Date: March 28, 2014

To: Human Resources Officers
    Payroll Managers

From: Evelyn Nazario
    Associate Vice Chancellor
    Human Resources Management & CO HR Services

Subject: Nonresident Alien Tax Withholding Changes Effective January 1, 2014

Overview

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

Action Item: Information Only

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

Groups/Units:

Summary

Pursuant to Department of the Treasury Internal Revenue Service (IRS) Notice 1036 (Rev. December 2013) and State Controller’s Office Personnel Letter #14-001, federal tax withholdings for nonresident alien (NRA) employees have changed effective January 1, 2014. 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 (USPS).

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 (Rev. December 2013) 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, 2014.

Employer Calculation of Withholding on Wages of Nonresident Alien Employees

Effective January 1, 2014, the amount included in the NRA employee’s wages for purposes of calculating income tax withholding for the respective payroll period is as follows:

Distribution:

CSU Presidents
Vice Chancellor, Human Resources
All Campus Vice Presidents
Associate Vice Presidents/Deans of Faculty
Benefits Officers

Employee Relations Designees
Manager, Tax Support Section, State Controller’s Office
Roberta McNiel, Systemwide Financial Services
Hui Won, Systemwide Financial Services
<table>
<thead>
<tr>
<th>PAYROLL PERIOD</th>
<th>ADD ADDITIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly</td>
<td>$43.30</td>
</tr>
<tr>
<td>Biweekly</td>
<td>$86.50</td>
</tr>
<tr>
<td>Semimonthly</td>
<td>$93.80</td>
</tr>
<tr>
<td>Monthly</td>
<td>$187.50</td>
</tr>
<tr>
<td>Quarterly</td>
<td>$562.50</td>
</tr>
<tr>
<td>Semiannually</td>
<td>$1,125.00</td>
</tr>
<tr>
<td>Annually</td>
<td>$2,250.00</td>
</tr>
<tr>
<td>Daily or Miscellaneous (each day of the payroll period)</td>
<td>$8.70</td>
</tr>
</tbody>
</table>

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 or Medicare tax liability of the employer or the employee, or the Federal Unemployment Tax Act (FUTA) tax liability of the employer.


The SCO remains responsible for implementing tax withholding requirements for affected employee’s wages paid through the USPS. Refer to Personnel Letter #14-001 on the SCO’s website for additional information.

**Common Management Systems (CMS) Processing Instructions**

This Technical Letter has no impact on the CMS Baseline.

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