

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

DATE: February 26, 2021

PERSONNEL LETTER #21-005
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Jil Barraza, Chief
Personnel and Payroll Services Division**RE: VERIFICATION OF EMPLOYEES IDENTIFIED AS NONRESIDENT ALIENS**

The State Controller's Office (SCO) maintains a database of all Nonresident Alien (NRA) employees. As of February 5, 2021, all employees identified as NRA, per federal tax withholding rules determined by the Internal Revenue Service (IRS), are on the NRA report, including those who are active, on leave or separated. The report is sorted by agency code and then by social security number. The report also includes tax exemptions for 2020, prior years, and an 'X' if the person has separated. For more information on this process, please see Payroll Letter #06-030.

VIEWING THE NONRESIDENT ALIEN REPORT:

This report is now available on ViewDirect and will remain on ViewDirect until March 31, 2021. You can access the report under ID PDW7170, report name "Employees Identified as Nonresident Aliens."

Only personnel authorized to access ViewDirect can view and print the report. For more information on accessing and printing ViewDirect reports, please refer to the ViewDirect User Guide on the SCO website at https://www.sco.ca.gov/Files-PPSD/viewdirect_user_manual.pdf (*SCO will not provide a hard copy version of the report*).

If your agency does not have the "Employees Identified as Nonresident Aliens" report (PDW7170) in the ViewDirect report directory, there are no individuals employed at your agency on the NRA database.

VERIFYING THE REPORT:

Please review each record on the report and verify the employee is still an NRA per the rules indicated in the IRS Notice 2005-76 located at <http://www.irs.gov/pub/irs-drop/n-05-76.pdf>. Use the attached form to indicate any employee changes and complete the department name, contact person, contact number/email and authorizing signature.

If an employee separated or changed status and is no longer an NRA subject to the federal tax withholding rules, complete his/her name, social security number and enter 'delete' in the type of change field. If there are any NRA employees missing from the report, add the employee's name, social security number and enter 'add' in the type of change field. If there are no changes, please mark the box 'No Changes' at the bottom of the form.

Return the completed form through secure fax at (916) 322-0664 or send a secure email to PPSDTempOps@sco.ca.gov. Please indicate in the subject line Attn: STSP, NRA.

All responses are due by **March 15, 2021** to update our NRA database and to comply with the IRS.

EMPLOYEE ACTION REQUEST (EAR), FORM STD. 686:

Departments should verify that the employees on the report are claiming the appropriate federal marital status. Per IRS Notice 2005-76, the listed NRA employees must claim a federal marital status of “S” for single, regardless of their actual marital status. Effective for wages paid beginning January 1, 2021, NRA employees cannot claim “1” as a federal tax exemption but can continue to claim “1” as a state exemption. The IRS eliminated the federal personal and dependent exemptions as a result of the 2017 Federal Tax Cuts and Jobs Act (TCJA). The State of California does not conform to the elimination of federal tax exemptions. NRA employees must indicate Y or N for the Higher Withholding (E04) field on the EAR Form. NRA employees are required not to complete Claimed Dependents under item E05 of STD. 686 EAR Form with exceptions made for residents of Canada, Mexico, South Korea or a student from India, or a business apprentice from India. . The completion of the new fields Other Income (E06) and Deductions (E07) are optional (see [Notice 1392](#), Supplemental Form W-4 Instructions for Non-Resident Aliens. An NRA employee cannot claim exempt from federal taxes unless they are covered under a tax treaty.

Verify that employees complete their EAR Form STD. 686 correctly. Do not accept documents that request a federal marital status or state tax exemption other than allowed by the IRS. For employees on the report with incorrect federal marital status/state tax exemptions, have the employees complete and submit a Form STD. 686 with the appropriate information. Nonresident aliens who fail to file, or file an invalid STD. 686 Form, as required by IRS regulations shall have federal income taxes withheld at the rates pertaining to single status with no other adjustments for the federal and zero exemptions for the state.

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

For additional questions regarding this letter, please use the following contact information:

Contacts:

- [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

Attachment

Listing of Nonresident Aliens Subject to IRS Notice 2005-76

Department: _____
 Contact Person: _____ Contact Number/Email: _____
 Authorizing Signature*: _____

Social Security Number	Employee Name	Type of Change (Add or Delete)	Non-Citizen (Code B) Nonresident

*Must be a person authorized to sign Employment History documents.

**Complete all columns that apply to the employee.

No Changes No Nonresident Alien Employees

To: State Controller's Office
 Attn: Statewide Tax Support Program
 Fax: (916) 322-0664
 Or send a secure email to:
PPSDTempOps@sco.ca.gov. Please indicate
 in the subject line Attn: STSP, NRA.