


Date: March 27, 2009
Code: TECHNICAL LETTER
HR/Salary 2009-03
To: Human Resources Directors
Payroll Managers
Reference: TECHNICAL LETTER
HR/Salary 2005-28
From: Evelyn Nazario 
Senior Director, Compensation
Human Resources Administration
Subject: Nonresident Alien Tax Withholding Changes Effective April 1, 2009

Overview

Audience: Human Resources Directors, Payroll Managers, and/or campus designee(s) responsible for payroll-related actions
Action Item: Information only
Affected Employee Groups/Units: Employees under a nonresident alien tax status who have wages subject to federal income tax withholding

Summary

The Department of Treasury Internal Revenue Service revised the tax withholding table for Nonresident Alien employees (NRAs). Located in Publication 15-T, under "Withholding Income Taxes on the Wages of Nonresident Alien Employees," the table amounts per payroll period have been increased due to the recent changes to the tax law by the American Recovery and Reinvestment Act of 2009. The updated table is effective April 1, 2009.

Campus Human Resources Directors, Payroll Managers, and/or designee(s) responsible for payroll-related actions should review the remainder of this technical letter for further information.

As a result of the passing of the American Recovery and Reinvestment Act of 2009, new tax withholding tables have been developed to include the increased amount to add to a nonresident alien employee's wages for calculating federal income tax withholding.

Employer Calculation of Withholding on Wages of Nonresident Alien Employees

Effective April 1, 2009, the amount that needs to be included in the NRA employee's wages for purposes of calculating income tax withholding for each length of payroll period is as follows:

Distribution:

CSU Presidents
Vice Chancellor, Human Resources
Vice Presidents (all campus vice presidents)
Associate Vice Presidents/Deans of Faculty

Benefits Officers
Employee Relations Designees
Manager, Tax Support Section, State Controller's Office
Nikhil Bassi, Systemwide Financial Services

PAYROLL PERIOD	ADD ADDITIONAL
Weekly	\$138
Biweekly	\$276
Semimonthly	\$299
Monthly	\$598
Quarterly	\$1,795
Semiannually	\$3,590
Annually	\$7,180
Daily or Miscellaneous (each day of the payroll period)	\$27.60

The amounts depicted on the chart should **NOT**:

- o Be included in any box on the employee's W-2 Form
- o Increase the income tax liability of the employee
- o Increase the Social Security, Medicare, or Federal Unemployment Tax Act (FUTA) tax liability of the employer or the employee.

For more detailed information, Publication 15-T is available online via the following link:
<http://ftp.irs.gov/pub/irs-pdf/p15t.pdf>.

The State Controller's Office (SCO) remains responsible for implementing tax withholding requirements for affected employee's wages paid through the Uniform State Payroll System. The SCO will provide additional information in a forthcoming Payroll Letter communication.

Questions regarding this technical letter may be directed to systemwide Human Resources at (562) 951-4411. This technical letter is also available on Human Resources Administration's Web page at:
<http://www.calstate.edu/HRAdm/memos.shtml>.

EN/vk