

STATE CONTROLLER'S OFFICE  
PERSONNEL AND PAYROLL SERVICES DIVISION  
P.O. BOX 942850  
SACRAMENTO, CA 94250-5878

DATE: January 4, 2019

PAYROLL LETTER #19-002

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Marissa Revelino, Chief  
Personnel and Payroll Services Division**RE: AIRFARE AND CAR RENTAL LONG-TERM TRAVEL EXPENSES**

This payroll letter provides information regarding the reporting of airfare and car rental reimbursements for long-term or indefinite job assignments. The Internal Revenue Service (IRS) considers all long-term travel – indefinite reimbursements (meals, airfare, car rental, etc.) as reportable/taxable income.

As a result, the State Controller's Office (SCO) has assigned new Item and Class Codes for these long-term travel expenses.

**REPORTING INSTRUCTIONS**

Effective October 1, 2018, Agencies/Campuses may report employee airfare and car rental long-term travel payments through the Uniform State Payroll System (USPS), via the Payroll Input Process System (PIP). Agencies/Campuses should use form STD. 671 (Miscellaneous Payroll/Leave Actions) or form 672 (Time and Attendance) to report airfare and car rental long-term travel payments via the PIP System. Refer to PPM Section G150 for completion instructions.

Complete forms STD. 671 and 672 using the following information:

<u>EARNID/ITEM CODE</u>	<u>CLASS CODE</u>	<u>PT</u>	<u>PS</u>
MA – Airfare Long Term Travel	1324	F	Q
MC – Car Rental Long Term Travel	1325	F	R

Agencies/Campuses that do not have access to PIP should report airfare and car rental long-term travel payments to SCO via form STD. 676P (payments) and STD. 676V (values).

Agencies/Campuses should follow the instructions below when reporting these fringe benefit payments on form STD. 676P/V.

DOCUMENT

PROCESS

**FORM STD. 676P/V**

Reference the Payroll Procedures Manual (PPM) Section N 141 and Section N 172.2

Identify these reimbursements as:  
**CLASS CODE – 1324**

**ITEM CODE – MA**

**ITEM DESCRIPTION – Airfare Long Term Travel**

**CLASS CODE – 1325**

**ITEM CODE – MC**

**ITEM DESCRIPTION – Car Rental Long Term Travel**

Federal and State Income, Social Security/Medicare, and State Disability Insurance Taxes are withheld. Enter “Gross Amount Subject to Withholding” in Column 6 and “State Code” in Column 8.

Note: Employees should continue to include long-term travel airfare and car rental when completing Long Term Assignment (LTA) expense reimbursements via CalATERS (California Automated Travel Expense Reimbursement System). However, because airfare and car rental are typically department-paid expenses, taxable/reportable information will not be reported automatically. Please follow the aforementioned PIP or STD. 676P/V form instructions to properly report long-term travel airfare and car rental amounts submitted through CalATERS.

Revisions to the STD. 676P/V forms and Payroll Procedures Manual are forthcoming.

If you have any questions or need additional information, please contact the Statewide Customer Contact Center at (916) 372-7200 and select the Statewide W-2 Tax Support Program.

MR:JEB:AR:EO:STSP:PPOB