

UNEMPLOYMENT INSURANCE AGENCY

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Registration, Filings, and Payments by PEOs on Behalf of Client Entities

PEOs Can Register Their Client Entities, And File Reports For Them

Although not required until 2014 under a recent amendment to the *Michigan Employment Security Act*, Professional Employer Organizations (PEOs) in Michigan may begin immediately to register their client entities with each having its own individual Unemployment Insurance Agency (UIA) Employer Identification Number. This is known as “Client-Level Reporting.”

Although recognized as the employer of the employees the PEO leases back to its client entities, the PEO can begin now to provide the UIA with the information, reported by client entity, with the information the UIA needs to keep track of the unemployment “experience” of each client entity and calculate the state unemployment tax rate for each client entity. The PEO can then file a single *Quarterly Wage Detail Report* (Form UIA 1017) and a single *Quarterly Tax Report* (Form UIA 1020) on behalf of each of its listed client entities, and make one quarterly tax payment on behalf of those entities. Act No. 383 Public Acts of 2010 (formerly known as Senate Bill 1038) amended the Michigan Employment Security (MES) Act as follows:

Section 13m(2)(a)(ii): A business entity that is a contributing employer and becomes a client of the PEO on or after January 1, 2011 shall retain its existing unemployment tax rate or establish a new rate as provided in Section 19 of the MES Act. (b) A PEO that is a liable employer and that was operating in this state before January 1, 2011 may elect and use the reporting method in subdivision (a) before January 1, 2011, but shall report using the method in subdivision (a) on and after January 1, 2014.

Phase-In of Individual Tax Rate for Each Client Entity

When the PEO adopts “Client-Level Reporting,” each client entity of the PEO will revert to its previous unemployment tax rate, or if it hasn’t had its own rate in 8 consecutive calendar quarters, then it will revert to the 2.7% “new employer” tax rate.

Under the new law, PEOs will be required (starting in 2014) to notify the UIA within 30 days of acquiring new client entity, and within 30 days of ending the relationship.

The new law also makes clear that the PEO is considered the employer, for purposes of claims management and hearings, of the employees it leases back to its client entities.

Convenient Reporting through Employer Web Account Manager (EWAM)

Filing of Registration Reports and quarterly wage and tax reports (and amended reports, if necessary) on behalf of the PEO’s client entities has never been easier.

The PEO can create an on-line account at www.Michigan.gov/business to register their clients. EWAM, available at www.michigan.gov/uiia and through the Michigan Business One Stop (MBOS), provides the PEO access to the following on-line functions:

- The Bulk Payment Online function to submit payments on behalf of all their client entities,
- The 1020/1020-R Electronic File Submit (EFS) option to file Quarterly Tax Reports (UIA 1020) or Reimbursing Quarterly Payroll Reports (UIA 1020-R), and
- The Quarterly Wage Detail Report (UIA 1017) Employer File Submission (EFS) method to file 1017s for multiple client entities.

These options are intended to allow employers, such as PEOs, to file for multiple UIA accounts in one electronic file (for each function) through the Internet.

For further information about how a PEO can file registration and quarterly reports on behalf of its client entities, and information about requirements that become effective in 2014, call UIA Employer Customer Relations at 1-800-638-3994 and follow the prompts, or email:

EmployerLiason@michigan.gov.