



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

STEVE ARWOOD
ACTING DIRECTOR

Dear Employer:

We have recently become aware of an issue that some employers are experiencing regarding the addition of a 3% penalty that is incorrectly reflected on some 2012 and 2013 unemployment insurance tax rates. We have received many phone calls regarding this issue in the last several weeks and want to take this moment to let you know how we are handling this situation.

The new MiDAS automated tax system at the Unemployment Insurance Agency (UIA) is part of our continuous effort to improve and modernize the Unemployment Insurance Agency. This system replaces one which is nearly 30 years old. In an effort to reduce paperwork, and employer time filling out paperwork, UIA forms 1017 and 1020 were replaced with a single new form, UIA form 1028.

The UIA assigns a 3% non-reporting penalty to any employer's rate when the employer had a missing quarterly report during that rate year. The new UIA system assigned a 3% non-reporting penalty to any employer's 2012 rate when the employer had a missing 1017 quarterly wage report OR a missing 1020 quarterly tax report; this was an error. The old UIA system only assigned a 3% non-reporting penalty to any employer's 2012 rate when the employer had a missing 1020 quarterly tax report, and this is what the new system will also do.

Therefore, UIA is removing the penalty where it was applied due to a missing 1017 wage report and is re-determining the employer's rate to correct this error. This will be applied to the 2012 Tax Rate Redeterminations issued December 11, 2012 and subsequently to the 2013 Tax Rate Determinations originally issued December 28, 2012.

As the 1017 and 1020 were replaced by a single report, the 1028 combined quarterly tax and wage report, this cannot happen in the future.

Several Michigan employers were affected by this and we apologize for any inconvenience this has caused. Rest assured that we are quickly fixing this issue and those affected should be receiving a re-determined rate very shortly. Should you have any questions regarding this matter, or if we can assist you on any other issues feel free to contact us by phone at 1-855-484-2636 or by email at: OEO@michigan.gov.

Thank you for doing business in the State of Michigan.

Steve Arwood
Acting Director
Licensing and Regulatory Affairs