

# 2016

# Michigan

## Sales, Use and Withholding Taxes

## E-File Tax Preparer Handbook



**Michigan Department of Treasury**  
*[www.MIfastfile.org](http://www.MIfastfile.org)*

## Table of Contents

### **Section 1. General Information**

1.1 Contact Information .....	2
1.2 E-mail LISTSERV for Tax Professionals.....	3
1.3 Self Service Options .....	3

### **Section 2. Sales, Use and Withholding Taxes E-File**

2.1 Benefits of E-File.....	4
2.2 Introduction.....	4
2.3 Program Description .....	5
2.4 SUW E-File Calendar for Tax Year 2016 .....	5
2.5 Application and Acceptance Process .....	5
2.6 How SUW E-File Works .....	5
2.7 Type of Filings Accepted .....	6
2.8 Exclusions from E-File .....	7
2.9 Signature Requirements .....	7
2.10 Acknowledgment of Electronic Return .....	7
2.11 Payment Methods .....	8
2.12 Refunds .....	9

### **Section 3. Responsibilities of Electronic Filers, Transmitters and EROs**

3.1 ERO or Tax Preparer .....	10
3.2 Transmitter .....	10
3.3 Timeliness of Filing .....	10
3.4 Changes on the Return .....	10

## **SECTION 1 – GENERAL INFORMATION**

The Sales, Use and Withholding (SUW) electronic filing (e-file) program accepts SUW returns with or without payments (submissions); using Michigan Department of Treasury (Treasury) approved commercial or proprietary software, through the SUW Direct Gateway (Gateway).

Michigan e-file publications and forms are available on Treasury’s Web site at [www.MIfastfile.org](http://www.MIfastfile.org). For questions about the e-file program, contact Forms, Documentation and E-file Services (FDES).

### **1.1 Contact Information**

Michigan E-file Web site	<a href="http://www.MIfastfile.org">www.MIfastfile.org</a>
FDES Coordinator	Scott Bunnell
Program Area, Testing and File Specifications	Heather Vellanti
E-Mail	<a href="mailto:MIFormsEfile@michigan.gov">MIFormsEfile@michigan.gov</a>
Telephone	517-636-4450
Michigan Relay Service	800-649-3777 (TTY only)
Michigan Treasury Web Sites	<a href="http://www.michigan.gov/taxes">www.michigan.gov/taxes</a> <a href="http://www.michigan.gov/treasury">www.michigan.gov/treasury</a>

Contact information is for **software developers, preparers, and Electronic Return Originator’s (ERO) only. Do not give these numbers to taxpayers.** FDES staff is unable to provide submission status information or address specific taxpayer account issues once the submission has been acknowledged as “Accepted” by Treasury.

Treasury does not recommend sending account-specific information over the Internet. Federal and State disclosure laws require that taxpayer privacy and their confidential records are protected. Therefore, Treasury will not send account-specific information over the Internet in response to an e-mail inquiry.

## **1.2 E-mail LISTSERV for Tax Professionals**

The Treasury Tax Professionals LISTSERV is a free service that disseminates mass e-mail messages within seconds, to all subscribers. Sign up to receive electronic communications on Treasury's e-file programs and other information of interest. To subscribe or for additional information, visit the Tax Preparer's Web site at [www.MIfastfile.org](http://www.MIfastfile.org).

## **1.3 Self Service Options**

Treasury offers a variety of services designed to assist taxpayers and most are available 24 hours a day, seven days a week. To obtain information about an account use the options listed below:

### **Michigan Treasury Online (MTO) - [www.michigan.gov/mtobusiness](http://www.michigan.gov/mtobusiness)**

MTO allows taxpayers to electronically register for taxes, update addresses, add or delete tax types, file and pay SUW taxes in one transaction, and add a payroll service provider as applicable. Due to the range of e-services provided, all SUW taxpayers are encouraged to sign up for MTO regardless of whether they utilize a Payroll Service Providers (PSP) or Third Party Administrators (TPA).

### **Telephone**

SUW taxpayers who do not have Internet service should call Customer Contact staff at 517-636-6925. Assistance is available using TTY through the Michigan Relay Service by calling 1-800-649-3777 or 711.

## **SECTION 2 - SALES, USE AND WITHHOLDING TAXES E-FILE**

### **2.1 Benefits of E-File**

**Customer service.** E-filed returns are processed faster than paper returns. Receive electronic proof from Michigan that returns were received.

**Convenient.** Prepare and transmit SUW submissions using software that has been approved by Treasury.

**Improved return accuracy.** Treasury processes the same data the tax preparer enters into the computer. Treasury computers automatically check returns for mistakes. When easy-to-fix mistakes like math errors or missing forms are found, the return is sent back for correction. The error can then be corrected and be sent back to Treasury. E-file returns have a significantly less chance of error compared to paper returns.

**Detailed error conditions.** Business rules pinpoint the location of the error in the submission and provide complete information in the acknowledgement file that is passed back to the transmitter. Business rules use simple wording to clarify each error that triggers a rejection.

**Secure.** Tax information is encrypted and transmitted directly to Michigan.

**Amended returns.** Treasury can process amended SUW returns submitted on Forms 5082, *Sales, Use and Withholding Taxes Amended Annual Return* and 5092, *Sales, Use and Withholding Taxes Amended Monthly/Quarterly Return*.

### **2.2 Introduction**

Tax Year 2015 and 2016 SUW monthly/quarterly tax returns may be filed with our without payment directly to Treasury using the Gateway. Annual tax returns for Tax Year 2015 may be e-filed beginning in February 2016.

Filing submissions electronically is accurate, convenient, and secure. The SUW e-file program provides Michigan taxpayers the opportunity to e-file SUW submissions prepared using a computer software program. If an error occurs on a submission, the e-file software presents an error message and allows the tax preparer to immediately correct the mistake before the submission is transmitted.

Michigan does not have an enforced e-file mandate for SUW. However, *Fuel Supplier and Wholesaler Prepaid Sales Tax Schedule* (Form 5083), *Fuel Retailer Supplemental Schedule* (Form 5085), and *Vehicle Dealer Supplemental Schedule* (Form 5086) are not eligible for paper filing; they must be e-filed.

For more information and program updates, visit Treasury's Web site at [www.MIfastfile.org](http://www.MIfastfile.org).

### **2.3 Program Description**

Type of E-file Program	Direct
Direct Deposit	No
Payment Submitted with Return	Yes
EFT	Yes
Signature Process	Retain documentation in taxpayer records

### **2.4 SUW E-File Calendar for Tax Year 2016**

Begin Transmitting Monthly/Quarterly Submissions	February 2016
Begin Transmitting Annual Submissions	February 2016
Deadline to Transmit Submissions Electronically	None. Submissions must be acknowledged as “Accepted” by the due date to be considered timely filed.

### **2.5 Application and Acceptance Process**

To participate in Michigan’s SUW e-file program, e-filers must use software that has successfully completed the Michigan Assurance Testing System (ATS). Confirm that the software chosen has been approved for Michigan and that the Michigan e-file program is operational before transmitting submissions.

If, after acceptance, a tax preparer/transmitter or software company has production problems, Treasury reserves the right to suspend the tax preparer/software company for part or all of the remainder of the filing season.

### **2.6 How SUW E-File Works**

Tax preparers and transmitters may participate in the SUW e-file program if supported by their software. Treasury provides electronic acknowledgments for all e-filed submissions using the Gateway.

The first notification is in the form of an electronic receipt of the transmission which is received by the transmitter. Transmitters are either a software company, PSP or TPA.

Once a submission receives a successful receipt, Treasury will generate an acknowledgement for all submissions received in the transmission. Submissions must be received by noon (EST) to have an acknowledgment generated by 5:00 pm (EST) the same day.

**All returns, whether e-filed or paper-filed, are subject to Michigan audit and can be delayed regardless of the acknowledgment code received.** Returns are processed and refunds are issued daily.

## **2.7 Type of Filings Accepted**

SUW allows the flexibility to file a combined SUW return in one filing or to file them separately.

**Example:** If a taxpayer is registered for SUW taxes, but only intends to file their Sales and Use tax return, only the Sales and Use sections of the form need to be completed. The Withholding tax return may be submitted later, with only the Withholding section completed.

Only complete the applicable tax section(s) you are filing; do not enter zeroes in sections you are not reporting information for.

If a PSP files a Withholding only tax return through the Gateway, a taxpayer may still elect to file their Sales and/or Use tax return through MTO by utilizing the “Additional Return” function. Please call 517-636-6925 for assistance filing through MTO.

### **Electronic Michigan Data**

The electronic submission consists of data transmitted electronically and the supporting paper documents. The paper documents contain information that cannot be transmitted electronically, such as taxpayers’ signatures.

The following forms and schedules may be e-filed:

<b>Form</b>	<b>Title</b>
5080	Sales, Use and Withholding Taxes Monthly/Quarterly Return
5081	Sales, Use and Withholding Taxes Annual Return
5082	Sales, Use and Withholding Taxes Amended Annual Return
5083*	Fuel Supplier and Wholesaler Prepaid Sales Tax Schedule
5085*	Fuel Retailer Supplemental Schedule
5086*	Vehicle Dealer Supplemental Schedule
5092	Sales, Use and Withholding Taxes Amended Monthly/Quarterly Return

\* Form is only eligible for e-file. If a paper form is submitted, the credit(s) will be disallowed.

Annual return submissions may also contain W-2 data in the Social Security Administration (SSA) EFW2 text file format, as supported by software. Submitting W-2 data with the return in place of sending magnetic media with the *Transmittal for Magnetic Media Reporting of W-2s, W-2Gs and 1099s to the State of Michigan* (Form 447) satisfies the Department’s filing requirement.

### **Non-electronic Portion of the Return**

The non-electronic portion of the Michigan submission consists of the following supporting documents:

- **Form 5094.** If tax is due on an e-filed return and the taxpayer elects to submit payment by check or money order, it must be received by the due date, with, *Sales, Use and Withholding Payment Voucher* (Form 5094).

- **Form 5095.** *Sales, Use and Withholding Monthly/Quarterly and Amended Monthly/Quarterly Worksheet* (Form 5095) is used to determine certain amounts on Forms 5080 and 5092.

Do **not** mail a copy of Form 5095 to Treasury, unless requested to do so. Treasury recommends Form 5095 be retained in the taxpayer's records for six years.

## **2.8 Exclusions from E-File**

Taxpayers are not eligible for SUW bulk e-file if Forms 5083, 5085 and/or 5086 need to be submitted with Forms 5081 or 5082. The taxpayer must file using MTO.

## **2.9 Signature Requirements**

Michigan accepts the agreement that PSPs, Certified Service Providers (CSPs), and paid preparers have with their clients as the signature for e-filing SUW returns and/or payments. The agreement may be a limited power of attorney, IRS Form 8655, *Reporting Agent Authorization*, or company document that mirrors the same type of e-filing authorization. Treasury does not require any additional signature documentation.

The authorization document **must not** be submitted unless requested by Treasury. Treasury recommends the authorization document be retained in the taxpayer's records for six years.

## **2.10 Acknowledgment of Electronic Return**

Treasury provides electronic acknowledgments for all e-filed submissions using the Gateway.

Submissions must be received by noon (EST) to have an acknowledgment generated by 5:00 pm (EST) the same day.

### **Status Codes Received from Treasury**

Treasury will perform certain checks on the submission during the acceptance process. All returns, whether e-filed or paper-filed, are subject to audit and can be delayed regardless of the acknowledgement code given. Should an error occur during back-end processing, Treasury will communicate directly with the taxpayer through the regular error resolution process. Treasury will discuss return and/or payment situations with the preparer if the appropriate authorization box has been completed on the annual return, or a valid *Authorized Representative Declaration (Power of Attorney)* (Form 151), or *Payroll Service Provider Combined Power of Attorney Authorization and Corporate Officer Liability (COL) Certificate for Businesses* (Form 3683) is on file.

### **Acceptance Status:**

- |                 |  |
|-----------------|--|
| <b>Accepted</b> | Electronic submission was <b>accepted</b> and will be reviewed and processed.  |
| <b>Rejected</b> | Electronic submission was <b>rejected</b> . If the submission was rejected, an associated e-file rejection code and detailed error description will be |

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provided. The taxpayer/preparer may correct the error and retransmit the submission. There is no limit on how many times a submission can be retransmitted.

The SUW e-file Business Rules (rejection codes and descriptions) are posted in a separate document on Treasury's Web site at [www.MIfastfile.org](http://www.MIfastfile.org), under the Tax Preparer tab. Returns and/or payments not acknowledged by Treasury as "Accepted" are not considered filed.

## **2.11 Payment Methods**

### **Submitted with the Return**

Payments will be allowed with e-filed SUW returns as supported by software. Payments made this way can only be submitted along with a return. For timely payment, the return with payment **must receive an "Accepted" acknowledgment** by Treasury one business day prior to the due date. If the due date falls on a weekend, state holiday, or banking holiday, the due date is the next business day. More information on due dates can be found on the [Sales, Use and Withholding Tax Due Dates for Holidays and Weekends \(Form 3149\)](#).

Payments may be scheduled up to 90 days in advance of the settlement date.

If no tax is due, do not send a zero payment. Zero payments are no longer required when no tax is due and will not be recognized by Treasury as a valid payment.

**Note:** Some financial institutions offer a "Debit Blocking" or "Debit Filtering" service to prevent unauthorized debits (withdrawals) from an account. If an account has a debit block or filter, any unauthorized debit transactions will not be processed. The taxpayer should contact their financial institution and have the Automated Clearing House (ACH) transaction identified with the Company ID 9244842702 authorized to debit their account. Failure to make these arrangements may result in the payment request being rejected by the financial institution.

### **Electronic Funds Transfer (EFT)**

Payments may be made by EFT using either the ACH Credit or Debit method. Information about EFT is available on Treasury's Web site at [www.michigan.gov/biztaxpayments](http://www.michigan.gov/biztaxpayments).

### **Paper Payment Voucher**

If tax is due on an e-filed return, the taxpayer may submit payment by check or money order, by the due date, with Form 5094.

### **MTO**

**Free EFT Debit Payment:** Taxpayers using MTO may initiate an EFT Debit payment in a single session. A debit payment may be made as one combined payment, eliminating the need to make three distinct payment transactions for SUW tax liabilities.

**Credit Card/Debit Card:** Taxpayers using MTO may electronically initiate a payment in a single session. A payment may be made as one combined payment, eliminating the need to make three distinct payment transactions SUW tax liabilities. A transaction fee may apply.

## **2.12 Refunds**

Direct Deposit is not available for SUW returns receiving a refund. All refunds will be issued by paper warrant and mailed to the address on record. The taxpayer mailing address information entered into the software does not update Treasury's records for taxpayer mailings. Changes to address information may be made using Treasury's Self Service Options outlined in Section 1.3.

## **SECTION 3 – RESPONSIBILITIES OF ELECTRONIC FILERS, TRANSMITTERS AND EROs**

Electronic filers, transmitters, and EROs must abide by the terms set forth in this Publication and must maintain a high degree of integrity, compliance, and accuracy to continue to participate in the SUW e-file program.

### **3.1 ERO or Tax Preparer**

An ERO is the person or firm who constructs the submission information for the taxpayer for the purpose of electronically filing a tax return.

Tax Preparers have been entrusted with the task of filing a client's tax return with our without payment and must assume the responsibility of ensuring the submission arrives at Treasury. In the event that the e-filed submission fails to arrive or is rejected and cannot be retransmitted, tax preparers must notify their clients to use MTO or file a paper return.

**Note:** If Forms 5083, 5085, and/or 5086 are included in the return, please call FDES staff for assistance before filing a paper return.

### **3.2 Transmitter**

A transmitter is the business, or individual within the business, who electronically sends the submission to Treasury. The software developer, PSP, or TPA will be the transmitter. Individual taxpayers are not eligible to transmit returns directly to Treasury using the Gateway.

### **3.3 Timeliness of Filing**

Transmitters must ensure electronic submissions are transmitted timely. Transmitters should confirm Treasury has issued an acknowledgment of the submission before considering the filing complete.

Returns and/or payments not acknowledged by Treasury as "Accepted" are not considered filed.

### **3.4 Changes on the Return**

After an electronic submission is acknowledged as accepted, it cannot be recalled, intercepted, or changed in any manner. This includes payments that are schedule to be settled at a later date. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, Forms 5082, 5092, and additional payment (if applicable) must be filed.