

Unemployment Insurance Agency MICHIGAN EMPLOYER ADVISOR

Winter 2013

FROM THE
director



Dear Employer:

Recently, we found that some employers were noticing a 3 percent penalty incorrectly reflected on some 2012 and 2013 unemployment insurance tax rates.

I want to take this moment to let you know how we are handling this situation.

As you may have read about, in previous issues of the Michigan Employer Advisor, The UIA's new MiDAS automated tax system is part of our continuous effort to improve and modernize the Agency. As part of MiDAS, in an effort to reduce paperwork, and employer time filling out paperwork, UIA forms 1017 and 1020 were replaced with a single new form - UIA form 1028.

The UIA assigns a 3% non-reporting penalty to any employer's rate when the employer has a missing quarterly report during that rate year. In error, the new UIA system assigned a 3% non-reporting penalty to any employer's 2012 rate when the employer had a missing 1017 quarterly wage report OR a missing 1020 quarterly tax report. What the old UIA system did, and what the new system will do, is only assign a 3% non-reporting penalty to an employer's 2012 rate when the employer has a missing quarterly tax report.

To rectify the error, the UIA is removing the penalty where it was applied due to a missing 1017 wage report and is re-determining the employer's rate. This will be applied to the 2012 Tax Rate Redeterminations issued December 11, 2012 and subsequently to the 2013 Tax Rate Determinations originally issued December 28, 2012.

As UIA forms 1017 and 1020 have now been replaced by a single report, Form 1028 - Combined Quarterly Tax and Wage Report, this cannot happen in the future.

Several Michigan employers were affected by this and we apologize for any inconvenience this has caused. Rest assured that we are quickly fixing this issue and those affected should be receiving a re-determined rate very shortly. Should you have any questions regarding this matter, or if we can assist you on any other issues feel free to contact us by phone at 1-855-484-2636 or by email at: OEO@michigan.gov.

Thank you for doing business in the State of Michigan.

Steve Arwood

Director, Unemployment Insurance Agency

THE MICHIGAN EMPLOYER ADVISOR

is an Unemployment Insurance Agency newsletter for Michigan Employers about unemployment insurance.

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UIA
Unemployment Insurance Agency

Steve Arwood Appointed as LARA Director

UIA Director Steve Arwood was appointed in late January as director of the Michigan Department of Licensing and Regulatory Affairs (LARA) by Gov. Rick Snyder.

Arwood had been serving as acting director since December when then-director Steve Hilfinger became chief operating officer at the Michigan Economic Development Corporation (MEDC).

“Steve Arwood has done a great job leading LARA, in addition to his work as head of the state’s Unemployment Insurance Agency,” Snyder said. “Steve is a talented and experienced professional whose strong leadership has been instrumental in the reinvention of Michigan and I can’t think of a better person to take on this important role. I look forward to continuing our work to create a more practical and efficient regulatory system in our state.”

As chief regulatory officer at LARA, Arwood will have principal oversight of licensing and regulatory functions of the state of Michigan, including Licensing and Regulatory, Office of Regulatory Reinvention, Michigan Administrative Hearing System, and Employment Security and Workplace Safety.

Arwood joined LARA in 2011. In addition to his most recent roles, he also served as deputy director overseeing employment security and workplace safety, which includes the Michigan Occupational Safety & Health Administration, Employment Relations, and Worker’s Compensation. Before joining LARA, Arwood worked at Windlab Developments, USA, LTD, where he served as U.S. regional director, and has extensive experience in wind energy development, conservation, and business development. He previously served as deputy director and held other executive management positions at the Michigan Jobs Commission under Gov. John Engler. He also served as director for the House of Representatives Programs and Policy office, and the National Federation for Independent Business-Michigan. Arwood is a graduate of the James Madison College at Michigan State University

Arwood will continue to head the Unemployment Insurance Agency until a replacement is named.



EUC Extended

The federally-funded Emergency Unemployment Compensation (EUC) program has been extended through 2013. The program was extended as a part of the legislation which was passed by Congress and signed by the President during the “fiscal cliff” negotiations which took place at the end of 2012. About 87,000 claimants were notified last month that EUC would expire at the end of 2012 barring any federal action to extend the program.

EUC provides up to 34 weeks of federally-funded extended unemployment benefits (based on a four tier system) to workers who have exhausted their regular (up to 20 weeks) state unemployment benefits.

There are established unemployment rate thresholds that states must meet in order to remain eligible for the EUC program. The thresholds are based upon a three-month average of the total unemployment rate (TUR). Michigan’s three month average TUR must remain at 9 percent or above to be eligible to provide all four tiers of the EUC program.

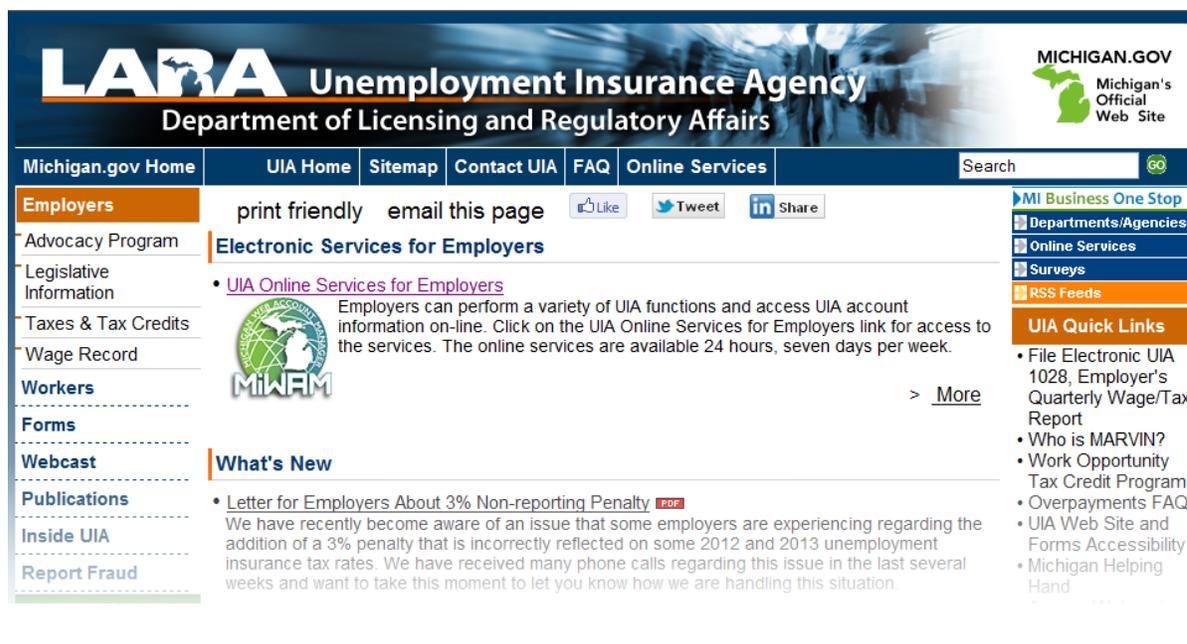
Quarterly Tax Reports Now To Be Filed Online

By now, most of you have used the new Form UIA 1028, which replaced the commonly used forms 1020 (Employer's Quarterly Tax Report) and 1017 (Wage Detail report) among others. Did you know that beginning this year, Michigan employers will be required to report quarterly taxes and wages online?

The online filing requirement is being phased in over the next three years. Starting with the first quarter of 2013 (first quarter reports are due April 25, 2013), employers with 25 or more employees will be required to file online. Beginning with the 2014 tax year, that requirement will extend to employers with 6 to 24 employees, and beginning in 2015, employers with five or fewer employees will also be required to file their quarterly reports online.

Filing Form UIA 1028 online is simple and convenient and can only be done with the Michigan Web Account Manager (MiWAM). MiWAM also offers many other convenient and helpful features for managing your UIA tax account such as scheduling or making payments, responding to fact finding inquiries, filing UIA tax protests, viewing notices and letters from the Agency, and more. MiWAM was designed to make your interactions with UIA as convenient and user-friendly as possible.

If you haven't registered for a MiWAM account, do it today. Visit the UIA website at michigan.gov/uia or [click here](#) to sign up. To download or view the MiWAM Toolkit, which provides you with everything you need to know about the new system, [click here](#).



The screenshot shows the LARA Unemployment Insurance Agency website. The header includes the LARA logo and the text "Unemployment Insurance Agency Department of Licensing and Regulatory Affairs". The navigation bar contains links for Michigan.gov Home, UIA Home, Sitemap, Contact UIA, FAQ, and Online Services. The main content area is titled "Electronic Services for Employers" and features a "MiWAM" logo. A sidebar on the right lists various services and quick links, including "MI Business One Stop", "Departments/Agencies", "Online Services", "Surveys", "RSS Feeds", and "UIA Quick Links".

New MiWAM Feature Helps to Reduce Errors

UIA has added a new feature in MiWAM, the employer system to manage accounts online, which will help employers and their service providers identify discrepancies in wage information. With the Yearly Wage Breakdown, when employers review employee information (such as SSN, wages, etc), they will be able to compare all of the reported wages for a calendar year and will assist in identifying any wages that may be listed incorrectly. This new online feature, available in late February will also ensure that employers' account information is up-to-date.

Employer Electronic Payment Options



As you read in the previous story, beginning this year, Michigan employers will be required to file quarterly tax and wage reports online through MiWAM (see story, “File Reports Online”)

Did you know the UIA also offers options to pay your taxes electronically as well? You can pay your quarterly tax liability electronically by Automated Clearing House (ACH) Credit or ACH Debit – either single payment or Bulk Payment (to pay for multiple employer accounts). Payment by ACH Debit is done through your MiWAM account, while ACH Credit is arranged through your financial institution. There is a \$5M transaction cap on payments made through MiWAM. There is no limit for the ACH Credit option.

ACH Debit Transmissions

Employers who wish to pay their unemployment taxes through their MiWAM Account must verify with their financial institution that they have the ability to authorize a debit from their bank account. Some financial institutions offer a service referred to as “Debit Blocking” to their customers to prevent unauthorized debits (withdrawals) from their accounts. If an employer has this service on their account, they must contact their financial institution and have ACH transactions identified with the company ID 9044021793, which authorizes UIA to debit the account. **Failure to do this prior to making a payment through MiWAM will result in UIA not being able to receive the electronic payment.** For more information and instructions on how to make a payment please [click here](#) to view or download a detailed fact sheet from the UIA website.

For technical questions on paying taxes through the ACH Debit option, please contact MiWAM Support at (313) 456-2188, Monday through Friday from 8 am to 5 pm, or through email at MiWAMSupport@michigan.gov.

Bulk Payments

The Bulk Payment feature allows Michigan UIA taxpayers to authorize a single payment and submit a file indicating how the payment should be allocated for multiple employers. Only web account users who are directly authorized to file and pay on behalf of the employer, or have a Power of Attorney on file with UIA for the employer, can use this function. This function can also be used for reimbursement payments.

To view the fixed-length file format that provides the information needed to allocate the authorized payment, [click here](#).

ACH Credit Transmissions

The ACH Credit feature allows the employer to authorize payments to the UIA to pay quarterly unemployment taxes or reimbursements using both the National Automated Clearing House Association (NACHA) Cash Concentration & Disbursement (CCD)+ and Corporate Trade Exchange (CTX) standard formats. You must contact your bank in advance to notify them of your ACH transfer amount. Most banks require at least 24 hours lead time. Please contact your bank for specific deadlines. Please [click here](#) for transaction information and file formats.

Compliance with filing Form UIA 1028, Employer’s Quarterly Wage/Tax Report, online through MiWAM will help ensure efficient processing of the employer’s quarterly tax report and payment.

For more information, call the UIA Office of Employer Ombudsman (OEO) at 1-855-484-2636 or 1-313-456-2300, or email OEO@michigan.gov. For information on how to set up a MiWAM account, please access the [MiWAM Toolkit](#) at www.michigan.gov/uia.

Legislative Updates

Several amendments to the *Michigan Employment Security (MES) Act*, which governs the State's unemployment compensation program, were recently passed by the Legislature and signed by Governor Snyder.

REMOVAL OF LIMITATION OF BENEFITS FOR FAMILY CORPORATIONS (PUBLIC ACT 218 OF 2012)

This amendment removed the provision of Section 46 of the *MES Act* that limited to 7 weeks the unemployment benefits payable to a person who, alone or in combination with his/her child or spouse, owned more than 50% of the interest in a corporation. It also removed that limitation for a minor child whose parent(s) owned more than 50% of the interest in the corporation. Persons engaged in family employment are no longer limited to 7 weeks of unemployment benefits.

TEMPORARY AMENDMENT OF PERIOD FOR ASSIGNING NEW EMPLOYER TAX RATE TO CLIENT OF PROFESSIONAL EMPLOYER ORGANIZATION (PEO) (PUBLIC ACT 219 OF 2012)

This amendment relates to Professional Employer Organizations (PEOs). Until 2014, if a client of a PEO has had no payroll for 8 or more calendar quarters, then the client's unemployment tax rate will be the new employer tax rate whenever it resumes having payroll. In 2014 and thereafter, the client's unemployment tax rate will be the new employer tax rate if it has had no payroll for 12 or more calendar quarters. Before the amendment, the "12 calendar quarter" provision was already in effect, so the amendment delays the effective date of that provision.

WAIVER OF CONFIDENTIALITY PRIVILEGE (PUBLIC ACT 422 OF 2012)

This amendment provided that an individual who voluntarily testifies before another body concerning representations the individual made to the UIA waives the privilege of confidentiality under the state unemployment compensation law.

TREATMENT OF REMUNERATION EARNED BY VOLUNTEER FIREFIGHTER (PUBLIC ACT 496 OF 2012)

This amendment provided that the wages earned by a volunteer firefighter will not be used to offset benefit entitlement the firefighter might otherwise have, until the firefighter's annual wages reach \$10,000.

ORDER OF CREDITING CONTRIBUTIONS OR OBLIGATION ASSESSMENT PAYMENTS (PUBLIC ACT 493 OF 2012)

This amendment provided that any contribution payment, or any payment of an Obligation Assessment, will be credited first to the interest on the Obligation Assessment and then to principal of the Obligation Assessment, and then to penalty, interest, and principal on a contribution delinquency, oldest quarter first.

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THE MICHIGAN EMPLOYER ADVISOR

is an Unemployment Insurance Agency periodical for Michigan Employers about unemployment insurance. Submissions should be related to UIA programs and services.



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LARA is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

State of Michigan, Department of Licensing and Regulatory Affairs, Unemployment Insurance Agency, Authority, UIA Director,
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Please direct questions, suggestions and comments to: employeradvisor@michigan.gov