

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

DATE: February 26, 2021

PERSONNEL LETTER #21-006
(CSU Only)

TO: All Campuses 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. For more information on this process, please see Payroll Letter #06-029.

NONRESIDENT ALIEN REPORT:

SCO will mail a hardcopy of the NRA report to each Human Resources Office of each campus. All employees on the NRA database as of February 5, 2021 are on the report, including those who are active, on leave or separated. The report is sorted by social security number and includes the employee's name, position number, federal marital status, number of federal tax exemptions being claimed for 2020 and prior years and an 'X' to indicate if the person has separated.

If your campus does not receive a report by February 18, 2021, there are no individuals currently employed at your campus on the NRA database.

VERIFYING THE REPORT:

Please review each record on the report and verify that the employee is still an NRA per the rules indicated in 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 campus 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 PSPSTempOps@sco.ca.gov. Please indicate in the subject line Attn: STSP, NRA.

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

EMPLOYEE ACTION REQUEST (EAR), FORM STD. 686 OR STUDENT PAYROLL ACTION REQUESTS (SPAR), FORM STD. 457:

Campuses 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 tax exemption. The IRS eliminated the federal personal and dependent exemptions as a result of the 2017 Federal Tax Cuts and Jobs Act. 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) and (G04) fields on the EAR and SPAR forms, respectively. NRA employees are required not to complete Claimed Dependents under Section E05 of STD. 686 EAR Form and Section G05 of STD. 457 SPAR 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 and Deductions 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 Employee Action Request EAR Form STD. 686 or Student Payroll Action Requests SPAR Form STD. 457 correctly. Do not accept documents that request a federal marital status or state tax exemptions 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 or STD. 457 with the appropriate information. Nonresident aliens who fail to file, or file an invalid STD. 686 or STD. 457 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

Attachment
 Listing of Nonresident Aliens Subject to IRS Notice 2005-76

Campus: _____

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.