Date: April 16, 2013  
To: Payroll Managers  
Human Resources Officers  
From: Evelyn Nazario  
Associate Vice Chancellor  
Human Resources Management & CO HR Services  
Subject: Military Spouses Residency Relief Act

Overview

Audience: Campus Payroll Managers, Human Resource Officers, and/or campus designees responsible for payroll-related actions.

Action Item: Information Only

Affected Employee: Eligible employees who have relocated to California with their military spouses under military orders

Summary

As a reminder, the Military Spouses Residency Relief Act (MSRRA) which was signed into law on November 11, 2009, allows taxpayers who reside with their military spouses to claim exemption from state income taxes. This new law came into effect for taxable years 2009 and beyond. In accordance with the State of California Franchise Tax Board notice, the State Controller’s Office (SCO) updated the tax withholding requirements in the Uniform State Payroll System (USPS), effective with the 2009 taxable year.

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

Eligibility

To qualify for California income tax exemption under the MSRRA, the employee and his/her spouse must have relocated to California under military orders. They must also share the same “domicile” or true home outside California where they intend to return and locate permanently.

To prevent the state of California from applying state tax against employees’ wages, eligible employees should submit the Form Std. 686, Employee Action Request (EAR) along with supporting documentation (military orders). Campuses are responsible for verifying the orders but are not required to include a copy of the supporting documents to the State Controller’s Office (SCO) when submitting the EAR for processing.

Instructions

Eligible employees should follow the instructions below in completing the STD. 686 Employee Action Request (EAR) form:

Distribution:
CSU Presidents  
Vice Chancellor, Human Resources  
All Campus Vice Presidents  
AVPs/Deans of Faculty Affairs  
Employee Relations Designees  
Benefits Officers  
Manager, Tax Support Section, State Controller’s Office
1. Select Withholding Allowance Change and fill out sections C, E, and I.
2. All employee information must be completed under section C.
3. Under section E, check the appropriate marital status and total number of allowances the employee is claiming under Federal and State Allowance.
4. Under section E, check the appropriate marital status and write “95” in the Regular Allowance(s) box under Special Treatment of State Allowances.*
5. Employee must sign and date under section I.

*In this section the code “95” allows the payroll system to apply no state income tax withholding.

Additional questions regarding to the completion of the EAR can be directed to Jahida Martinez at (916) 322-3942 or JRMartinez@sco.ca.gov.

Questions regarding this Technical Letter may be directed to Human Resources Management at (562) 951-4411. This document is available on the Human Resources Web site at: http://www.calstate.edu/HRAdm/memos.shtml.

EN/tl