TaxTime USA, Inc.

Dear TaxTime USA Customer,

This update is for the e-filing of the new Essential Services Assessment (ESA) filing. To download the update, please follow the instructions in the body of the e-mail sent to you.

OVERVIEW/DUE DATE

Our State approved e-filing module will allow users to file their ESA returns using our software. The new ESA Form 5328 must be transmitted via the state's MTO site or via third party software. MTO users will have to register on the State's site; users of our software will not. y Below are links to the State's site that discusses the new ESA tax: http://www.michigan.gov/taxes/0,4676,7-238-43535_72736_72737---,00.html
and due/payment date (on second page of the following link):
http://www.michigan.gov/documents/taxes/ESA_Topic_10_-_Certify_and_Pay_516446_7.pdf

IFT (P.A. 198) and P.A. 328 PROPERTY

Please carefully review your IFT and P.A. 328 returns before filing your ESA returns.   Form 5278 filers that filed returns under IFT (abatement) or P.A. 328 – our software defaulted to reporting amounts on Page 4, Part 3, Section 2. There may be situations where the costs should have been reported in Section 1 instead of Section 2 and this update has a check box to do this in the 5278 screen. In addition, we previously allowed for Overrides within the 5278 screen because in some cases, some or all of the costs in Part 3 should be reported as zero. **Therefore, it is very important to review your reporting prior to filing the ESA return.** If you need to make changes users can go into the original PPT file and go into the 5278 tab to make any changes and then create the ESA return or just make the changes within the ESA return if you have already created it. **The State has indicated to us that no amended 5278's are required to reflect changes to original 5278 filings.** Please carefully review the expiration dates of the certificates and/or refer to the State's ESA topics for both these types of reporting and for more information on the proper reporting of IFT costs on the new ESA return. You may also want to contact the local Assessor for further guidance.   Links to IFT (P.A. 198) and P.A. 328 State ESA topics:

https://www.michigan.gov/documents/taxes/ESA_Topics_IFT-PA198_505710_7.pdf

https://www.michigan.gov/documents/taxes/328Property_509648_7.pdf

PREPARING ESA RETURNS – Form 5328

To prepare ESA returns via our software the starting point is the previously, timely filed Form 5278 – Affidavit and Statement for Eligible Manufacturing Personal Property and Essential Services Assessment. **The State has mandated that all ESA returns must e-filed.** After loading this software update and following the Registration instructions in our e-mail:

- The ESA module requires two new Configuration Setups:
  - Click on Setup, then Configuration
    - Click on Firm Address and enter in your Federal ID; no dashes are needed.
    - Then click on the Preparer & Emails tab and enter in each Preparer's PTIN. If you previously did not have any Preparers listed here please enter each Preparer name, e-mail and PTIN.
    - Click Save and then Ok.

- The federal ID and preparer information, including PTIN is required for each ESA return.
- From the main screen where all clients are displayed, select File and then select New ESA Return.
- A screen then displays all files that have a 5278 return.
- If you have multiple parcels (files) that have the same FEIN, you can import them one at a time after you first select a "Main" file (see below).
  - If you are filing for one parcel:
    - Highlight the 5278 file to import
    - Click Select Main Return
    - Part 5, parcel information then displays; this screen is specific to that file just selected.
    - Scroll down to the bottom of this screen to view the calculations. Line 17 was imported from the 5278 information as shown on that tab.
    - Carefully review this screen and adjust as necessary.
    - Click Save.
  - If you will be combining multiple files (parcels), into one ESA filing:
    - Select the file that will be considered the "Main" – this will be used in Part 1 of the return that lists general Taxpayer Information.
    - After highlighting that file, click- Select Main Return.
    - Part 5 parcel information screen then displays; this screen is specific to that (Main) file just selected.
    - Scroll down to the bottom of this screen to view the calculations. Line 17 was imported from the 5278 information as shown on that tab.
    - Carefully review this screen and adjust as necessary.
    - Click Save.
    - Click on "Add Parcel" to add another Form 5278 parcel to this ESA return. **Only files that have the same FEIN will be displayed.**
    - Highlight one file and then click "Add Selected Parcel". The Part 5 Parcel information screen displays – see above.
    - Repeat selection of additional files (parcels) as needed – you can only add one file at a time.
- The Part 5 Parcel Information screen:
  - Various information loads from the PPT General Information screen and from the Form 5278 tab for that file, including the costs (fair market value).
  - For lines 13 – 16 users will have to enter any applicable Effective Dates.
  - **Please review carefully as the answer to these questions will affect the tax due calculations**.
  - Click "Save"
  - **Villages** – State instructions for Part 5, line 3b (Villages) indicates that "Line 3a must also be entered". Line 3a is the Township name, so users will have to manually enter this.
- An ESA screen now displays with two tabs: Main and Parcel(s)
  - Main Tab:
    - Within the Main tab various information displays. The following fields must also be filled in:
    - Authorized Representative Title
    - Part 3 Preparer Certification:
      - Select Preparer Name which will then fill in the PTIN (see above regarding entering Preparer names & PTIN)
      - PIN Authorization – select either ERO or Taxpayer entered PIN (this is for the e-file authorization form (see below))
      - Optionally, click the "Treasury is authorized to discuss return with Preparer" Check Box
      - Enter Amount Paid and date which is informational for the E-file Status Report

- o Parcel Tab:
  - Click on the Parcel tab to view, update or delete
  - This screen displays each Parcel # and ESA amounts
  - o Always click on the Save button after any changes before e-filing
- Deleting a Main or additional parcel:
  - o If you have created an ESA file that you later make changes to in the original PPT file and want to re-import you can delete the ESA file by highlighting it from the ESA screen listing all your ESA files. (Make sure you are in the ESA client screen)
  - o If you want to delete a parcel within an ESA return, click on the Delete button for that parcel. This will remove the Parcel from the ESA return.

E-FILE AUTHORIZATION FORM MI-5352

Each return must be signed by an authorized person and the Electronic Return Originator (ERO) by using the e-file authorization Form MI-5352, which is included in our software. A taxpayer PIN will need to be entered which will be part of the authorization process and will be included in the e-filed return; the printed and signed Form MI-5352 should be retained as part of the tax preparer's records. To enter the PIN, preparer name, date, etc. enter this in the Main 5328 screen.

PRINT PREVIEW

To print preview the ESA return, e-file authorization form and Instruction Letter, click on the print preview icon or click on File then Print Preview. The default print preview forms are the ESA and e-file authorization form; use the right scroll bar to view each page. The last page in the View is the e-file Form 5352. To view the Instruction Letter click on the "Select" down arrow at the top of the Print Preview screen and select: Letter.

PRINT

DO NOT PAPER FILE FORM 5328 as all returns <u>must</u> be e-filed.
To print a copy for your files and/or for your client, click on the print icon or click on File then Print. A print screen then displays. Enter the number of copies and check the 5328 and/or letter boxes and then click Print. The e-file Form 5352 is included in the printing of Form 5328.

E-FILING

After you have completed the ESA return and are ready to e-file, go the Main tab in the ESA screen:

- Always click on the Save button near the bottom right of the screen.
- Click on E-file. A validation screen then displays. Click on Accept. E-file info will be displayed. If there are any validation issues, they will display. If there are validation issues, close the screen and fix the problems. It is recommended to always click on Save before clicking on the e-file button.
- Although the State has indicated that the due date is August 15 (with penalties being waived if the return is filed and paid by September 15) we highly recommend filing at least a few days prior to the due date to allow the State time to process the return and/or payment.
- Refresh Button – by clicking this button the user refreshes the E-File Status window with any updates/acknowledgements from the State.
- H. Refresh Button – (typically this button is not used) This button is used if no information is displayed in the E-File status window after a return has been e-filed and the refresh has been clicked a couple of times. Or if the users are using multiple PPT databases instead of a central PPT database in multi-user environment. Acknowledgement information is not being retrieved by clicking the Refresh Button.
- Print Button – Click this button to print the contents of the E-File Status window.
- By Clicking on an entry in the E-File status window the system will open a window that contains the E-File status information including any error message of a rejected return. In

addition it displays the actual contents of the file being sent to the State. This information can also be printed by clicking the Print button on the opened window.

NOTE - The State's schedule is to retrieve ESA returns once a day at 8:00 A.M. These returns would then be processed that day with acknowledgements being sent back in most cases by the next day. For example, if an ESA return is e-filed at 9:00 A.M. the State will not retrieve this file until the next business day and you may not receive their acknowledgement until the third business day thereafter.

E-FILE STATUS REPORT

From the top task bar select Report, then select E-file Status. The report displays the latest status information for all e-filed ESA returns. The amount paid will also show based on user input in the ESA screen itself. This report can be printed by clicking on the Printer icon.

PAYMENT

- Payment must be made electronically; checks or credit cards will not be accepted by the State. In addition, for the current year, the State is not allowing third-party vendors, including TaxTime USA, Inc., to facilitate payments through their software. Therefore the payment options are:
  - EFT credit payments – here is a link to the State's instruction page for EFT credit payments: http://www.michigan.gov/documents/2329_4529_7.pdf
    - It is recommended that these instructions be forwarded to your client's bank as they should be very familiar with them. They should be told to use the Appendix A section and use the ESA ACH Payment section at the bottom which shows the Tax Type Code of 02045, the State's routing transit number and Financial Institution Account number.
    - In addition, the bank should be provided:
      - the taxpayer's FEIN
      - **the tax period end date of 12-31-16**
      - dollar amount of requested payment
  - MTO – after the filing and approval of a return, taxpayer's can pay on the MTO by logging in and paying their ESA amount due. The State allows for third-party software filing of the return and then separately to make payment on the MTO. A valid MTO account must be available to access for that taxpayer.

INSTRUCTION LETTER

The ESA Instruction letter has a default letter showing a due date of August 15, 2016. To make changes follow the instructions in our main manual on page 47.

PDF PRINTING

ESA returns can be saved as a pdf. From the print screen click on the Print to pdf file.

Please feel free to contact us if you have any questions or comments regarding our software.

Best regards,

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