

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

DATE: November 24, 2020

PERSONNEL LETTER #20-028

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

FROM: Jil Barraza, Chief
Personnel and Payroll Services Division

RE: 2020 NEW FEDERAL TAX FIELDS – REVISED STD. 686 AND STD. 457 FORMS

The State Controller's Office (SCO) is revising the STD. 686 (EAR) and STD. 457 (SPAR) forms and is implementing new Employment History (EH) data fields on the EAR Screen. These changes are largely in response to the 2017 Tax Cuts and Jobs Act, resulting in an IRS redesign of the 2020 W4 Employee's Withholding Certificate. The most significant change is there are no withholding allowances for federal tax withholding. In response to the IRS changes, SCO has revised the appropriate forms and has modified the EAR section of the EH database. This letter contains information describing the revised forms and new tax fields.

REVISED FORM STD. 686 (EAR) AND STD. 457 (SPAR)

Forms STD. 686 and STD. 457 have been revised to reflect the IRS changes and will be available on the DGS website, effective December 1, 2020. Employee completion instructions are included on the forms with references to both IRS and EDD websites for additional information.

WHO IS REQUIRED TO COMPLETE THE NEW FORM STD. 686 AND STD. 457

Not all employees are required to complete the new EAR or SPAR forms. However, the new forms must be completed by:

- All new hires keyed into the database on or after December 1, 2020
- All current employees making changes to their withholding on or after December 1, 2020

NEW EAR AND SPAR FIELDS

FILING STATUS

The IRS has introduced a new federal filing status – Head of Household (H) along with a separate withholding tax table. Departments will be able to key the new filing status effective December 1, 2020.

The SCO has introduced a new keying status E – for employees claiming exemption from federal taxes only.

FEDERAL TAX FIELDS

- HIGHER WITHHOLDING
- CLAIM DEPENDENTS
- OTHER INCOME

- DEDUCTIONS

STATE TAX FIELDS

State tax fields no longer hold “special” status and must be completed when processing E01 and E03 transactions.

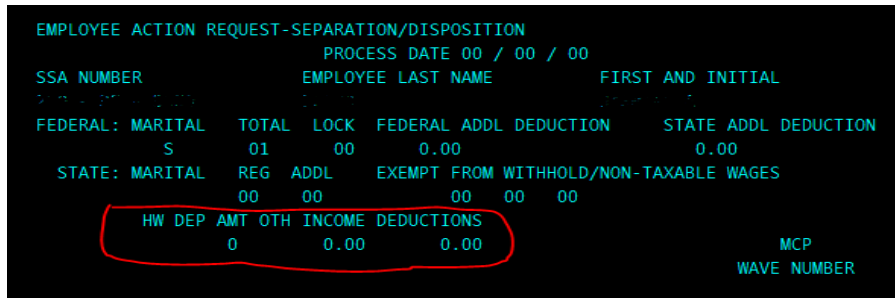
NEW EMPLOYMENT HISTORY (EH) EAR FIELDS

To implement the new changes the EAR on-line screens have been modified with four new federal tax data fields. The new fields are located immediately below the “STATE MARITAL” fields. The SCO will update all active/inactive records with the new fields effective December 1, 2020. The new fields will be updated with default values. The new tax fields will be available for keying effective December 1, 2020. The following chart shows the name, description and allowed value for each new data field.

<u>Data Field Name</u>	<u>Value</u>
Higher Withholding Indicator (HW)	N (NO), Y (YES)
Dependent Amount (DEP AMT)	Numeric, whole number, 5 bytes (99999)
Other Income (OTH INCOME)	Numeric, decimal allowed, 8 bytes (999999.99)
Deductions (DEDUCTIONS)	Numeric, decimal allowed, 8 bytes (999999.99)

WHERE TO VIEW NEW DATA ELEMENTS IN EH (PIMS)

The new data elements are on the EAR screen on EH (PIMS) below the “State Tax” fields.



DEPARTMENTAL INSTRUCTIONS AND ACTION

The new federal tax fields will be available for departments to key effective 12/01/2020. All E01 and E03 transactions processed on or after 12/01/2020 must be processed using the new data fields.

The Federal allowance field (TOTAL) will no longer be available to departments; this field will be display only.

State tax fields no longer hold special status and must be completed when processing E01 and E03 transactions. All new data fields are required and must be completed on all E01 and E03 transactions.

Employees claiming exemption from federal tax withholding only, must be keyed with E for Federal Marital.

Section 6 of the PAM has been updated with new information. The new and existing Audits for EAR transactions have been moved to Section 6 from Section 10.

IRS LOCK-IN-LETTERS

Based on federal withholding changes, the IRS redesigned IRS Lock-In-Letters during 2020. Effective December 1, 2020, the SCO will reprocess all received redesigned Lock-In-Letters based on the withholding information provided in those letters.

Frequently ask questions (FAQ) and special procedures for CSU Student Assistants is forthcoming.

Please direct questions on the revised EAR, SPAR and EH changes as follows:

<u>SUBJECT AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER/EMAIL</u>
General Payroll Procedures	Statewide Customer Contact Center	(916) 372-7200
HR Suggestions Email Inbox (All HR Staff)	Personnel and Payroll Services Division SCO	PPSDHRSuggestions@sco.ca.gov
CSU Email Inbox	Personnel and Payroll Services Division SCO	PPSDCSUInquiry@sco.ca.gov
Escalation Email Inbox (HR Supervisors and Managers)	Personnel and Payroll Services Division SCO	PPSDOps@sco.ca.gov

SCO Key Initiatives:

- [Cal Employee Connect Project](#)
- [CalATERS Replacement Project](#)
- [California State Payroll System Project](#)

JEB:RK:PMAB