

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

DATE: July 19, 2021

PERSONNEL LETTER #21-013
(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 July 1, 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 #06-029.

VIEWING THE NONRESIDENT ALIEN REPORT:

This report is now available on ViewDirect and will remain on ViewDirect until September 30, 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 campus does not have the "Employees Identified as Nonresident Aliens" report (PDW7170) in the ViewDirect report directory, then 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. If you do not have any NRA employees, mark the box 'No Nonresident Alien Employees' at the bottom of the form. All campuses are required to respond.

Return the completed form through MOVEit to **SCOProcessing**. Please indicate in the subject line Attn: STSP, NRA.

All responses are due by **August 16, 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 because 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) and (G04) fields on the EAR and SPAR forms, respectively. NRA employees are required not to complete Claimed Dependents under Section E05 (EAR) Form and Section G05 (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 EAR or SPAR 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 new EAR or SPAR with the appropriate information. Nonresident aliens who fail to file, or file an invalid 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 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](#)
- [California State Payroll System Project](#)

JEB:AR:EO:STSP

Attachment

Listing of Nonresident Aliens Subject to IRS Notice 2005-76

Campus: _____

Contact Person: _____

Contact Number/Email: _____

Authorizing Signature*: _____

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

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

Note: Complete all columns that apply to the employee. No Changes No Nonresident Alien Employees**Forms are due by August 16, 2021.**

To: Return via a secure e-mail through MOVEit:
State Controller's Office
Please indicate in the subject line
Attn: STSP, NRA.

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 DivisionRE: **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