

2011 Amendments to the Michigan Employment Security Act (Act) Tax - and Wage Record-Related Changes

State of Michigan
Department of Licensing and
Regulatory Affairs

UNEMPLOYMENT INSURANCE AGENCY

RICK SNYDER, Governor
State of Michigan

Steven H. Hilfinger, Director
Department of Licensing and
Regulatory Affairs

Steve Arwood, Deputy Director
Department of Licensing and
Regulatory Affairs

Steve Arwood, Director
Unemployment Insurance Agency

Fact Sheet

Section 13(1)

- Contributions due and payable from an employer that is liable under this *Act* solely on the basis of the payment of wages for domestic services may be paid annually on the date specified by the UIA, while still reporting quarterly.
- A contribution payment amount that is not an even dollar amount shall be credited to the account of the employer in an amount equal to the next lower dollar amount if under 50 cents and in an amount equal to the next higher dollar amount if 50 cents or more.

Section 13(2)

- Requires an employer having more than 25 employees on January 1, 2013, to file quarterly reports by an electronic method approved by the UIA beginning with the report for the first quarter of 2013.
- An employer having more than five but fewer than 26 employees on January 1, 2013, is required to file quarterly reports by an electronic method approved by the UIA beginning with the report for the first quarter of 2014.
- An employer having five or fewer employees on January 1, 2013, is required to file quarterly reports by an electronic method approved by the UIA beginning with the report for the first quarter of 2015.

Section 13(3)

- Allows employers that have 25 or fewer employees and who incurred at least 50% of taxes due in the first quarter of the prior year, to equally distribute payment of the first quarter taxes over the 4 quarters in that year.
- No interest or penalties are applied if payment is made in accordance with Section 15a.

Section 13(m)(5)

- This section pertains to Professional Employer Organizations (PEO). Change the "8" quarter of no employees requirement to "12" is consistent with the change in Section 19(a)(1)(i).
- The change is for consistency with Section 3303(a)(1) of the Federal Unemployment Tax Act.
- If a client entity of a PEO leases some of its employees from the PEO but retains the remainder of its employees, the leased employees shall be reported by the PEO under the client entity's unemployment insurance account number.
- The employees retained by the client entity will be reported by the client entity under an agency-assigned sub-account number of the client entity's account number.

Section 15a(1)

- Allows an employer to pay 1st quarter tax liability in 4 equal payments. Interest will not be charged on outstanding taxes when the employer meets the requirements in 13(3).
- Agency may collect interest at the rate specified in Sect. 15 on the amount of the deferred tax that is otherwise due in that quarter and unpaid.

Section 19(a)(1)(i)

- If an employer's coverage is terminated under section 24, or at the conclusion of 12 or more consecutive calendar quarters during which the employer had no workers in covered employment, and if the employer again becomes liable for taxes, the employer is considered as newly liable for taxes.

Section 19(a)(1)(i)
Continued

Section 19(a)(1)(ii)

Section 21(a)

Section 27(o)(9)(c),(d)

Section 42a New

Section 54(c)(2)

- Employers will be assigned their most recent rate if they become liable again after a transfer of business.
- Effective January 1, 2012, the most recent 48 consecutive months of benefit charges and taxable wages ending the previous June 30th will be used to calculate the Chargeable Benefits Component (CBC).
- Effective January 1, 2013, the most recent 36 consecutive months of benefit charges and taxable wages ending the previous June 30th will be used to calculate the CBC.
- Allows a successor employer to receive notice that there are benefits being charged to their account from the predecessor thereby giving the successor employer an opportunity to act more quickly.
- An employer determined by the Agency to be a successor employer shall begin receiving the listings effective for weeks beginning after the mailing of the determination of successorship.
- “Seasonal employment” means the employment of 1 or more individuals primarily hired to perform services during regularly recurring periods of 26 weeks or less in any 52-week period other than services in the construction industry.
- A seasonal employer designation under this act need not correspond to a category assigned under the North American Classification System - United States Office of Management and Budget.
- Provides amnesty to employers who may have been treating their employees as independent contractors when in fact they should be employees.
- Employers have until January 1, 2013, to request the Agency to determine whether their employees fall under covered employment.
- If determined to be employees, a claim may be filed and wages in the first 4 or the last 5 calendar quarters may be used to establish claim.
- Penalty and interest shall only accrue on taxes or reimbursement assessed on wages paid on or after the date of the Determination.
- Any employer or owner, director, officer, or agent of an employer or any other person failing to submit, when due, any quarterly wage detail report required by Section 13(2), or who submits an incomplete or erroneous report, is subject to an administrative fine of \$50.00 for each untimely report, incomplete report, or erroneous report if the report is filed no later than 30 days after the date the report is due.
- The fee will be \$250.00 if the report is filed more than 1 calendar quarter after the date the report is due; and an additional \$250.00 for each additional calendar quarter that the report is late. However, no penalty shall apply if the employer files a corrected report within 14 days after notification of an error by the Agency.

For more information about the amendments, employers may call the UIA Office of Employer Ombudsman (OEO) at either 1-855-484-2636 (4-UIAOEO) or 1-313-456-2300, or email OEO@michigan.gov.

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