

ESA Topics: ESA Statements Certify and Pay



Eligible claimants who have been granted the Eligible Manufacturing Personal Property (EMPP) exemption after timely filing Form 5278 - *Eligible Manufacturing Personal Property Tax Exemption Claim, Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)* - in the local unit of government in which the property is located are required to pay an Essential Services Assessment (ESA) on the exempt property.

To determine the amount of ESA due, the Department of Treasury collects the information reported by the eligible claimant on the Combined Document (Form 5278) from the assessors and generates an ESA statement. Assessors are required to forward this information to the Department no later than April 1st. The Department is required to utilize this information to generate an ESA statement (statement) no later than May 1st.

The State Essential Services Assessment Act (Act 92 of 2014) requires that each eligible claimant's ESA statement be made available electronically by May 1st. The Department of Treasury utilizes Michigan Treasury Online (MTO) to meet this statutory requirement. Beginning on May 1st, eligible claimants may log into MTO to review, amend, or certify their ESA statement. Also beginning May 1st eligible claimants may e-file their ESA statement through an approved Modernized e-File System (MeF) provider. The Department of Treasury *does not* send ESA statements to eligible claimants directly.

Act 92 of 2014 also requires that payment of ESA liability and any late payment penalty, if applicable, be made electronically. Electronic ESA payments are addressed later in this ESA Topic.

Michigan Treasury Online

Eligible claimants planning to use MTO to certify and pay the ESA tax may register for an MTO account at any time. ESA registrants are required to answer multiple security questions based upon information provided by the eligible claimant when the Combined Document (Form 5278) was filed with the local unit of government in which the property is located. Therefore, ESA specific registration for first year filers will not be available until after the Combined Document (Form 5278) information is transferred to the State from the local units of government. This information is transmitted to the Department in mid-to-late April.

Eligible claimants who have previously registered for ESA in MTO do not need to re-register. However, current year ESA information, including the electronic statement, will not be available for review by any eligible claimant until May 1st.

Through MTO, eligible claimants and their authorized preparers are able to view ESA statements, view correspondence from Treasury, make changes to the statement, certify the statement, and pay ESA liability along with any late payment penalty that may be applicable.

Modernized e-File System

The Modernized e-File System (MeF) offers the advantage of allowing the eligible claimant or an authorized preparer to use the approved software developer of their choice to file their return. Eligible claimants and/or authorized preparers that utilize third-party preparation software will have the option of certifying the electronic statement through the MeF beginning May 1st.

When utilizing e-File, the electronic statement must be signed by an authorized person, the Electronic Return Originator (ERO), if applicable, as well as any paid tax preparer. The statement must be signed using Form MI-5352 (E-file Authorization for the Essential Services Assessment (ESA) MI-5352). Returns are signed by entering the taxpayer Personal Identification Number (PIN) into the software after reading the perjury statement displayed by the software. The taxpayer PIN will be selected by the taxpayer, or the taxpayer may authorize his or her tax preparer to select the taxpayer PIN. The MI-5352 will be printed and contain the taxpayer PIN. The tax preparer will retain Form MI-5352 in his or her records as part of the taxpayer's printed return. ESA e-filings submitted without a taxpayer PIN will be rejected by Treasury. **Do not** mail Form MI-5352 to Treasury. **Do not** include Form MI-5352 as an attachment to a return.

Taxpayers are advised that they should review their ESA statement via MTO even if they elect to e-file their statement. The ESA Division has found that, because information is not pre-populated and processed as it is for eligible claimants certifying their ESA statement through MTO, a larger number of errors occur for e-Fileers. Some of these errors affect the calculation of liability and require additional information or payment from the taxpayer.

A "Tax Preparer Handbook for Electronic Filing Programs" as well as more information, program updates and a list of approved software developers is available on the Treasury web site at www.Mifastfile.org.

Filing and Electronic Payment Deadlines

Statute requires that, no later than **August 15th**, eligible claimants must electronically submit a certified ESA statement and electronically submit payment of full ESA liability.

This deadline **does not** change if August 15th falls on a Saturday, Sunday, or State holiday. Statements may be certified either through MTO or through e-File. Electronic payments may be submitted through MTO, e-File, or Electronic Funds Transfer (EFT) credit.

An eligible claimant who fails to electronically submit a certified statement and electronically pay ESA liability *in full* by August 15th shall be subject to a late payment penalty at a rate of 3% of the unpaid liability per month or part of a calendar month, to a maximum of 27%. Penalty is not prorated based on the day of the month that the late payment is received and is therefore calculated for payments made according to the following:

August (after the 15th)	3%
September	6%
October	9%
November	12%
December	15%
January (following year)	18%
February	21%
March	24%
April (through the 15th)	27%

An eligible claimant may amend a previously certified ESA statement through MTO or through MeF software on or before **September 15th** of the current assessment year. This deadline to amend an ESA statement **does not** change if September 15th falls on a Saturday, Sunday, or State holiday. An amendment includes changes in acquisition costs reported and/or adding or removing a parcel. Any increase in ESA liability resulting from any amendment made to a certified ESA statement shall be subject to the 3% of unpaid liability per month or part month late payment penalty.

Statute provides a waiver of the late payment penalty for first year filers if the ESA statement and full payment are electronically submitted by September 15th. The Department of Treasury cannot waive the late payment penalty for any eligible claimant that has claimed the EMPP exemption in any previous year.

An eligible claimant may not amend a previously certified ESA statement after September 15th.

Electronic Payments

All eligible claimants are required to make payment in full, by using MTO, e-File, or EFT credit by August 15th. If payment of full ESA liability is not paid by August 15th, a late payment penalty of 3% of the unpaid liability per month or part of a month, to a maximum of 27%. Penalty is not to be prorated on the day of the month that the late payment is received. Failure to pay full ESA liability and late payment penalty by April 15th of the year following the assessment year (for 2021: April 15, 2022) will result in the rescission(s) of the EMPP exemption by the Department of Treasury. Statute requires that all ESA payments **must** be made electronically. ESA payments **may not** be mailed to the Department of Treasury. Any ESA funds received via paper check will be refunded to the taxpayer and the amount of the paper check will not be applied to any ESA liability, including late payment penalty, outstanding on the account.

Rescissions

Eligible claimants who fail to submit a certified statement and pay ESA in full, including any late payment penalties, via MTO, e-File, or EFT credit by **April 15th of the year following the assessment year** (for 2021: April 15, 2022) shall have the EMPP exemption rescinded no later than the first Monday of June of the year following the assessment year (for 2021: June 6, 2022). The deadline to submit a certified statement and electronic payment **does not** change if April 15th falls on a Saturday, Sunday, or State holiday. The Michigan Department of Treasury is required to rescind the EMPP exemption on parcels for which ESA liability and late payment penalty have not been paid in full by the April 15th deadline.

The Department of Treasury also rescinds the EMPP exemption on any parcel removed from an ESA statement as removal of the parcel from the ESA statement indicates to the Department that no eligible personal property is located on the parcel.

Rescissions ordered by the Department of Treasury for failure to certify and pay ESA in full by April 15th or for removal of a parcel from an ESA Statement may be appealed to the Michigan Tax Tribunal by December 31st of the year in which the rescission was ordered.

For additional ESA information, links to statutes, forms, and to sign up for the ESA email list, please visit www.michigan.gov/esa.

This information constitutes an interpretation of one or more statutes administered by the Bureau of Local Government and School Services and not legal advice. As the interpretation reached in these examples are limited to the facts provided, any variation in those facts might result in a different interpretation being reached. Therefore, a taxpayer may wish to consult counsel before proceeding in this matter.