

ESA Topics: ESA Statements Certify and Pay



The Eligible Manufacturing Personal Property (EMPP) exemption may be claimed by timely filing an *Eligible Manufacturing Personal Property Tax Exemption Claim, Ad Valorem Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)* (Form 5278) in the local unit of government in which the property is located. If the EMPP exemption is granted by the local unit of government, the assessor must transmit the information reported on Form 5278 to the Michigan Department of Treasury (Department), no later than April 1st.

After receiving the information from the local assessor, the Department creates an *electronic ESA Statement* (statement) from the information reported by the eligible claimant on Form 5278 when it was filed. That electronic statement becomes available via Michigan Treasury Online (MTO) not later than May 1st. Statements are not transmitted directly to eligible claimants.

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

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 for any eligible claimant until May 1st. Through MTO, eligible claimants or their authorized preparer are able to view the statement, 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.

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.

No later than August 15th, eligible claimants must electronically submit a certified ESA statement either through MTO or through e-File and electronically submit payment of full ESA liability 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 by August 15th shall be subject to a late payment penalty at a rate of 1% per week, up to a maximum of 5%, of the total liability that remains due and unpaid.

An eligible claimant may amend a previously certified ESA statement through MTO or e-File on or before September 15th of the current tax year. An amendment includes changes in acquisition costs reported and 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 1% per week 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. 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 October 15th shall have the EMPP exemption rescinded. Not later than the first Monday in December, 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 October 15th deadline.

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.

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.

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 1% of outstanding balance per week will be added to the account, to a maximum of 5%. Failure to pay full ESA liability and late payment penalty by October 15th will result in the rescission(s) of the EMPP exemption by the Department of

Treasury. ESA payments **must** be made electronically. ESA payments **may not** be mailed to the Department of Treasury. Any ESA funds received via check will be refunded to the taxpayer and the amount of the check will not be applied to any ESA liability, including late payment penalty, outstanding on the account.

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 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.