster.

(a)(1) For the purposes of this regulation, when two or more related corporations concurrently employ the same individual and compensate that individual through a common paymaster, and when the common paymaster is one of the related corporations that employs the individual, each corporation shall be considered to have paid only the remuneration it actually disburses to that individual. If all of the remuneration to the individual from the related corporations is disbursed through the common paymaster, the total amount of contributions imposed, with respect to wages under K.S.A. 44-703(o), and any amendments thereto, is determined as though the individual has only one employer, the common paymaster. The common paymaster shall be responsible for filing the "employer's quarterly wage report and contribution return" with respect to "wages" it is considered to have paid.

(2) The corporation which intends to act as a common paymaster for a group of related corporations shall notify the division of employment in writing at least 30 days prior to the beginning of the quarter in which the common paymaster reporting is to be effective. That corporation shall furnish the name and account number of each of the corporations in the group. The common paymaster for the group shall also notify the division of employment at least 30 days prior to any change in the group of corporations or termination of the arrangement.

(b) Definitions. The definitions contained in this subsection shall be applicable only to this regulation.

(1) Related corporations. Corporations shall be considered "related corporations" for an entire calendar quarter if they satisfy any one of the following tests:

(A) The corporations are members of a "controlled group of corporations." For the purposes of this regulation, the term "controlled group of corporations" means:

(i) two or more corporations connected through stock ownership with a common parent corporation, if the parent corporation owns stock possessing at least 50 percent of the total combined voting power of all classes of stock entitled to vote or at least 50 percent of the total value of shares of all classes of stock of each of the other corporations; or

(ii) two or more corporations, if five or less persons who are individuals, estates, or trusts own stock possessing at least 50 percent of the total combined voting power of all classes of stock entitled to vote or at least 50 percent of the total value of shares of all classes of stock of each corporation.

(B) in the case of corporations which do not issue stock, at least 50 percent of the members of one corporation's board of directors are members of the board of directors of the other corporations;

(C) at least 50 percent of one corporation's officers are concurrently officers of the other corporations; or

(D) at least 30 percent of one corporation's employees are concurrently employees of the other corporations.

(2) Common paymaster. A "common paymaster" of a group of related corporations is any member of the group that disburses remuneration to employees of two or more of those corporations, including their own, on the behalf of those corporations. The common paymaster shall be responsible for keeping books and records for the payroll with respect to those employees. The provisions of this regulation shall not apply to any remuneration to an employee that is not disbursed through the common paymaster.

(3) Concurrent employment. The term "concurrent employment" means the simultaneous existence of an employment relationship, as described in K.S.A. 44-703(i), and any amendments thereto, between an individual and two or more corporations.

(c) Allocations of contributions.

(1) Subject to the requirements of this regulation, each common paymaster shall have the primary responsibility for remitting contributions with respect to the remuneration it disburses as the common paymaster. The common paymaster shall

compute these contributions as though it were the sole employer of the concurrently employed individuals.

(2) If the common paymaster fails to remit these contributions in whole or in part, it shall remain liable for the full amount of the unpaid portion of these contributions. In addition, each of the other related corporations using the common paymaster shall be jointly and severally liable for its appropriate share, plus a proportionate share of the common paymaster's unpaid contributions.

(Authorized by K.S.A. 1983 Supp. 44-714; implementing K.S.A. 1983 Supp. 44-710i; effective May 1, 1984.)