

## Tax Teams Available to Help Employers as Tax Time Approaches

*State makes employer tax credit just one click away*

**A**s tax time draws near, Michigan employers have extra tools at hand as they prepare to file the first quarterly tax report of the new year.

The UIA provides employers with assistance on issues such as registering a new business, requesting seasonal employer designation (see story, "Are You a Seasonal Employer?" p. 2) and filing for the Michigan Tax Credit.

By April 25, 2011, contributing employers must complete Form UIA 1020, "Employer's Quarterly Tax Report," which contains information on the total and taxable wages paid to employees each quarter. Reimbursing employers must complete Form UIA 1020-R, "Reimbursing Employer's Quarterly Payroll Report," to notify UIA of the total wages paid to their employees during the quarter.

"Our tax teams and EWAM online portal provide employers with two great resources for getting the assistance they may need now, so they reduce the amount of time preparing reports and can instead focus on the matters of their business, stimulating economic growth for our state," said UIA Director Stephen Geskey. UIA Tax Teams are available by phone and online.

UIA also offers the Employer Web Account Manager (EWAM), which allows employers to conduct business and manage their account online.

EWAM allows employers to file quarterly reports, make payments, submit responses to questionnaires regarding unemployment claims, submit benefit and tax related protests and have access to a digital version of the Employer Handbook.

"UI Tube," available on the Agency website at [www.michigan.gov/ui](http://www.michigan.gov/ui), is resource that employers can use to inform them of specific topics and services including EWAM.

Also online, employers who qualify can file for the Michigan Tax Credit, which is provided for under state law to ease the burden on employers who must pay an additional federal tax due to the borrowing from the federal government to pay unemployment benefits. Michigan law provides that the credit will be either 50% of the additional Federal Unemployment Tax (FUTA) paid by the employer for the previous year or the employer's taxable wages for the previous calendar year multiplied by the Nonchargeable Benefits Component (NBC) of the employer's unemployment tax rate for that year, whichever is the lesser amount.

"Approximately 73 percent of Michigan's employers will qualify for the tax credit this year," said Geskey. "The EWAM system saves them time by making this tax credit just one click away," he said.

Employer Tax Teams assistance is available at the following email addresses:

- Tax Status: [EmployerLiability@michigan.gov](mailto:EmployerLiability@michigan.gov)
- Tax Maintenance: [TaxSupport@michigan.gov](mailto:TaxSupport@michigan.gov)
- Tax Collections: [TaxCollections@michigan.gov](mailto:TaxCollections@michigan.gov)
- EWAM assistance: [EWAMSupport@michigan.gov](mailto:EWAMSupport@michigan.gov)

*continued on page 2*

### THE MICHIGAN EMPLOYER ADVISOR

is an Unemployment Insurance Agency periodical for Michigan Employers about unemployment insurance. Submissions should be related to UIA programs and services.

If you would like to subscribe to the Advisor, please [click here](#),

If you no longer wish to receive this newsletter please [click here](#), insert the required information, and check the "Delete me from the list:" box.

### IN THIS ISSUE

Seasonal Employers **2**

Free Seminars on UI System **3**

UI Fraud Costs Everyone **5**

Ask The Lawyer **6**



## Tax Teams (cont.)

Employers may also contact Employer Customer Relations at 1-800-638-3994, for access to “live” personnel who can assist with issues or concerns.

To access EWAM, log onto [www.michigan.gov/uia](http://www.michigan.gov/uia), click on the link “UIA Online Services for Employers”, then the link “Operate a Business” which will take you to the page where you can establish an online account. For information about the Michigan Tax Credit, go to “PUBLICATIONS” and select Fact Sheet 130, *Michigan Tax Credit Coming in Mid-2010 For Positive Reserve Balance Employers*.

For more information about DELEG, please visit [www.michigan.gov/deleg](http://www.michigan.gov/deleg). Follow DELEG at <http://twitter.com/MIDELEG>, visit the “DELEG” page on Facebook and Become a Fan or visit the Michigan Government channel on YouTube: <http://www.youtube.com/michigangovernment>.

## Are You A Seasonal Employer?

Michigan employers are allowed to apply for seasonal designation if they function seasonally, operate in a seasonal industry, and meet certain other criteria.

Unemployment benefits are not paid and are not charged to an employer designated by the Unemployment Insurance Agency (UIA) as “seasonal” during the period between seasons for workers who are reasonably assured of returning to that employer the next season.

Section 27(o) of the Michigan Employment Security (MES) Act and Administrative Rule 421.15 require UIA to issue seasonal determinations if requested by an employer. The Tax Office issues determinations denying or granting a request for seasonal designation if the employer meets the legal requirements. The UIA is required to transfer seasonal status from a predecessor employer to the successor employer unless advised differently by the successor.

The following terms must be met before granting seasonal designation status to an employer:

- The employer must complete and submit Form UIA 1155, Application for Designation as Seasonal Employer.
- The application must be received at least 20 days before the beginning date of the employer’s estimated seasonal work period.
- The employer must be a liable Michigan employer.
- The employer must be designated as a seasonal employer.
- The industry of which the employer operates in must be a seasonal industry.

For an industry and employer to be seasonal, both the industry and the employer must customarily employ at least 50% of its employees for regularly recurring periods of 26 weeks or less within a period of 52 consecutive weeks; or customarily operate during regularly recurring periods of 26 weeks or less in any 52 consecutive week period.

The employer’s industry type is determined by its North American Industry Classification (NAICS) coding. The employer can modify its application before a seasonal determination is issued. The employer is also allowed to request changes of seasonal period within a reasonable time period and provide a justifiable reason for the change. If an employee was laid-off before the end of the seasonal work period or began work sooner than the normal period begins, the employee may be entitled to unemployment benefits.

Seasonal industries include those as farming, forestry, amusement and recreation services, tax preparation services, marinas and more. [Click here](#) to find more seasonal industry codes.



# Free Seminars for Employers on Michigan's UI System

Back by popular demand is the UIA's employer seminar series. These seminars, held throughout the year in locations from the Upper Peninsula to Southeastern Michigan, will cover a range of topics to help explain Michigan's unemployment insurance tax and benefit programs including: how UI benefits are calculated and charged to an employer's account, how an employer's tax rate is calculated, online services, the appeals process and much more.

To register for a seminar near you, please click on the seminar you would like to attend (listed below) and complete the on-line registration. Please register early. Sessions are expected to fill quickly.

More sessions will be added throughout the Lower Peninsula through the fall. Please check the UIA website ([michigan.gov/uia](http://michigan.gov/uia)) for additional dates and locations.

If you would like more information, or you have questions about the seminars, call the UIA Employer Customer Relations staff at 1-800-638-3994 or email [EmployerLiaison@michigan.gov](mailto:EmployerLiaison@michigan.gov).

## Employer Seminar Schedule

<b>April 26</b>	<b>Marquette</b>
<b>April 27</b>	<b>Houghton</b>
<b>April 29</b>	<b>Sault St. Marie</b>
<b>May 18</b>	<b>Detroit</b>
<b>May 24</b>	<b>Alpena</b>
<b>May 25</b>	<b>Gaylord</b>
<b>May 26</b>	<b>Traverse City</b>
<b>June 14</b>	<b>Benton Harbor</b>
<b>June 15</b>	<b>Kalamazoo</b>
<b>June 16</b>	<b>Jackson</b>
<b>July 20</b>	<b>Detroit</b>
<b>August 3</b>	<b>Dearborn</b>
<b>August 10</b>	<b>Grand Rapids</b>
<b>August 25</b>	<b>Livonia</b>



# Unemployment Insurance in Michigan Reaches a Milestone

Did you know the Michigan Unemployment Insurance Program is 75 years old this year? Here are a few facts to commemorate the event:

- It was December 24, 1936 that the Michigan legislature passed unemployment insurance legislation. This legislation was originally drafted by Dr. William Haber, an economics professor at the University of Michigan, and students in the social security class he taught. Haber was also chair of the Social Security Study Commission.
- In the 50's the Michigan Unemployment Compensation Commission and the Michigan State Employment Service merged to form the Michigan Employment Security Commission (MESC).
- In 1962 MESC began using computers to help process employer tax account information.

Look for more UI facts in future issues of the Michigan Employer Advisor throughout this year.



*It was October of 1937 when the General Motors Corporation presented a check to the Michigan Unemployment Compensation Fund for the first nine months of the year. Pictured l to r: Long and Meyer Prentis of GM, Gov. Frank Murphy, Commission Chairman Frank Picard, Commissioners Harry Montgomery and John Reid and Director Abner Larned.*

## Changes to the State's Uniform Unclaimed Property Act

The Michigan Department of Treasury is alerting Michigan businesses about recent changes to the state's Uniform Unclaimed Property Act.

Beginning this year, businesses face a new due date for filing unclaimed property holder reports with the state (July 1st). In addition, dormancy periods for most property types have been shortened from five years to three.

Most businesses or governmental units have unclaimed property resulting from normal business operations. Property belonging to a third party that remains unclaimed for a specific period of time is considered unclaimed property. For example, un-cashed payroll checks must be submitted to Treasury after one year while most other property types, such as vendor checks and accounts receivable credit balances, must be submitted after three years.

Compliance is easy. Visit [michigan.gov/unclaimedproperty](http://michigan.gov/unclaimedproperty) to access forms and information. For more details, call (517) 636-6940.

### What You Need to Know

- New date for reporting Unclaimed Property is July 1.
- Dormancy period for most property types is now three years.
- A 25% penalty may be levied for failure to comply (+ interest charges).
- Those voluntarily reporting the preceding four years are exempt from penalty.
- Free filing software is available at [www.michigan.gov/unclaimedproperty](http://www.michigan.gov/unclaimedproperty).

# UI Fraud: It's a Crime That Costs Everyone

**C**ommitting benefit fraud is a crime, and the Unemployment Insurance Agency (UIA) has ramped-up efforts to combat and prevent UI benefit fraud. Aggressive efforts by the UIA's Fraud Unit has already closed 1,519 fraud cases, resulting in \$30.9 million in recommended penalties and restitution, and issued 369 arrest warrants in the last five months alone. The Fraud Unit's criminal conviction rate is 100%. The Fraud Hotline averages about 1,200 calls per month, closing out the 2010 calendar year with 14,473 calls.

Fraud affects everyone – both employers and taxpayers -- and drives up the cost of doing business. As employers, you can help save millions of dollars in fraudulent payments that might otherwise go undetected by identifying suspected fraud. In many fraud cases – such as an employee claiming benefits while still working – the employer is on the front line and may be the first to have information that fraud is occurring.

## ***As employers, you can help detect and prevent fraud by:***

**Reviewing monetary determinations for accuracy**, e.g., was the employee ever employed by your organization and, if so, does the person continue to work. Is the separation reason correct?

**Correctly filling out Wage Detail Reports** (UIA Form #1017) to include gross wages, denote a family-owned business and review which wages should be reported and which shouldn't (e.g. profit sharing).

**Verifying each worker's earned income** for accuracy as reported on the bi-weekly Statement of Charges/ Credits to the Employer's Account (UIA Form #1136). This bi-weekly statement identifies each person receiving unemployment benefits and how much. These statements are a very powerful early detection tool which also updates the employer on activity on their account.

**Advising payroll staff**, usually the ones most familiar with workers who are also collecting UI benefits, to monitor gross wages reported (or NOT reported).

**Using the Social Security Administration's no-fee Business Services** Online website to verify names and SSNs of employees at: <http://www.socialsecurity.gov/bs/bsowelcome.htm>.

**Ensuring a legal workforce** by E-Verify with the U.S. Department of Homeland Security at <http://www.uscis.gov/e-verify> to determine eligibility of employees to work in the U.S.

Often times, a company's payroll and other information, such as unemployment reports, end up in places other than the hands of appropriate personnel. In some cases, the information may not get reviewed or it may go to a payroll company or accountant who handles the books. In one recent example, an employer did not review the weekly UIA Form #1136 for a full year. The result: although the employer had a year's worth of information, he was simultaneously paying wages while being charged for unemployment benefits.

To readily identify if benefit fraud is occurring, make sure that appropriate staff receives and timely reviews your payroll and unemployment reports. By monitoring the 1136 reports – just like we monitor our personal bank accounts and billing statements – you can help identify suspicious activity early and nip UI fraud in the bud.

Combating fraud is not an employer-only responsibility. The UIA maintains a number of anti-fraud processes to prevent and/or detect fraud. From "cross-matches" against a variety of data bases to the UIA's recent data-mining initiative, these systems are specifically designed to prevent or detect potential fraud. At the UIA, protecting the integrity of the UI system is a serious responsibility. Working together, the UIA, employers, and the public can make a positive impact.

If you suspect fraud, contact the UIA anytime at 1-800-822-1122 or click on "Report Fraud" at [www.michigan.gov/uia](http://www.michigan.gov/uia) (you may remain anonymous). Provide as much information as possible. You may be contacted for additional information.

**For more information, [click here](#) to view the March 2011 episode of "Consumer's Corner" about UI Fraud.**

## “Ask the Lawyer”



**Question:** My company hired an individual that had been laid off from his previous employer where he was drawing unemployment benefits. He is a part-time employee at our company.

I have now received a UIA 1136 form for this employee and am being charged unemployment benefits due to his being “under-employed”.

Why would a new employer be charged unemployment benefits for a new employee, even though they are part-time? This sure seems like a discouragement to hiring someone on unemployment.

**Answer:** An employer’s account is normally charged for a portion of an unemployed worker’s unemployment benefits if that employer paid any wages to the worker in roughly the 18 months before the worker submitted a claim for unemployment benefits. The

percentage of the employer’s charge for the worker’s weekly unemployment benefit payment is based on the percentage of wages the employer paid as compared to the wages paid the worker by all the worker’s other employers during that time period.

But there is help for a part-time employer. If the employer is a “contributing employer” (that is, pays a quarterly unemployment tax based on a calculated state unemployment tax rate), and the worker had at least one other employer before filing the claim, and the gross weekly wages paid to the worker by the part-time employer are as much as, or more than the employer’s weekly charge for the worker’s unemployment benefits, then the employer can request to be “non-charged” for the benefits for that week. The details are spelled out near the bottom of the “Weekly Statement of Charges and Credits” which is the Form UIA 1136 you mentioned. Usually, the weekly wages paid by a part-time employer ARE greater than their percentage of charge, and they end up not being charged for the unemployment benefits.

**Question:** If an employee resigned, is there ever a situation where the employer would be contributing to unemployment payments?

**Answer:** Generally, when a worker resigns a job it is for a personal reason, even though it may be a very good personal reason. If that’s the case, the worker is disqualified from drawing unemployment benefits, and there is nothing to charge to the employer’s account.

There are just a few situations under state law in which a worker who quits a job could draw unemployment benefits that could be charged to the employer’s account. One situation would be an “involuntary leaving” where the worker develops a physical or mental inability to continue working for that employer, and the worker is advised by a medical professional that they cannot remain working in that job for that employer. The cases say that the worker must first consult with the employer to see if the employer has any other jobs available that would not violate the medical restriction. Of course, to be eligible for unemployment benefits, a worker must be able to do some kind of work they have performed in the past or been trained to perform.

Another situation in which a worker could draw unemployment benefits after leaving a job is if the reason for leaving was “good cause attributable to the employer.” An example would be if there were sexual harassment going on by co-workers, it was brought to the employer’s attention, but it continued. Unsafe working conditions reported by the worker but not corrected by the employer would be another example where the worker could show he or she left work with good cause attributable to the employer. The worker, in those unusual situations, could collect unemployment benefits, if otherwise eligible and qualified, and the employer’s account could be charged. But again, these are unusual circumstances, and in most cases when a worker quits a job, he or she is disqualified from drawing unemployment benefits, and the employer’s account is not charged.

If you have a question for “Ask the Lawyer,” please submit it to: [employeradvisor@michigan.gov](mailto:employeradvisor@michigan.gov). Please indicate if you would like to remain anonymous.

PAGE 6

### THE MICHIGAN EMPLOYER ADVISOR

is an Unemployment Insurance Agency periodical for Michigan Employers about unemployment insurance. Submissions should be related to UIA programs and services.



**Rick Snyder**  
Governor, State of Michigan

**Steven H. Hilfinger**  
Director, DELEG

**Stephen M. Geskey**  
Director, UIA

**Mario L. Morrow**

Director, Office of Communications, DELEG

**Lynda M. Robinson**

Editor, Office of Communications, DELEG

DELEG is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

State of Michigan, Department of Energy, Labor & Economic Growth, Unemployment Insurance Agency, Authority, UIA Director, Published March 2011.

Please direct questions, suggestions and comments to: [employeradvisor@michigan.gov](mailto:employeradvisor@michigan.gov)