



FACT SHEET #159 SEPTEMBER 2016

Notice of Error in Reported Wages/Taxes

The *Michigan Employment Security Act* requires that employers file quarterly reports that include each employee's name, social security number, and gross wages paid during the quarter. If a report is received late, is incomplete, or contains errors, the Unemployment Insurance Agency (Agency) will notify the employer using **Form UIA 1107, Notice of Error in Reported Wages/Taxes**.

The Notice is not a determination and may not be protested. The employer will have 14 days from the mail date of the Notice to file an amended report supplying the missing information or correcting the error(s). In the case of an erroneous or incomplete report, the amended or corrected report replaces the entire prior submission; therefore, it is important that the employer submit a completely new report that includes information that was correct on the original filing, plus the corrected information. If corrections are made on the amended report, taxes will show as underpaid for that quarter.

If the corrected report is not received by the Agency within 14 days of the mailing of the Notice, the employer is subject to a \$50 penalty. If the report is still not corrected after one quarter, the employer will be subject to a \$250 penalty. An additional \$250 penalty is assessed every quarter thereafter that the report remains uncorrected.

Most Common Reasons That an Error Notice Is Generated

Typically, an error notice is generated as a result of a mathematical error, a misspelled name, or a wrong or missing social security number or individual taxpayer identification number (ITIN). In case of mathematical errors, misspelled names, or erroneous social security numbers or ITINs, the employer can access the error-locating tool through his or her Michigan Web Account Manager (MiWAM) account to view the information the employer submitted. This tool can also be used to determine where the error occurred so that it can be corrected.

If an employer receives an error notice for an invalid/incorrect social security number or ITIN for two consecutive quarters for the same employee, and takes no action to correct the error, fines and penalties will continue to accrue until the employer provides the corrected information. It is the employer's responsibility to ensure that all its employees have valid social security numbers or ITINs.

The Agency recognizes that under certain circumstances an employer may be unable to obtain missing or incomplete social security numbers or ITINs despite their best efforts. Therefore, the following identifies ways that an employer may stop the accrual of additional penalties.

How to Stop Additional Penalties

If, after 14 days, an employer provides a Form I-9, *Employment Eligibility Verification*, or Form W-4, *Employee's Withholding Allowance Certificate*, matching the number it provided to the Agency, that information can be used to stop additional penalties from accruing.

If the employer cannot provide a Form I-9 or W-4, the employer must contact the employee, or in the case of a former employee, attempt to contact the individual to obtain the information. If such efforts are unsuccessful, then the employer must submit a notarized affidavit attesting to the efforts made to obtain the information or provide a

notarized affidavit from the former employee. The notarized affidavit can be used to establish reasonable cause for failure to provide the corrected information and can stop additional fines from accruing. However, penalties already imposed will not be waived.

What an Affidavit Must Contain

The employer or employee can provide an affidavit at any time. The timing of the submission, however, will determine when the penalties will stop accruing. The affidavit does not have to be submitted in a specific format but must be notarized and contain the following information:

For an employee’s affidavit:

- The person’s legal name, and whether the employee has a SSN
- Whether the person has applied for an Individual Taxpayer Identification Number (ITIN)
- Name of the employer
- Dates worked for the employer
- Statement as to whether the worker completed a state and federal W-4 with the employer

For an employer’s affidavit:

- Name of the employer
- Name and title of the person completing the affidavit
- UIA account number
- Dates individual worked for the employer
- Name(s) of the affected employee(s) listed on the Form UIA 1107
- A statement that the employer has reviewed the W-4s for each employee identified and is unable to locate a SSN or ITIN and has exhausted good faith efforts to identify the SSN or ITIN for each worker

Affidavits should be mailed to: Unemployment Insurance Agency
Tax Office Administration
3024 W Grand Boulevard, Suite 12-550
Detroit, MI 48202

Frequently Asked Questions about Form UIA 1107 – Notice of Error in Reported Wages/Taxes

Why am I receiving Form UIA 1107, Notice of Error in Reported Wages/Taxes (UIA 1107)?

- A math error was discovered in the wages reported on your *Employer’s Quarterly Wage/Tax Report*, or
- A wage error or omission of employee(s) on the wage portion of *Employer’s Quarterly Wage/Tax Report* caused the mismatch between reported gross, excess, and/or taxable wages and the UIA calculated gross, excess, and/or taxable wages, or
- Missing wage information from a prior quarter in the same calendar year caused a difference in the excess wage calculation for an employee.

Is Form UIA 1107 a bill that I must pay?

No. It is a notification of a possible error on a previously filed tax/wage report

If I don't resolve these issues, what will happen?

You will be subject to the following penalties:

- \$50 for each untimely report, incomplete report, or erroneous report if the report is filed more than 14 days after the notification of the error is mailed
- \$250 if the report is filed more than 1 calendar quarter after the date the report is due, and an additional \$250 for each additional calendar quarter the report is late

What kinds of math errors will generate a Form UIA 1107?

- If the employer made a math error in calculating their tax report portion of the Employer's Quarterly Wage/Tax Report; for example, gross wages minus excess wages does not equal taxable wages
- If the UIA's calculated gross wages do not equal what the employer reported for gross wages on their Employer's Quarterly Wage/Tax Report, the UIA will use the employer's reported wage records to calculate gross wages
- If the employer used the incorrect taxable wage base to calculate excess wages
- If out-of-state wages are not reported to Michigan
- If wage amounts, other than wages in excess of the annual taxable wage base of \$9,500, have been included in the excess wage amount on *Employer's Quarterly Wage/Tax Report* (this includes making an adjustment for a prior period).

When did the assessment of the \$50 wage penalty begin?

Public Act 269 of 2011 increased the penalty assessments for late UIA reports. Employers incur a \$50 wage penalty if the *Employer's Quarterly Wage/Tax Report* was not filed within 30 days of the report due date. Employers who are notified of wage errors on their *Employer's Quarterly Wage/Tax Report* have 14 days from the mail date of the Form UIA 1107 to correct the wage errors or a \$50 penalty will be assessed.

When will employers incur the \$250 wage penalty?

- Public Act 269 of 2011 also provided for a \$250 penalty if the *Employer's Quarterly Wage/Tax Report* report was filed more than 1 calendar quarter after the date the report is due, and
- Employers are charged the \$250 penalty for failing to correct wage errors identified on the Form UIA 1107 by the next quarter due date.

Will employers continue to incur the non-reporting penalty for failing to submit a tax report?

Yes, an additional \$250 penalty is charged each quarter that the *Employer's Quarterly Wage/Tax Report* remains unfiled.

If an employer is notified of multiple wage errors on Form UIA 1107 and corrects all but one error, will the \$250 penalty be assessed?

Yes. **ALL** errors must be corrected within 14 days of the mail date of the Form UIA 1107 or the \$250 penalty will be assessed by the next quarter due date. An additional \$250 penalty is charged for each quarter that the error remains uncorrected.

What kinds of wage errors will generate a Form UIA 1107?

Below is a list of wage errors that will cause the Form UIA 1107 to be issued:

Field	Error Message	Reason
Social Security Number	Required	SSN is left blank
	Error	SSN is incomplete or partially filled
	Error	SSN is listed multiple times within the same report
	Error	SSN cannot contain <ul style="list-style-type: none"> • First three digits of 000 or 666 • Fourth and fifth digit of 00 • Last four digits cannot be 0000
Last Name	Required	Last name is left blank
	Error	Last name must be at least two characters in length
First Name	Required	First name is left blank – first name must be at least 1 character in length
Gross Wages	Error	Must be zero or a positive number

Note: (1) If the employee only has one name (first or last), then the same name should be entered in both the last and first name fields for the employee. (2) If an employee is no longer available and the employer cannot secure the correct SSN, as required by Section 13(2) of the Michigan Employment Security Act, contact the UIA Office of Employer Ombudsman (OEO) for assistance with this issue.

When should an employer file an amended report?

Employers **MAY** file an Amended Report when they disagree with the UIA-calculated figures listed on Form UIA 1107. Employers **MUST** file an Amended Report when wage errors are listed on Form UIA 1107.

What form should employers use to amend their tax or wage report?

Employers should file an amended *Employer’s Quarterly Wage/Tax Report* online through MiWAM.

What if an employer only has a minor change to the wage report?

Employers can view the wage data on MiWAM and just modify the entries that are incorrect.

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