

# PREVENTING & REPORTING UI FRAUD

**Employer UI Fraud** is what happens when an employer knowingly provides false information or withholds facts to avoid or reduce UI contribution liability.



**UI FRAUD  
IS A CRIME!**

## Examples of Employer UI Fraud Include:

- Deliberately reporting incorrect or zero wages.
- Intentionally misclassifying employees as independent contractors.
- Paying workers off-the-books or under-the-table wages to avoid paying UI taxes.
- Manipulating payrolls by shifting workers between employer accounts to improperly use a lower contribution tax rate. This is called State Unemployment Tax Act (SUTA) dumping.
- Knowingly providing false information regarding a worker's separation from employment or failing to respond to a claim notice that a worker has filed a UI claim while still working for you.

### CONSEQUENCES OF UI FRAUD

**UI fraud is a serious offense that can carry severe penalties.**

**For example, it may result in:**

- Liens, fines, and a court-ordered operating suspension against your business.
- The fraudulent behavior being shared between state and federal agencies.
- Prosecution or even jail.

For more information, visit: [Michigan.gov/UIA](http://Michigan.gov/UIA).

### WAYS TO AVOID UI FRAUD

- Report the reason for employee separation quickly and accurately.
- Report new hires within 20 days and rehires if 60 days have passed from their first day of work.
- Respond promptly to all information requests.
- File quarterly wage reports and pay UI taxes timely.
- Properly classify individuals as workers or independent contractors under IRS 20 factors test.
- Attend appeal hearings.

### HELP STOP UI FRAUD!



If you know or suspect a business or individual is committing UI fraud, please contact us!



Click on the Report Fraud or Identity Theft link at [Michigan.gov/UIA](http://Michigan.gov/UIA)



Call the UI Fraud Hotline  
**1-855-484-2636**

For more information about reporting and how to respond electronically with the State Information Data Exchange System (SIDES) visit the [SIDES page](#).

**UIA**  
Unemployment Insurance Agency