Date: February 2, 2012

To: Human Resources Officers
Payroll Managers

From: Evelyn Nazario
Assistant Vice Chancellor
Human Resources Management

Subject: Nonresident Alien Tax Withholding Changes Effective January 1, 2012

Overview

Audience: Human Resources Officers, Payroll Managers, and/or campus designee(s) responsible for payroll-related actions

Action Item: Information only

Affected Employee Groups/Units: Employees designated under a nonresident alien tax status who have wages subject to federal income tax withholding

Summary

Pursuant to Department of the Treasury Internal Revenue Service (IRS) Notice 1036 (Revised December 2011) and State Controller’s Office Personnel Letter #12-001, federal tax withholdings for nonresident alien (NRA) employees have changed effective January 1, 2012. Note that 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.

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

The Department of the Treasury Internal Revenue Service (IRS) issued Notice 1036 (Revised December 2011) advising of the changes to the federal tax withholdings for nonresident alien (NRA) employees performing services within the United States. In accordance with the IRS notice, the State Controller’s Office (SCO) updated the tax withholding amounts in the Uniform State Payroll System (USPS), effective January 1, 2012.

Employer Calculation of Withholding on Wages of Nonresident Alien Employees

Effective January 1, 2012, the amount included in the NRA employee’s wages for purposes of calculating income tax withholding for each length of payroll period is as follows:
PAYROLL PERIOD | ADD ADDITIONAL
--- | ---
Weekly | $41.35
Biweekly | $82.69
Semimonthly | $89.58
Monthly | $179.17
Quarterly | $537.50
Semiannually | $1,075.00
Annually | $2,150.00
Daily or Miscellaneous (each day of the payroll period) | $8.27

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

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


The SCO remains responsible for implementing tax withholding requirements for affected employee’s wages paid through the USPS. Refer to Personnel Letter #12-001 on the SCO’s website for additional information.

Questions regarding this technical letter may be directed to Systemwide Human Resources Management at (562) 951-4411. This technical letter is also available on Human Resources Management’s Web page at: [http://www.calstate.edu/HRAdm/memos.shtml](http://www.calstate.edu/HRAdm/memos.shtml).

EN/vk