

**BUSINESS TRANSFEROR'S NOTICE  
TO TRANSFEREE OF UNEMPLOYMENT  
TAX LIABILITY AND RATE**

State of Michigan  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
**UNEMPLOYMENT INSURANCE AGENCY**



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GOVERNOR

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Regardless of any agreement between the parties to the transfer, the Michigan Employment Security (MES) Act provides that when a business is sold (or otherwise transferred), the buyer (or other transferee) of the business may be liable to pay the unpaid unemployment taxes and interest, and may receive the unemployment tax rate, penalty, and the benefit charges of the seller (or other transferor).\*

- cumulative benefit charges for the most recent five years,
- a listing of all individuals currently employed by the transferor, and
- a listing of all employees separated from employment with the transferor in the most recent 12 months.

This obligation extends to the transferor's real estate broker, other agent, or attorney.

The law requires the transferor of a business, or the transferor's real estate broker or other agent or attorney, to complete and deliver this form to the transferee of the business. Section 15(g) of the MES Act requires the seller (or other transferee) of the business at least two calendar days (not including Saturday, Sunday, or legal holiday) before the transferor's acceptance of the transferee's offer to acquire the business to disclose:

The information submitted on this form must be current as of the date it is signed. However, this form may be given to a prospective transferee within 90 days of the date it was signed; the form must be delivered to the prospective transferee not less than two calendar days before the transferor's acceptance of the offer.

- the transferee's outstanding unemployment tax liability,
- unreported unemployment tax liability,
- the tax payments,
- tax rates,

Failure of the business transferor or transferor's agent to provide correct information is a misdemeanor, punishable by up to 90 days imprisonment and/or fine of up to \$2,500.00. Civil liability for consecutive damages may also apply, as well as other remedies provided by law.

\*In general, a person or business that acquires the organization, trade, business, or 75percent or more of the assets of a business will be liable for unemployment taxes and interest due the Unemployment Insurance Agency (UIA) from the seller (or other transferor) of the business at the time of the transfer, up to the reasonable value of the business minus any secured interest in assets.

1. Provide a list of the names, addresses, and Social Security numbers of all your employees as of the date you or your agent or attorney signs this form. This will give the transferee the potential number of individuals for whom unemployment tax must be paid, and of the potential number of claimants for unemployment benefits.
2. Provide a list of the names, addresses, and Social Security Numbers of all your employees separated from employment for any reason in the most recent 12 months prior to the date this form is signed. This will give the transferee the potential current charges to their account.
3. (a) What is the amount of unemployment taxes you have reported to the UIA as owing, but have not yet paid?

(b) What is the interest you owe the UIA on this account? \_\_\_\_\_

4. (a) Which quarterly unemployment tax reports (give calendar quarters and calendar years) are unfiled with the UIA? (Ex: 1/2016)


(b) How much do you owe in unemployment taxes for these unfiled quarters? (The UIA may assess interest and penalties on this amount. Interest accrues at 1.0 percent per month, not to exceed 50 percent.) \_\_\_\_\_

\*All of the information you will need to complete question 5 is shown on your annual rate determinations (Form UIA 1771) for each of the years involved. See the next page of this form for the procedure for calculating tax rate from the information below. If you acquired the business less than five years ago, include information only for the period you have had the business, and attach the copy of this form you received from the transferor when you acquired the business (if you acquired the business after April 1, 1990).

5. In the space provided, indicate figures from the 5 most recent years, ending the most recent past June 30<sup>th</sup>, for the following:
  - (a) the unemployment tax (contribution) payments made in each of those years;
  - (b) the unemployment benefit charges to your account in each of those years;
  - (c) the taxable wages used in those years
  - (d) the computed unemployment tax rate plus the Section 18(d) penalty, if applicable, for the current and each of the past five calendar years, even if you have paid the rate under protest, and/or you have appealed the rate;

	12 Months Ending 6/30/____	12 Months Ending 6/30/____	12 Months Ending 6/30/____	12 Months Ending 6/30/____	12 Months Ending 6/30/____
a. Contributions (taxes) Paid (Includes SUTA Rate Penalty monies)					
b. Benefit Charges					
c. Taxable Wages					

	Calendar Year 20__	Calendar Year 20__	Calendar Year 20__	Calendar Year 20__	Calendar Year 20__
d. Unemployment Tax Rates	%	%	%	%	%
Non Reporting Penalty	%	%	%	%	%
Obligation Assessment	%	%	%	%	%
Solvency Rate	%	%	%	%	%
<b>TOTAL</b>	%	%	%	%	%

(e) the Actual Reserve as of the most recent past June 30<sup>th</sup>: \_\_\_\_\_  
 (f) the Required Reserve as of the most recent past June 30<sup>th</sup>: \_\_\_\_\_  
 (g) the Total Payroll for the 12 months ending the most recent past June 30<sup>th</sup>: \_\_\_\_\_

**CERTIFICATION:** I certify that the information contained on this form is accurate and complete to the best of my knowledge and belief. I understand that criminal and civil penalties may apply for failure to provide accurate information on this form.

The person signing this form below is the:  Business Transferor  Transferor's Real Estate Broker  
 Agent of Transferor  Attorney for Transferor  
 Name of Business: \_\_\_\_\_ UIA Employer Account No.: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Telephone: \_\_\_\_\_

Typed or Printed Name of Signer: \_\_\_\_\_

Title of Signer: \_\_\_\_\_

**NOTE TO TRANSFEREE:** The information on this form may be up to 90 days old. Inquire from the Transferor as to updated information.

**CERTIFICATION OF RECEIPT OF INFORMATION BY PROSPECTIVE TRANSFEREE**

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Telephone: \_\_\_\_\_

**UNEMPLOYMENT TAX RATE**

A tax rate is composed of the Chargeable Benefits Component (CBC), the Account Building Component (ABC), and the Nonchargeable Benefits (NBC). All rates are figured using the following calculations as provided by Section 19(a)(1) of the MES Act.

**Chargeable Benefits Component (CBC):**

$$\frac{60 \text{ months of benefit charges}}{60 \text{ months of taxable payroll}} = \text{CBC}$$

The result is rounded up to the next higher 0.1%  
 The maximum value for the CBC is 6.3%

**Account Building Component (ABC):**

$$\frac{(\text{Required Reserve minus Actual Reserve}) \times 0.50}{12 \text{ months of total payroll}} = \text{ABC}$$

The result is rounded up to the next higher 0.1%  
 The maximum value for the ABC is 3.0%

**Nonchargeable Benefits Component (NBC):**

If there were Benefit Charges in any of the 5 years shown in question 5b of this form, the NBC is 1.0%. If the CBC was equal to 0.1%, the NBC is 0.5%. If there were no Benefit Charges for those 5 years, the NBC is 0.1%. If there were no Benefit Charges for more than 5 years, the NBC may be as low as 0.06%. See Section 19(5) of the MES Act.

**Obligation Assessment (OA):**

Section 26a of the MES Act granted the State of Michigan the authority to issue bonds to reduce or eliminate Federal debt incurred by the Unemployment Insurance Agency Trust Fund. On December 29, 2011, the State of Michigan through the Michigan Finance Authority, issued \$3,320,951,556.55 in bonds and retired the debt and accrued interest. The Obligation Assessment (OA) represents the amount required by law to repay the bonds. The OA is levied against all contributing employers and is part of the annual tax rate; however, the OA is not credited to the employer's experience account. The OA is added to the Total Tax Rate. See Fact Sheet #146 for further information. For tax rate year 2011 only there was no OA in effect, but there was a solvency rate for employers with a negative reserve balance. (If applicable, see Form UIA 1771 for the year 2011 to determine if, those rates apply to your account.)

**Non-Reporting Penalty:**

If any or all quarterly tax reports required for the computation of a tax rate are missing, a non-reporting penalty of 3% is added to the Total Tax Rate in accordance with section 18(2) of the MES Act.

**Total Tax Rate:** The total rate is calculated by adding the three tax components (CBC + ABC + NBC) plus the OA, and non-reporting penalty, (add your 2011 solvency rate) if applicable.

**DIRECT ANY ASSISTANCE IN COMPLETING THIS FORM TO THE OFFICE OF EMPLOYER OMBUDSMAN AT**

**1-855-484-2636 TTY Service is available at 1-866-366-0004**

**THIS FORM MUST BE PROVIDED TO PROSPECTIVE PURCHASERS.**