

MICHIGAN **EMPLOYER** ADVISOR

A Newsletter for Michigan Employers about Unemployment Insurance

January 2020



From the Director

I am pleased to be writing to you as new director of the Unemployment Insurance Agency. In my short tenure so far, it has been my pleasure to work with Michigan's employers to ensure our unemployment insurance system works fairly and efficiently for everyone. As an agency within the new Department of Labor and

Economic Opportunity, we will work with you to achieve our mission of protecting and expanding economic opportunity and prosperity for all Michiganders.

As we begin a new year, I want to thank you for your continued investment in the State of Michigan. Your unemployment tax contributions are vital in providing economic stability in Michigan. You help to maintain Michigan's economy not only by providing employment for

thousands of workers but ensuring that funds continue to flow through the community, even in the event of temporary or permanent layoffs. Unemployment Insurance helps keep money in the hands of people who are likely to spend it locally, increasing the taxable income of the people and businesses around them. In 2019, that equaled about \$700 million to more than 210,000 families.

Also, through your steady payment of an Obligation Assessment, we've been able to responsibly manage the Unemployment Trust Fund and bring you some tax relief a bit earlier than scheduled (see story below). Beginning with the first quarter of 2020, you will not see an obligation assessment included with your tax rate. This frees up \$65 – \$217 per employee to reinvest in your business.

Thank you again for all you do for the people of Michigan. If you have a question or comment, or a suggestion about a topic you would like to see covered in this publication, please feel free to send an email to:

Employeradvisor@michigan.gov

— Steve Gray, Director, Unemployment Insurance Agency

Obligation Assessment (OA) for Michigan Employers Comes to an End

In 2020, Michigan employers will no longer see an Obligation Assessment (OA) on their tax rate notice thanks to the early payoff of federal bonds issued in 2012.

In 2012, the Unemployment Insurance Agency (UIA), in partnership with the Michigan Department of Treasury, refinanced approximately a \$3 billion debt owed to the U.S. Treasury with the issuance of bonds to cover the unprecedented increase in unemployment claims during that time.

“Through employers’ contributions, and the refinancing and elimination of the federal debt, our employers will see a reduction of \$65 – \$217 per employee in 2020,” said UIA director Steve Gray.

Since 2012, employers have paid an Obligation Assessment with their quarterly taxes. The OA was applied for each rate year until the bonds were paid off. The OA amount varied depending on an employer's annual tax rate.

Although it was originally expected to take 10 years to satisfy the bonds, the UIA will be paid in full ahead of schedule — by December 31, 2019. The last quarter in which an employer will have to include the OA with their quarterly taxes will be the 4th quarter of 2019 (due Jan. 25, 2020).



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Registration and Seeking Work Waivers

The UIA has made it faster and easier for employers to request a Registration and Seeking Work Waiver for temporary layoffs lasting 45 days or less.

If you anticipate laying off workers and expect them to return **within 45 days**, you can request a Registration and Seeking Work Waiver on-line. Just log in to your Michigan Web Account Manager (MiWAM) and click on the Seeking Work Waiver link. The waiver can be requested and approved in minutes. You can also submit the request in writing. A waiver is only applicable to separations due to lack of work.

How to Request the Waiver Online:

- Log into your MiWAM account
- Click on UI TAX; then click on Account Services
- Under benefits services click on Seeking Work Waiver, enter the last day of work and the back to work date and then submit
- If information entered highlights red, it does not meet one of the criteria and cannot be submitted.
- Requests must be received before the layoff occurs (no later than the week prior to the layoff. If the request meets all criteria, the waiver will automatically connect to the employee's claim when they file.

Written:

- Requests should be faxed to (517) 393-8901 and must be received prior to the first payable week following the layoff. To be considered, written requests should include a list of affected employees and the last four digits of each employee's SSN.

Both written and on-line requests will need to include the reason for separation, the last day worked and the expected return to work date.

Make Sure Employees Have the Correct Info Form UIA 1711, [Unemployment Compensation Notice To Employee](#), which employers are required to give their employees upon separation, contains important information for unemployed workers to identify the employer. This is not a waiver form.

If the laid off worker does not return to work within 45 days of the last day worked, the individual will need to register for work and begin seeking work. The waiver cannot be extended, and late waiver requests or requests submitted without the required information will not be granted. For questions, please contact the Unemployment Insurance Agency Office of Employer Ombudsman at 1-855-484-2636.

Sign Up for SIDES through your MiWAM Account



Now you can access the State Information Data Exchange System (SIDES), through your MiWAM account. SIDES and SIDES E-Response provide a

way to report separation information electronically, for faster, more efficient and secure processing. The system provides a standardized format that is also used by other states.

SIDES is designed for employers and third-party administrators (TPAs) that typically deal with a large volume of UI information requests or operate in multiple states. Employers and TPAs must integrate SIDES with their internal IT systems. SIDES E-Response similarly provides an easy and efficient

way to electronically respond to information requests for employers with a limited number of unemployment claims throughout the year. SIDES E-Response requires a working Internet connection and someone to enter the information. No programming is needed.

SIDES and SIDES E-Response save time and money by reducing paperwork and staff time, keep UI rates low by reducing overpayments and includes data checks to ensure valid information.

Find out more about SIDES and how it can work for you at Michigan.gov/uia. To sign up for SIDES, login to your MiWAM account. Under I Want To, click Sign up for SIDES E-Response.

Avoiding Misclassification of Workers: Independent Contractor or Employee?

Misclassification of employees—the practice of incorrectly labeling workers as independent contractors, rather than employees—is a problem that impacts employers, workers and government.

Misclassifying workers gives an employer an unfair business advantage over the competition by allowing them to avoid paying unemployment and other taxes on workers, and prevents employees from qualifying for certain benefits, including unemployment insurance. For governments, misclassification can result in lower tax revenues.

Defining Independent Contractors

Misclassification most commonly occurs when an employer hires a worker and improperly classifies the person as an “independent contractor,” rather than as an “employee.”

- An employee is a person who works for your business and their work is controlled by their boss. Their employer dictates working hours, where to work, what to do and how to do it, as well as providing all of the necessary tools and equipment.
- An independent contractor is generally in business for themselves. They are hired to accomplish a task or tasks determined by the employer, but the contractor determines their own working patterns and how they reach the end result.

Although there is no single factor for determining whether an individual is an independent contractor or an employee, the IRS 20-factor test helps to determine if a person performed



services as an employee or as an independent contractor. See [Fact Sheet #155](#) — Independent Contractor or Employee — The IRS 20-Factor Test for more details.

What are the Consequences for Misclassification?

There can be significant consequences for incorrectly treating an employee as an independent contractor. Penalties for an employer who has been misclassifying its employees may include:

- Paying the required unemployment taxes
- Becoming the liable employer immediately, as required by the MES Act
- Being scheduled for future audits to ensure compliance
- Penalties that quadruple the amount of taxes owed on any misclassified wage.

If you have questions about misclassification of employees, or to report suspected cases of employee misclassification, call UIA Employer Customer Service at 1-855-484-2636. For more information on Misclassification, visit the U.S. Department of Labor website at dol.gov/agencies/whd.

Employer Reminder: Keep Your Address Updated!

Because the UIA issues fact finding forms, determinations, redeterminations and other items which can affect an employer's UI taxes and a claimant's benefit rights, it is very important that you keep your contact information up to date. You can update your address right in your MiWAM account. Just log into your account and select the current Claim ID. Select names and addresses in the upper right tab.

Employer Reminder:

Fourth quarter reports (for the quarter ending December 31, 2019) are due on January 25, 2020.

Gretchen Whitmer, Governor
Department of Labor and Economic Opportunity,
Steve Gray, Director; Unemployment Insurance Agency;
Lynda Robinson, Editor; UIA 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 Labor and Economic Opportunity, Unemployment Insurance Agency