

The California State University
Office of the Chancellor
401 Golden Shore
Long Beach, CA 90802-4210
(562) 951-4412

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HR/EHDB
2001-01

To: Human Resource Directors
Payroll Managers

From: *Cathy Robinson*
Cathy Robinson, Senior Director
Human Resources Administration

Subject: **NON-CITIZEN STATUS CODE (ITEM 825) - UPDATE**

In the Personnel Information Management System (PIMS), Non-citizen Status Code Item 825 is a multi-purpose code used to identify an employee's non-U.S. citizen status for federal reporting purposes, to denote to CalPERS employees appointed to positions in accordance with terms of an F or J visa and to monitor work authorization eligibility.

Pursuant to Internal Revenue Service (IRS) regulations, data Item 825 is now expanded to assist campuses in identifying an employee's "nonresident alien" or "resident alien" tax status and in the case of "nonresident alien" status, the country from which an employee's income may be exempted under the terms of a tax treaty agreement with the United States¹. Campuses are now responsible for updating employment history information for current employees and new appointees pursuant to IRS regulations.

Employees in an active or on leave status with Item 825 information are provided for campus review in two CIRS Compendium Reports, Campus Detail, Noncitizen Employee Category. Report code "J12" provides year-to-date gross pay information for the tax year. Report code "J13" is a year-end report produced in January and provides December YTD totals. These monthly reports will identify visa type for those with visa type F, J, M or Q. Note that classes 1869, 1870, 1871 and 1872 are excluded from both reports.

(Over)

¹ Campuses have the information needed to make these determinations. Consultant firm KPMG was hired in Spring 2000 to develop campus procedural and informational manuals and provide training. Project reference materials were completed and training was provided to CSU campuses, foundations and auxiliaries in December 2000 and February 2001.

Distribution: (All With Attachments)

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Vice Chancellor, Human Resources
Vice Presidents, Academic Affairs
Vice Presidents, Administration
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Campuses are requested to have Item 825 information updated for all active employees by August 2001. Process an 825 transaction to update employment history information with an effective date at the beginning of the pay period that the information is entered into the database. In Item 215, reference "TL/EHDB2001-01." As a reminder, Item 825 information must be updated for every active position that an employee occupies. For "on-leave" employees, this information must be entered with the same effective date that the employee returns from leave.

This information is intended to assist campuses in monitoring compensation limits that may be subject to tax treaty exemption. Note, however, that compensation paid through the payroll system may represent only a portion of an individual's compensation generated at a given campus. Campuses are responsible for ensuring that all compensation paid is in compliance with the special tax rules applicable to individuals with a non-resident alien tax status.

Attachment A provides an overview of Item 825 changes. Attachment B provides a current listing of countries that have a tax treaty in effect with the United States and indicates the country's two-digit alpha income code. Campuses must ensure that once federal tax exemption is no longer applicable, the nonresident alien must be taxed in accordance with the graduated withholding rates as designated by the IRS.

Regulations affecting immigration and tax status of non-U.S. citizen employees are numerous and complex. Agreements or treaties between foreign countries and the United States provide for exemption of certain generalized provisions that may affect an employee's specific tax status. Inquiries affecting immigration or tax residency status should be directed to your campus counsel, campus tax consultant, or other appropriate personnel. Refer to coded memo HR 2001-15 for additional information in this regard.

Please contact your CSU Audits Representatives for questions regarding coding and/or key entry instructions. Other administrative inquiries may be directed to Theresa Hines at (562) 951-4412 or via e-mail at thines@calstate.edu. This technical letter is also available on the Human Resources Administration's web site at: [Http://www.calstate.edu/tier3/HR-Adm/memos.html](http://www.calstate.edu/tier3/HR-Adm/memos.html). Thank you.

CR/dth
Attachments

ITEM 825 CHANGES

Information keyed in this data item should be entered as eight alpha-numeric characters. The format **X-CCY-ZZZZ** denotes the following:

X - This single-digit field is used to denote visa category, whereby:

- F = Student, primary visa holder (F-1)
- J = Exchange Visitors, including students, scholars, teachers and researchers, primary visa holder, (J-1)
- M = Vocational Student, primary visa holder, (M-1)
- Q = International Cultural Exchange, primary visa holder (Q-1)
- Z = All other visa types (e.g., H-1B, TN), including permanent residents.

Special Note for FICA Exemption:

FICA tax exemption exists for nonresident alien F, J, M and Q visa holders. Note that visa categories "M" and "Q" are currently not available in the system, but are scheduled to be added to the database in July 2001. (The State Controller's Office will issue a personnel letter to advise campuses accordingly.) Individuals in these visa categories may also qualify for tax treaty exemption.

For a F, J, M or Q visa holder to qualify for FICA tax exemption, the nonresident alien's work must be "performed to carry out the purpose specified in" the F, J, M or Q visa, e.g., must be the primary visa holder (e.g., F-1, J-1, M-1 or Q-1).

Retirement (Item 505) Coding Information:

For the above visa categories, Item 505 must be one of the following:

- 00 to denote PERS-Survivors, noncitizens
- N to denote Nonmembers/Non-medicare

For visa category "Z", Item 505 must be one of the following:

- 08 to denote PERS-SS/MED
- NM to denote Nonmembers with Medicare
- TY to denote UC DC retirement plan with Medicare
- TM to denote DPA PST retirement plan with Medicare

For employees with continuous service prior to April 1986, the following may be used:

- TX to denote UC DC retirement plan, non-medicare
- TD to denote DPA PST retirement plan, non-medicare
- N to denote Nonmembers/non-medicare

CCY - The first two digits of this three-field is used to denote country code ("CC_") for nonresident aliens. The third digit "__Y" denotes non-citizen status as "resident alien" ("R") or "nonresident alien" ("N");

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ATTACHMENT A

OOR: This coding value is only applicable to those keyed with a “Z” visa category. “OOR” is considered a “resident alien” for tax purposes and is treated under the same provisions as those applicable to U.S. citizens.

Employees in this category may have a “permanent resident/immigrant” status pursuant to laws administered by the Immigration and Naturalization Service (INS) and possess an alien registration card Form I-551 (green card). Employees with a “nonimmigrant” INS status who have passed the “Substantial Presence Test” are also considered a “resident alien” for tax purposes. Tax treaty country codes are NOT applicable for employees in this tax status designation.

OON: An employee keyed as “OON” is considered a “nonresident alien” for tax purposes and is subject to graduated withholding rates unless otherwise exempted by a tax treaty qualification. Employees with a “nonimmigrant” INS status who have not passed the IRS Substantial Presence Test are considered a “nonresident alien” for tax purposes. This category currently includes “F” and “J” visas holders and the database will be expanded to include “M” and “Q” visa holders in July 2001.

The first two digits of this field must identify the IRS-designated country code from which a tax treaty agreement is in effect with the United States (refer to Attachment B). For example, a nonresident alien employee from Armenia would be coded as “AMN,” and a nonresident alien employee from Venezuela would be coded as “VEN.” Tax treaty country codes should be indicated for applicable nonresident alien employees. If a nonresident alien employee is from a country that does not have a tax treaty agreement with the United States in effect, enter “OON.”

Special Note: The existence of an income tax treaty does not mean that an individual will automatically be exempted from federal tax withholding; the individual must meet all of the qualifications as set forth in the treaty and must complete and submit all required tax treaty exemption forms. Designating the country code for an individual with nonresident alien tax status does not infer that he/she is currently exempted from federal tax. Campuses must monitor treaty agreements to ensure compliance for exemption provisions. For example, tax treaty exemption for some employees will be satisfied within a few months, e.g., in cases where the compensation limit is \$10,000/year, while other treaties may provide for longer periods and/or higher compensation limits.

ZZZZ - Denotes the month and year that a work authorization expires in a “MMYY” format. If indicated as “Duration of Stay” (D/S), the date can be entered as MMY Y or “9999” as appropriate as decided by the campus. If the employee has a visa type of H (Code Z), a date is required. For Permanent Residents (“immigrants” pursuant to INS law), enter 4 numeric 0’s (0000).

TAX TREATY COUNTRY CODES

<u>Country</u>	<u>Code</u>	<u>Country</u>	<u>Code</u>
Armenia (USSR*)	AM	Mexico	MX
Australia	AS	Moldova (USSR*)	MD
Austria	AU	Morocco	MO
Azerbaijan (USSR*)	AJ	The Netherlands	NL
Barbados	BB	New Zealand	NZ
Belgium	BE	Norway	NO
Belarus (USSR*)	BO	Pakistan	PK
Canada	CA	Philippines	RP
China	CH	Poland	PL
Cyprus	CY	Portugal	PO
Czech Republic	EZ	Romania	RO
Denmark	DA	Russia	RS
Egypt	EG	Slovak Republic (Slovakia)	LO
Estonia	EN	South Africa	SF
Finland	FI	Spain	SP
France	FR	Sweden	SW
Georgia (USSR*)	GG	Switzerland	SZ
Germany	GM	Tajikistan (USSR*)	TI
Greece	GR	Thailand	TH
Hungary	HU	Trinidad & Tobago	TD
Iceland	IC	Tunisia	TS
India	IN	Turkmenistan (USSR*)	TX
Indonesia	ID	Turkey	TU
Ireland	EI	Ukraine (as of 1/1/01)	UP
Israel	IS	United Kingdom	UK
Italy	IT	Uzbekistan (USSR*)	UZ
Jamaica	JM	Venezuela	VE
Japan	JA		
Kazakhstan	KZ		
Korea (South)	KS		
Kyrgystan (USSR*)	KG		
Latvia	LG		
Lithuania	LH		
Luxembourg	LU		

* The former US-USSR income tax treaty applies to countries noted