



Rounding Quarterly Contribution Payments to a Full Dollar Amount

Section 13(1) of the Michigan Employment Security Act provides, in pertinent part:

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.

When completing Form UIA 1028, *Employer's Quarterly Wage/Tax Report*, report gross, excess, and taxable wages in the exact currency amount (dollar and cents). Also, when completing the *Wage Detail Report* portion of the 1028, the individual gross wages and the total gross wages should be reported in the exact currency amount (dollar and cents). Rounding should not be used when reporting wages.

To determine the amount due as payment, you must make two separate calculations and you must have your Form UIA 1771, *Tax Rate Determination for Calendar Year 2015* on hand. For the first calculation, the taxable wages are multiplied by the combined rate of the Account Building Component (ABC), Chargeable Benefits Component (CBC), and Nonchargeable Benefits Component (NBC). Please note that the result is then rounded to the whole dollar. For an employer, who is not fully experienced, their new employer rate (2.7% or the appropriate rate for their first year of liability) will be used in the first calculation. For the second calculation, multiply the Obligation Assessment (OA) portion of the tax rate by the taxable wages. However, this result is not rounded to the whole dollar. Note that interest, penalty charges, (as well as the non-reporting penalty), SUTA penalty or Solvency rates are not rounded.

For example, an employer has taxable wages of \$52,423.78 and a total tax rate of 1.37%. The computed tax rate (ABC + CBC + NBC) is 0.60% and the OA is 0.77%.

- If the taxable wages are multiplied by 0.60%, the result is \$314.54, which would be rounded to \$315.00 (50¢ or greater, rounded up).
- When the taxable wages are multiplied by the OA, the result would be \$403.6631, which is rounded to the nearest cent (2 decimal places), but not to the whole dollar; the result is \$403.66.
- To determine the total due, add \$315.00 plus \$403.66 = \$718.66.
- However, if \$718.21 (\$52,423.78 times the total rate 1.37%) is remitted, there would be an underpayment because payments are allocated to the OA first, then the remaining amount is allocated to tax, which leaves, in this case, an underpayment of \$0.45 (\$718.66 minus \$718.21 = \$0.45).

The best method to use to avoid small underpayments or overpayments is to calculate them separately, then total the results to determine the amount to be remitted. It is recommended that you have your Form UIA 1771, *Tax Rate Determination for Calendar Year 2015*, on hand. Your tax rate and Obligation Assessment rate are displayed separately on this form. Note: the 2013 and subsequent tax rate determinations will be available in MIWAM.

Electronic filers (single filers) using MiWAM (Michigan Web Account Manager) are not be required to submit gross, excess and taxable wages. MiWAM will perform the calculations based on wage detail data, and calculate the tax amount due, which will be rounded (up or down, whichever is appropriate), and calculate the OA amount due. The results will be added together and displayed as the correct amount to be remitted.

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