

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

DATE: January 29, 2021

PERSONNEL LETTER #21-003

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

FROM: Jil Barraza, Chief
Personnel and Payroll Services Division**RE: REVISED: CHANGES TO FEDERAL TAX WITHHOLDING RATES FOR NONRESIDENT ALIENS**

The State Controller's Office (SCO) changed the additional amount to Nonresident Alien (NRA) employee's federal taxable wages for payroll calculation purposes. For specific information regarding this change, please refer to IRS Publication 15-T (Rev. December 2020), <https://www.irs.gov/forms-pubs/about-publication-15-t>.

Effective January 1, 2021, the amount added to NRA employee's wages for calculating federal income tax withholding are determined based on the EAR/SPAR form status.

For Non-resident Employee first paid wages before 2020 and has not submitted an EAR/SPAR form (STD. 686/457) for 2020, or later.

<u>Pay Frequency</u>	<u>Additional Amount</u>
Monthly	\$687.50
Semimonthly	\$343.80
Bi-weekly	\$317.30

For Non-resident Employee first paid wages in 2020 or later and has submitted an EAR/SPAR form (STD. 686/457) for 2020, or later.

<u>Pay Frequency</u>	<u>Additional Amount</u>
Monthly	\$1,045.80
Semimonthly	\$522.90
Bi-weekly	\$482.70

Therefore, federal taxes withheld from NRA employees payroll may increase or decrease each month. Please refer to the attached Payroll Letters #06-029 and #06-030 for further information regarding the NRA federal tax withholding process.

NRA employees must refer to the special instructions in [Notice 1392](#) in completing the EAR/SPAR form.

If you have any questions or need additional information, please contact the Personnel and Payroll Services Division Statewide Tax Support Program via email at PPSDSTSP@sco.ca.gov.

Additional Contact Information:

- [Statewide Customer Contact Center](#) (916) 372-7200
- HR Suggestions Email (All HR Staff) PPSDHRSuggestions@sco.ca.gov
- CS Escalation Email (HR Supervisors and Managers) PPSDOps@sco.ca.gov
- CSU Inquiry PPSDCSUInquiry@sco.ca.gov
- Cal Employee Connect Email connecthelp@sco.ca.gov
- Cal Employee Connect Feedback Email connectfeedback@sco.ca.gov

SCO Key Initiatives:

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

JEB:AR:EO:STSP

Attachments

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

DATE: December 21, 2006

PAYROLL LETTER #06-029
CSU ONLY

TO: All Campuses in the Uniform State Payroll System

FROM: Don Scheppmann, Chief
Personnel/Payroll Services Division

RE: **NEW IRS NON-RESIDENT ALIEN FEDERAL TAX WITHHOLDING PROCEDURES**

The Internal Revenue Service (IRS) has implemented new rules to determine the federal tax withholding on wages paid to certain employees designated non-resident aliens (NRA). The new rules will be implemented effective January 1, 2007 (December 2006 pay period payments).

NEW IRS NRA EMPLOYEE TAX CALCULATION PROCEDURES

The IRS tax rules no longer require that NRA employees withhold an extra \$33.10 for federal tax withholding. Instead, the new procedures require that the employee's federal tax marital status be designated as "single" and that only one exemption be claimed. When payment is made to the employee, a specific dollar amount is to be added to an NRA employee's federal taxable gross wages only for the purpose of federal tax calculations. This dollar amount is determined by an employee's pay frequency and is not considered actual income. The amount added to an employee's federal taxable gross wages will be as follows:

Monthly	\$221.00
Semimonthly	\$110.00
Biweekly	\$102.00

These new procedures apply to NRA employees identified in the IRS Notice 2005-76. Please refer to the IRS website at <http://www.irs.gov/pub/irs-drop/n-05-76.pdf> to view the notice and obtain additional information.

NRA TAX CALCULATION

To implement the new rules, employees subject to the IRS NRA regulations will have their federal tax withholdings recalculated using a "look-back" method. Specifically, payments for NRA employees will be issued using the standard tax tables. On approximately the 15th day of the month the State Controller's Office (SCO) will select the payments of the NRA employees with issue dates from the 16th of the previous month through the 15th of the current month, except the January 15, 2007 run will select payments with an issue date from January 1, 2007 through January 15, 2007, and recalculate the federal tax amounts using the new modified federal taxable gross. The federal tax amount withheld on the original payment will be subtracted from the new computed federal tax amount. The difference will be applied to the employee's next regular payment via a one-time code 099 deduction.

EMPLOYMENT HISTORY SYSTEM CHANGE

In order to identify NRA employees that are subject to the new IRS rules, SCO will modify the Employment History (EH) System to establish a new data field. However, the system modifications will not be completed until next year. In the meantime, campuses will need to identify the employees subject to the new IRS NRA rules via manual process to the SCO.

INTERIM PROCEDURES

The campuses will need to verify that the EAR/SPAR is showing the correct federal tax status and exemptions and submit a listing of affected NRA employees subject to the new IRS rules to SCO. The listing must include the SSN, employee name, name of the employing campus, and a contact number/e-mail address and be signed by a person authorized to sign EH documents. The attached form may be used for this purpose. If your campus does not have any NRA employees subject to the IRS rules, please submit the attached form with the no NRA employees box checked. Send the completed forms to:

State Controller's Office
Personnel/Payroll Service Division
Program Management and Analysis Bureau
P.O. Box 942850
Sacramento, CA 94250-5878
Attn: Jeanna Bowe

Or fax to (916) 322-8137

If an NRA employee separates or is appointed to your campus after the initial listing is submitted, please notify SCO of the changes by contacting Jeanna Bowe at (916) 322-3899. The SCO must be notified by the 10th of the month to ensure the most accurate run of the federal tax re-calculation program on the 15th of the month.

When the new EH NRA data field is established, a Personnel Letter will be issued with further details.

If you have any questions, please contact Jeanna Bowe at (916) 322-3899 or jbowe@sco.ca.gov.

DS:JB:PMAB

Attachment

Listing of Non Resident Aliens Subject to new IRS Rules

Campus: _____

Contact Person: _____ Contact Number: _____

Authorizing Signature: _____

Social Security Number	Employee Name

Check here if your campus does not have any NRA employees subject to the new IRS rules.

Please return by January 10, 2007 to:

State Controller's Office
Personnel/Payroll Services Division
Program Management and Analysis Bureau
P.O. Box 942850
Sacramento, CA 94250-5878
Attn: Jeanna Bowe
Or Fax: (916) 322-8137

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PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: December 21, 2006

PAYROLL LETTER #06-030
Civil Service Only

TO: All Agencies in the Uniform State Payroll System

FROM: Don Scheppmann, Chief
Personnel/Payroll Services DivisionRE: **NEW IRS NON-RESIDENT ALIEN FEDERAL TAX WITHHOLDING PROCEDURES**

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The IRS tax rules no longer require that NRA employees withhold an extra \$33.10 for federal tax withholding. Instead, the new procedures require that the employee's federal tax marital status be designated as "single" and that only one exemption be claimed. When payment is made to the employee, a specific dollar amount is to be added to a NRA employee's federal taxable gross wages only for the purpose of federal tax calculations. This dollar amount is determined by an employee's pay frequency and is not considered actual income. The amount added to an employee's federal taxable gross wages are as follows:

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NRA TAX CALCULATION

To implement the new rules, employees subject to the IRS NRA regulations will have their federal tax withholdings recalculated using a "look-back" method. Specifically, payments for NRA employees will be issued using the standard tax tables. On approximately the 15th day of the month the State Controller's Office (SCO) will select the payments of the NRA employees with issue dates from the 16th of the previous month through the 15th of the current month, except the January 15, 2007 run will select payments with an issue date of January 1, 2007 through January 15, 2007 and recalculate the federal tax amounts using the new modified federal taxable gross. The federal tax amount withheld on the original payment will be subtracted from the new computed federal tax amount. The difference will be applied to the employee's next regular payment via a one-time code 099 deduction.

EMPLOYMENT HISTORY SYSTEM CHANGE

In order to identify NRA employees that are subject to the new IRS rules, SCO will modify the Employment History (EH) System to establish a new data field. However, the system modifications will not be completed until next year. In the meantime, departments will need to identify the employees subject to the new IRS NRA rules via manual process to the SCO.

INTERIM PROCEDURES

The departments will need to verify that the EAR is showing the correct federal tax status and exemptions and submit a listing of NRA employees subject to the new IRS rules to SCO. The listing will need to include the SSN and name of the employee and the name of the employing department, a contact number/e-mail address and be signed by a person authorized to sign EH documents. The attached form may be used for this purpose. If your department does not have any NRA employees subject to the IRS rules, please submit the attached form with the no NRA employees box checked. Send the initial completed forms by January 5, 2007 to:

State Controller's Office
Personnel/Payroll Service Division
Program Management and Analysis Bureau
P.O. Box 942850
Sacramento, CA 94250-5878
Attn: Jeanna Bowe

Or fax to (916) 322-8137

If an NRA employee separates or is appointed to your department after the initial listing is submitted, please notify SCO of the changes by contacting Jeanna Bowe at (916) 322-3899. The SCO must be notified by the 10th of the month to ensure the most accurate run of the federal tax re-calculation program on the 15th of the month.

When the new EH NRA data field is established, a Personnel Letter will be issued with further details.

If you have any questions, please contact Jeanna Bowe at (916) 322-3899 or jbowe@sco.ca.gov.

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Attachment

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Department: _____

Contact Person: _____ Contact Number: _____

Authorizing Signature: _____

Social Security Number	Employee Name

Check here if your department does not have any NRA employees subject to the new IRS rules.

Please return by January 5, 2007 to:

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Personnel/Payroll Services Division
Program Management and Analysis Bureau
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