

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

DATE: February 23, 2026

PERSONNEL LETTER #26-004

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

FROM: Lisa Dean, Chief
Personnel and Payroll Services Division**RE: CHANGES TO FEDERAL TAX WITHHOLDING RATES FOR NONRESIDENT ALIEN**

The State Controller's Office (SCO) updated the additional amount to nonresident alien employee's federal taxable wages for payroll calculation purposes. For specific information regarding this change, please refer to Internal Revenue Service (IRS) [Publication 15-T, Federal Income Tax Withholding Methods](#).

The Internal Revenue Service has rules to determine the federal tax withholding on wages paid to employees designated as nonresident aliens (NRAs). Employees subject to the IRS NRA regulation 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. 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 federal code (code 099) deduction. For additional information, please refer to the [Nonresident Alien Federal Tax Withholding Procedures FAQs](#).

Effective January 1, 2026, the amount added to NRA employee's wages for calculating federal income tax withholding only are as follows:

Table 1 is used if the NRA was first paid wages before 2020 and has not submitted a [STD. 686](#), Employee Action Request (EAR) form or a [STD. 457](#), Student Payroll Action Request (SPAR) form for 2020 or later. You must add the amount shown in Table 1 to their wages for calculating federal income tax withholding.

Table 1

<u>Pay Frequency</u>	<u>Additional Amount</u>
<u>Monthly</u>	<u>\$983.30</u>
<u>Semi-monthly</u>	<u>\$491.70</u>
<u>Bi-weekly</u>	<u>\$453.80</u>

Table 2 is used if the NRA has submitted an EAR form or SPAR form for 2020 or later, and was first paid wages in 2020, or later. You must add the amount shown in Table 2 to their wages for calculating federal income tax withholding

Table 2

<u>Pay Frequency</u>	<u>Additional Amount</u>
Monthly	\$1,341.70
Semi-monthly	\$670.80
Bi-weekly	\$619.20

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

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:

PPSD and CSU Contact Information:

- [PPSD Contacts and Additional Information](#)
- [Campus Information Retrieval System \(CIRS\) | Contact Email](#)

Web Resources:

- [For HR Personnel](#)
- [For State Employees](#)

LD:AR/EO:STSP