

INCOME TAXES

TABLE OF CONTENTS

Income Taxes	1
TABLE OF CONTENTS.....	1
INTRODUCTION.....	2
Confidential Documents.....	2
Responsibilities.....	3
CORRECTED W-2 (W-2C).....	5
Prerequisites.....	6
Corrected W-2 Process.....	8
Specific Situations for Corrected W-2's.....	12
EXPENSE REIMBURSEMENTS AND FRINGE BENEFITS	15
Definitions.....	15
Adjusting Entries for Expense Reimbursements and Fringe Benefits.....	16
Recording Entries for Expense Reimbursements and Fringe Benefits	31
Specific Situations for Expense Reimbursements and Fringe Benefits	38
FOREIGN NATIONALS (ALIENS)	47
Definitions.....	48
Prerequisites.....	49
Non-immigrant Nonresident Aliens.....	49
Non-immigrant Resident Aliens.....	53
INCOME TAX WITHHOLDING.....	55
Adjusting Current Year Withholding	55
Entering Income Tax Withholding	55
Exemption from Withholding	60
Mandatory Withholding	61
OUT-OF-STATE DUTY STATION.....	66
RE-ISSUED W-2.....	67
From Secure Website	67
BACKGROUND	68
Authority / References	68
Creating an Audit Trail	70
Forms / Supporting Documents	70
Reports.....	71
Screens	72
REVISION HISTORY.....	73
ATTACHMENTS	74
Request for Corrected W-2 (W-2c) examples:.....	74
Sample Forms	74

INTRODUCTION

ORS 316.167 and U.S. Code Title 26 Subtitle C Chapter 24 § 3402 require that the state report subject wages and withhold federal and state income tax from employees' wages.

Oregon, under ORS 316.012 and 316.013, applies federal tax regulations and treaties to Oregon income taxes. ORS 316.027 defines the portion of federal adjusted gross income that is subject to Oregon tax.

This document includes information on the following:

- Corrected W-2 (W-2c)
- Expense Reimbursements and Fringe Benefits
- Foreign Nationals
- Income Tax Withholding
- Out-of-State Duty Station
- Re-issued W-2

CONFIDENTIAL DOCUMENTS

IRS Forms W-4, W-2, and W-2c, the OSPS.99.04 W-2 Reprint / Reissued Statement Request, and the Request for Corrected W-2 (W-2c) contain confidential employee information and have a Level 4 – Critical Information Asset classification. This information is extremely sensitive and for use by named individuals only. It is exempt from public disclosure because the disclosure could potentially cause major damage to the named individual.

Only print, copy or distribute these forms if the owner of the document (the employee) specifically asks you to do so or you are responding to a specific request from the Oregon Department of Revenue or the U.S. Internal Revenue Service.

Do not leave these documents out. Store them in a secure location. Shred working copies when you are finished. If you must transport them, follow DAS Statewide Policy 107-004-100 Transporting Information Assets (see Background Information below, Authority / References, DAS Statewide Enterprise Security Policies section).

If you keep copies for audit purposes, redact the SSN and home address.

RESPONSIBILITIES

Applies To

This document applies to all state agencies using OSPA.

Organizational Units

Several units within state government play a role in calculating, reporting, paying and correcting employees' income taxes and withholding. They include:

Entity	Responsibility
All State Employees	<ul style="list-style-type: none"> • Submit IRS Form W-4 when first hired and as needed • If exempt from withholding, submit a new W-4 each February • Request re-issued Form W-2, if lost or not received • Request a corrected W-2, if identify an error • For expense reimbursements: <ul style="list-style-type: none"> ▪ Submit required reimbursement forms and receipts ▪ Return excess advance payments within the guidelines • If duty station is in another state, contact agency Payroll
Employee Who is a Foreign National	<ul style="list-style-type: none"> • Obtains social security number • "An alien authorized to work until" on the USCIS I-9 submits a completed and signed Form OSPA 99.01 with supporting documentation each calendar year • If a non-resident alien exempt from income tax withholding, submits IRS Form 8233 each calendar year • If exempt from social security and Medicare taxes because of a Totalization Agreement, submits Certificate of Coverage from home country
Employee's Manager	<ul style="list-style-type: none"> • Notifies agency Human Resources or Payroll if an employee: <ul style="list-style-type: none"> ▪ Has an out-of-state duty station ▪ Is a foreign national • Approves reimbursement forms and special fringe benefits
Agency Human Resources Office	<ul style="list-style-type: none"> • Notifies Payroll if the employee has an out-of-state duty station • Notifies the agency's payroll office if the employee indicates in Section 1 of the IRS Form I-9 that s/he is "an alien authorized to work until _____"

Entity	Responsibility
Agency Payroll Office	<ul style="list-style-type: none"> • Processes employee W-4's • If the employee checks the box "an alien authorized to work until" in Section 1 of the USCIS I-9, processes the employee's W-4 as a Foreign National (Alien) • Notifies PSS if employee claims >10 withholding allowances or exemption from income and/or FICA tax withholding • Works with PSS if employee has an out-of-state duty station • Distributes W-2 to prior and current employees • Requests re-issued W-2 as needed • Identifies error, does research to determine correct information, documents needed changes and requests W-2c when needed • Manages overpayments, including: <ul style="list-style-type: none"> ▪ Identifies when an overpayment occurs ▪ Works with the employee to establish a repayment plan ▪ Asks agency accounting to set-up an account receivable when needed ▪ Enters deductions on the P070 screen when needed ▪ Forwards repayments to PSS if applicable • Enters fringe benefits and expense reimbursements on the P050 screen when requested • Asks PSS to adjust taxes and wages on the P060 screen when needed • Maintains employee files
Payroll System Support (PSS), Oregon Statewide Payroll Services (OSPS), Financial Business Systems (FBS), Enterprise Goods and Services (EGS), Department of Administrative Services (DAS), OSPS.Help@oregon.gov	<ul style="list-style-type: none"> • Sends W-4 to the Oregon Department of Revenue when employee claims >10 withholding allowances or exemption from withholding • When employee has an out-of-state duty station, works with agency payroll and the other state to pay required taxes • Processes return of overpayment, if applicable • Prepares required tax reports and makes required tax payments • Makes tax entries on the P060 screen when requested • Sets correctives on the P050 screen for pay periods in the same tax year that are older than three months • Coordinates printing of original and re-issued W-2's • Processes, prints and distributes corrected W-2's (W-2c) • Researches tax issues and provides guidance as needed
Public Employee Benefit Board (PEBB), Oregon Health Authority (OHA), inquiries.PEBB@oregon.gov	<ul style="list-style-type: none"> • Manages benefits for state employees
Publishing and Distribution (P&D), EGS, DAS	<ul style="list-style-type: none"> • Prints and distributes checks and pay stubs to PSS and agencies • Prints W-2's and re-issued W-2's and distributes to PSS and agencies
Shared Financial Services, EGS, DAS	<ul style="list-style-type: none"> • Invoices agencies for taxes owed • Manages DAS accounts receivable • Records and deposits cash receipts

Systems / Applications

System / Application	Functionality
Position and Personnel Database (PPDB)	<ul style="list-style-type: none"> • Maintains employment history for state employees • Sends data to OSPA when changes saved
Oregon Statewide Payroll Application (OSPA)	<ul style="list-style-type: none"> • Calculates wages and taxes each payroll run • Produces reports, payments and remittance advices each final payroll run • Produces annual Form W-2's for current and prior employees who have wages in that tax year • Produces re-issued W-2's when requested

CORRECTED W-2 (W-2C)

This section describes the process for requesting an IRS Form W-2c Corrected Wage and Tax Statement from PSS. A W-2c corrects information reported on the original W-2. A re-issued W-2 is a reprint of the original form; see the Re-issued W-2 section below.

If you discover that an employee's W-2 for a prior tax year is incorrect, you have the legal and fiduciary responsibility to correct the information as soon as you discover the error and determine the correct information to report. We can adjust wages and taxes in OSPA for a given tax year until December run 2 final (see the OSPS Processing Calendar, <http://oregon.gov/DAS/Financial/Payroll/Pages/ospscalendars.aspx>). If you discover an error after December run 2 of the tax year, request a W-2c from PSS. You can request a W-2c for the three prior tax years.

Some of the reasons that you may request a W-2c include:

- Employee's SSN is incorrect (see Attachments section below, Example #1)
- Employee's name is misspelled
- Employee had an overpayment and one of the following circumstances:
 - The overpayment occurred in a prior year and was repaid in the current year (see Attachments section below, Example #8)
 - The overpayment occurred in the prior tax year, payroll made correcting entries so OSPA did not reflect the overpayment when the tax year closed and the employee has not repaid it (see Attachments section below, Example #7)
- Wages were incorrectly categorized as taxable or non-taxable (see Attachments section below, Example #3)
- The employee redeemed a December paid January paycheck before December 31
- The employee's wage and tax information is incorrect
- There was a system error in the reporting of wages and/or taxes

You do not need to request a W-2c if:

- The employee was overpaid in a prior year and has not repaid the agency
- The correction is for the current year
- The employee has reported an address change
- The employee has reported a name change because of a change in marital status

Under normal circumstances, we do not change the employee's income tax withholding. The W-2c will reflect changes in the employee's taxable income, which the employee will include on his/her income tax returns. This may affect the amount of tax the employee owes. System or administrative errors may create an exception to this practice.

If the employee owes additional social security or Medicare taxes, PSS will pay the additional taxes and bill the agency. The agency is responsible for collecting the added tax from the employee. If the employee had too much social security and Medicare taxes withheld, PSS will request a refund from the IRS and repay the agency. If applicable, the agency will repay the employee.

CAUTION: Changes to income may affect percent deductions and retirement contributions. For retirement contributions, contact the Centralized PERS Services Team, Statewide Financial Management Services, Financial Business Systems, Enterprise Goods and Services, DAS, Central.PERSServicesTeam@oregon.gov for guidance.

PREREQUISITES

Request for Corrected W-2 (W-2c)

Prepare and submit a Request for Corrected W-2 (W-2c)

Enter values in the first two columns for each row where the value will change. **You do not need to enter values in the rows that will remain the same.** See the Attachments section below for examples.

NOTE: Use care in completing the Request for a Corrected W-2 (W-2c). PSS will return the form without processing a W-2c if the form is not complete.

Columns

As Reported: Take these amounts from the employee's W-2. If you do not have a copy of the W-2, see the Re-issued W-2 section below

+/- Adjustment: The amount you are changing the employee's W-2. If the original W-2 was overstated, the will be negative

Correct Amount: These fields contain formulas to calculate the difference between As Reported and the +/- Adjustment. The numbers that should have been on the W-2.

Rows

Description	As Reported	+/- Adjustment
Taxable Income	W-2: Box 1, Wages, tips, other compensation	
Social Security Income	W-2: Box 3, Social security wages	

Description	As Reported	+/- Adjustment
Medicare Subject Income	W-2: Box 5, Medicare wages and tips	
Non-taxable Income		
Social Security Tax	W-2: Box 4, Social security tax withheld	Will auto calculate
Medicare Tax	W-2: Box 6, Medicare tax withheld	Will auto calculate
Federal Income Tax	W-2: Box 2, Federal income tax withheld	Generally, the FIT will not change. It may change with special circumstances created by a system or administrative error.
State Income Tax	W-2: Box 17, State income tax	Generally, the SIT will not change. It may change with special circumstances created by a system or administrative error.
Healthcare Spending Acct		Obtain the amount and confirmation of the change from PEBB. See Specific Situations for Corrected W-2's, PEBB Health Care Flexible Spending Accounts in this section below
Dependent Spending Acct	W-2 Box 10, Dependent care benefits	Obtain the amount and confirmation of the change from PEBB. See Specific Situations for Corrected W-2's, PEBB Dependent Care Flexible Spending Accounts in this section below
Employer Social Security		Will auto calculate
Employer Medicare		Will auto calculate

CORRECTED W-2 PROCESS

The general process for requesting a Corrected W-2 (W-2c) follows. Instructions for specific situations follow the general process.

NOTE: Use care in completing the Request for a Corrected W-2 (W-2c). PSS will return the form without processing a W-2c if the form is not complete and accurate.

Action	More
<p>1. As soon as you identify an error, research the error and plan how to correct it.</p> <p>Use the employee’s W-2 as the beginning point; you can print a PDF version of the employee’s copy for 2009 forward from the Agency Report web site..</p>	
<p>2. Document your research, see Background Information below, Forms/Supporting Documents and Creating an Audit Trail sections</p>	
<p>3. The Request for a Corrected W-2 (W-2c) is available in a excel format on the OSPS On-line Resources site, http://www.oregon.gov/das/Financial/Payroll/Documents/OSPS.99.12.xls. You can complete the request on-line. The following steps describe specific details on the request form.</p>	
<p>4. On the Request for Corrected W-2 (W-2c), select the applicable reason from the “Correction needed due to” in the “Reason for Correction” section. Supply any “Additional detail” if necessary.</p> <p>If the reason is an incorrect SSN or a misspelled name, see Specific Situations for Corrected W-2’s, Name Misspelled or Social Security Number Incorrect immediately below and skip to step #14 below.</p>	
<p>5. Select the correct answer to the question “Has the employee fully repaid all overpayments for requested tax year correction?”</p> <p>If the correction is because the employee repaid an overpayment, attach any back-up documentation for the repayment and check “Backup documentation used to determine wage adjustment attached.”</p>	

Action	More
<p>6. On the Request for Corrected W-2 (W-2c), answer the question “Has the employee completed the Tax Refund Certification form (OSPS.99.13)?</p> <p>If the correction will reduce income subject to social security and Medicare, ask the employee to complete the OSPS.99.13 Tax Refund Certification, see Background Information below, Forms/Supporting Documents section.</p> <p>a. If the employee checks “Receiving a check from the State of Oregon” and signs the certification, PSS will request a refund for both the employee and employer paid taxes.</p> <p>b. If the employee checks “Filing a claim for refund directly with the Internal Revenue Service”, PSS will only request a refund for the employer paid portion.</p>	<p>If you are requesting a W-2c because the employee has repaid an overpayment, see Specific Situations for Corrected W-2’s, Overpayments in this section below.</p> <p>NOTE: PSS will not request a refund of the employee’s share of FICA taxes without the form.</p>
<p>7. PSS requires that you attach a copy of the employee’s W-2 to the Request for a Corrected W-2 (W-2c). Once you have a copy, check the box next to “Copy of W-2 attached.”</p>	
<p>8. If you have additional back-up documentation for the request, check “Backup documentation used to determine wage adjustment attached” and include it with the materials you send to PSS.</p>	
<p>9. Use a copy of the employee’s W-2 to complete the Detail of Correction Needed section, As Reported column.</p> <p>Enter reported values in the fields listed below. You only need to enter the values that will change. See Prerequisites in this section above for additional information about the fields.</p> <ul style="list-style-type: none"> ▪ Taxable Income ▪ Social Security Income ▪ Medicare Subject Income ▪ Non-Taxable Income ▪ Social Security Tax ▪ Medicare Tax ▪ Healthcare Spending Acct ▪ Dependent Spending Acct ▪ Employer Social Security ▪ Employer Medicare 	<p>See instructions for Specific Situations for Corrected W-2’s in this section below.</p> <p>Unless system or administrative actions caused the error(s), we will not change Federal Income Tax or State Income Tax.</p>

Action	More
<p>10. Next, in the +/- Adjustment column, enter the change in wages.</p> <p>Fields may include any of the following. You only need to include the values that will change. See Prerequisites in this section above for additional information about the fields.</p> <ul style="list-style-type: none"> ▪ Taxable Income ▪ Social Security Subject Income ▪ Medicare Subject Income ▪ Non-Taxable Income ▪ Social Security Tax ▪ Medicare Tax ▪ Healthcare Spending Acct ▪ Dependent Spending Acct ▪ Employer Social Security ▪ Employer Medicare 	<p>See instructions for Specific Situations for Corrected W-2's in this section below.</p> <p>Unless system or administrative actions caused the error(s), we will not change Federal Income Tax and State Income Tax.</p>
<p>11. The fields in the Correct Amount column contain formulas. Review the totals to make sure they reflect the correct final wages.</p>	
<p>12. If the amounts in the Adjustment column for Social Security Tax and Medicare Tax are negative, make sure you have checked the appropriate box by "Has the employee completed the Tax Refund Certification form (OSPS.99.13)?".</p> <p>NOTE: PSS will not request a refund of the employee's share of FICA taxes without the form.</p>	
<p>13. If applicable, indicate if the action will increase or decrease reported wages</p>	
<p>14. Always complete the following:</p> <ul style="list-style-type: none"> ▪ Tax year to correct ▪ Employee Name and SSN ▪ Agency Name and Number 	
<p>15. Complete Print Name and Date in Prepared By</p>	
<p>16. Print the form and sign your name</p>	
<p>17. Have the manager to whom Payroll reports sign and date the request if the corrections:</p> <ul style="list-style-type: none"> ▪ Change taxable income by \$2,000 or more (positive or negative) ▪ Are for a tax year two or three years prior 	

Action	More
<p>18. Mail or fax the Request for Corrected W-2 (W-2c) and a copy of the employee's W-2 to PSS.</p> <p>NOTE: A W-2 has an Information Asset Classification Level 4 – Critical. Secure transportation options include: hand delivery, FAX, PacTrac through DAS Publishing and Distribution or U.S. Mail. Do not e-mail the request or send it through regular inter-agency mail.</p>	
<p>19a. If the employee's taxable income was overstated and too much tax withheld, PSS will submit a W-3c and request a refund of social security and Medicare taxes.</p> <p>19b. If the employee's social security and Medicare income was understated, which resulted in taxes being under withheld, PSS will:</p> <ul style="list-style-type: none"> ▪ Submit a W-3c and an additional payment to the IRS for social security and Medicare taxes ▪ Ask the Shared Financial Services, EGS, DAS to invoice your agency to reimburse the Joint Payroll Account for the additional taxes 	
<p>20. PSS will produce the W-2c and cover memo.</p> <ul style="list-style-type: none"> ▪ For Salem agencies, the W-2c will be in your secure mailbox in the Executive Building ▪ For agencies outside Salem, PSS will send the W-2c through U.S. Mail or PacTrac to your payroll office 	
<p>21. If you receive an invoice from DAS:</p> <ul style="list-style-type: none"> ▪ Work with your agency's accounting staff to pay the Joint Payroll Account ▪ Work out a repayment plan with the employee for the employee's share of the taxes ▪ If the employee will repay through a payroll deduction, make the PANN entry on the P070 Payroll Deductions screen ▪ If the employee will repay through a check or money order, complete an OSPS.99.24 Payment Notification Form, http://oregon.gov/DAS/Financial/Payroll/Documents/OSPS.99.24.pdf. Send the form and the payment to PSS for processing. 	
<p>22. Give a copy of the W-2c to your agency's employee</p>	
<p>23. Maintain payroll files according to your agency's records retention requirements</p>	

SPECIFIC SITUATIONS FOR CORRECTED W-2'S

January Check Cashed Early

If an employee cashes a December paid January check on or before December 31, request two W-2c's. For the tax year in which the employee cashed the check, request a W-2c to increase taxable, Medicare subject and social security subject income by the amount covered in the check. For the subsequent tax year, request a W-2c to decrease the taxable, Medicare subject and social security subject income by the same amounts.

Name Misspelled

If the printed W-2 has the employee's name misspelled, complete the following elements on the Request for Corrected W-2 (W-2c):

- Reason for Correction: Other/Comments -- **name as shown on the original W-2**
- Reporting for tax year
- Employee Name – **as it should appear**
- Employee SSN
- Agency Name and Number
- Prepared By

In addition, if you have not already done so, contact your agency's Human Resource office to correct the employee's name in the Position and Personnel Database (the PPDB).

Overpayment of Wages Repaid

If the employee will not repay all or part of an overpayment in the same year that the overpayment occurred, the amount still owed is taxable to the employee for that year. This is because the employee received and had access to the funds during the year (constructive receipt).

For the year of the overpayment, the timing of entries in OSPA affect when an employee will receive a W-2c:

- If an employee has an overpayment and repays it by December run 1, paid January 1, of the same year that the overpayment occurred, we will not do a W-2c for either tax year.
- If at year-end you leave the entries in OSPA that created the overpayment that the employee has not repaid, the employee's W-2 for the year of the overpayment will be correct. When the employee has repaid the overpayment, request a W-2c for the original year of the overpayment. See Attachments section below, Example #8.
- If at year-end you reversed the entries that created the overpayment in that year, the employee will have a net pay negative:
 - Reimburse the Joint Payroll Account
 - Have your agency's accounting office set up an account receivable
 - Work out a repayment plan with the employee

- For the year with the net pay negative, pull the original W-2. Request a W-2c that reflects the amount of the overpayment that the employee has not repaid. See Attachments section below, Example #7.
- When the employee repays the overpayment, request a W-2c for the year of the overpayment to reduce the employee's taxable income by the amount repaid. See Attachments section below, Example #8.

If the repayment plan crosses more than one tax year, you can request a W-2c for the year of the overpayment each tax year or after the employee has completely repaid the overpayment. If you request a W-2c each year, decrease the employee's taxable income for the year of the overpayment by the amount repaid in the current tax year. On the Request for Corrected W-2 (W-2c), answer the question "Has the employee fully repaid all overpayments for requested tax year correction?"

Social Security and Medicare

Some agencies have the business practice of reducing the amount the employee needs to repay by the amount of the employee's refund for social security and Medicare taxes. If your agency follows this practice, your agency will keep the refund for both the employer and employee share of the refund. Review the OSPS.99.13 Tax Refund Certification to make sure the employee has signed and dated the certification "I certify that I choose to receive payment for the over-collected taxes outlined above directly from my employer. I have not and will not file a claim with the Internal Revenue Service for recovery of this refund".

PEBB Dependent Care Flexible Spending Accounts

Before you request a W-2c, obtain approval / confirmation from PEBB of the change to an employee's flexible spending account. Scenarios that you may encounter include:

Move Funds from Dependent Care to Health Care FSA

If the employee has a dependent care FSA and was actually eligible for a health care FSA, BHS, PEBB's third-party administrator (TPA), may transfer the funds to a health care account. This transfer will not change taxable income; but we need to change the reporting. In this case, complete the following on the Request for Corrected W-2 (W-2c). See Attachments section below, Example #4.

- Reason for Correction: Other/Comments – change in FSA
- Detail of Correction Needed, As Reported: Dependent Spending Acct – amount moved, negative
- Detail of Correction Needed, Correct To: Healthcare Spending Acct – amount moved, positive
- Reporting for tax year
- Employee Name and SSN
- Agency Name and Number
- Prepared By

Refund to Employee

Employees may receive a refund from their Dependent Care Flexible Spending Accounts for a variety of reasons. Because OSPA takes the FSA deduction prior to calculating taxes, a refund will increase the employee's taxable income. You will need to adjust the following. See Attachments section below, Example #5.

- Taxable Income
- Social Security Subject Income
- Medicare Subject Income
- Social Security Tax
- Medicare Tax
- Dependent Spending Acct
- Employer Social Security
- Employer Medicare

PEBB Domestic Partner Insurance

Under federal tax law, health insurance benefits provided by an employer to an employee are not taxable for the employee, as long as the benefits are for the employee, or the employee's spouse or eligible tax dependents.

Unless the employee has submitted a PEBB Domestic Partner Certification for Dependent Tax Status for the partner and/or partner's children, the imputed value of the benefit and surcharges for the domestic partner and/or the DP's eligible children is taxable income for the employee.

If you discover incorrect entries for a prior tax year or you learn that the DP and/or eligible children were not tax dependents for the entire prior tax year, request a W-2c. See PEBB's imputed value chart and worksheet for the applicable calendar year or the Imputed Value Report from the Agency Module in PEBB "dot" Benefits (PDB).

See Payroll Processes, PEBB Benefits and the Attachments section below, Example #2.

PEBB Health Care Flexible Spending Accounts

Employees may receive a refund from their Health Care Flexible Spending Accounts for a variety of reasons. Because OSPA takes the FSA deduction prior to calculating taxes, a refund will increase the employee's taxable income.

If you receive notice from PEBB that the employee has received a refund, you will need to adjust the following. See the Attachments section below, Example #6.

- Taxable Income
- Social Security Subject Income
- Medicare Subject Income
- Non-Taxable Income
- Social Security Tax
- Medicare Tax
- Employer Social Security
- Employer Medicare

Social Security Number Incorrect

If the employee's SSN is incorrect on the W-2, complete the following elements on the Request for Corrected W-2 (W-2c):

- Reason for Correction – check Incorrect SS# and enter the **incorrect** SSN
- Reporting for tax year _____
- Employee Name
- Employee SSN -- **correct** SSN
- Agency Name and Number
- Prepared By, including printed and signed name and date

See the Attachments section below, Example #1.

In addition, if you have not already done so, contact your agency's Human Resources office to change the SSN in the PPDB.

EXPENSE REIMBURSEMENTS AND FRINGE BENEFITS

A fringe benefit is a form of pay, other than salary or wages, for services performed. Any fringe benefit is taxable unless the IRS specifically excludes it.

Generally, we report taxable fringe benefits as part of an employee's wages in the tax year in which the employee received the benefit. If the employee receives a taxable fringe benefit, the value should be included on the employee's IRS Form W-2. With the exception of health insurance benefits, the state is not required to report fully nontaxable benefits to the IRS.

To include reimbursements and fringe benefits in the employee's reported wages, the Oregon Accounting Manual (OAM) directs state agencies to pay them through OSPA rather than through accounts payable. OSPA will include these entries on the employee's pay stubs and IRS Form W-2 for the tax year. Each agency will need to establish procedures to ensure that the employee does not receive reimbursement from both OSPA and accounts payable. If the employee receives payment through accounts payable, make a non-cash entry in OSPA to record taxable income.

Enter expense reimbursements and fringe benefits for the current tax year in the current pay period. If you need to record or correct an expense reimbursement or fringe benefit for a prior tax year, do not make entries in OSPA. Instead, see the Corrected W-2 (W-2c) section above.

This section on Expense Reimbursement and Fringe Benefits includes:

- Adjusting Entries
- Recording Entries
- Specific Situations

Before making entries in OSPA, carefully examine the documentation to determine whether a given reimbursement or benefit is taxable or nontaxable. See Specific Situations for Expense Reimbursements and Fringe Benefits in this section below.

DEFINITIONS

Accountable Plan – An allowance or reimbursement policy that meets the following requirements:

- There is a business connection to the expenditure or the reimbursement is for expenses that would be an allowable deduction for the employee on the employee's tax returns
- The employee is required to provide "adequate" accounting for the expenditure(s) within a reasonable amount of time. The employee must submit receipts unless under a per diem plan.
- The employee is required to return excess reimbursements or advances within a reasonable time.

If the policy meets all three criteria, the reimbursements are non-taxable to the employee.

De Minimis (Minimal) Benefits – Any property or service the employer provides to the employee that has so little value that accounting for it would be unreasonable or administratively impracticable is a de minimis benefit and non-taxable. Cash and cash equivalent fringe benefits, no matter how small, are never excludable as a de minimis benefit.

Non-accountable Plan -- If the policy does not meet all three of the criteria for an accountable plan (see above), the policy is a non-accountable plan and the reimbursements are taxable wage to the employee.

In addition, treat the following payments as paid under a non-accountable plan:

- Excess reimbursements that the employee did not return to the employer
- Reimbursements of non-deductible expenses

Non-cash Transaction – This is an entry in OSPA that does not create a payment to an employee or a vendor. The purpose of the transaction is to record taxable value. The entry results in additional taxable income and withholding but does not result in a cash payment.

Working Condition Benefit – Property or services the employer provides an employee to enable the employee to perform his/her job are excluded from taxes if the employee could deduct the cost of the property or service as a business expense if s/he had paid for it.

ADJUSTING ENTRIES FOR EXPENSE REIMBURSEMENTS AND FRINGE BENEFITS

This section describes how to change expense reimbursements and fringe benefits entered in prior months in the same tax year. If the change is for a prior tax year, request a Corrected W-2; see the Corrected W-2 (W-2c) section above.

If you are making the initial entries for an expense reimbursement or fringe benefit, see Recording Entries for Expense Reimbursements and Fringe Benefits and Specific Situations in this section below.

Before making correcting entries, thoroughly research the original entries, carefully plan the changes and create an audit trail.

Research Tools:

OSPA tools that provide information about the original entries include:

- P050 Gross Pay Adjustments screen (by pay period and concurrent job)
- P090 YTD Wages/Taxes/Rtmt screen (updated after each final payroll run)

- P191 Payroll Register Summary screen (updated after each final payroll run, contains pay periods listed on the P190 Payroll Register Data screen)
- XREF44 and XREF46 Payroll Register report (run 1 and run 2 combined)
- B075A and B075B Gross Pay Adjustments reports (after each final payroll run, for that run only)
- XREF68-C Year-to-Date (current tax year) report (after each final payroll run)
- XREF68N Employees with Negative Amount(s) Listed report (after each final payroll run)

Use the following resources to check your work:

- P370 Current Pay Calculation screen
- P091 YTD Wages/Taxes/Rtmt screen (reflects entries made since the last final payroll run, accessed through the P370 screen)
- XREF68-C Year-to-Date report (after each final payroll run)
- XREF68N Employees with Negative Amount(s) Listed report (after each final payroll run)

Planning Entries

Following are some considerations for planning your entries:

Timing -- If the pay period with the original entry is still on the P190 Payroll Register Data screen, make the changes in that pay period and set a corrective on the P190 screen. If the month is no longer on the P190 screen or it is after November run 2 final but before December run 2 final for the tax year, make the change in the current pay period.

Pay Types – If you are correcting an earlier entry, make sure you use the appropriate pay type.

The PTB2 Benefit Package Codes screen lists the pay types available to the employee's benefit package. Check the INC TYP on the PTB2 screen for the original pay type and the pay type you wish to use.

Use the P090 screen to identify the amounts currently posted to these income types:

PTB2 INC TYP	P090/P091 Code	Description
N	NTI	Non-taxable Income
O	OTI	Other Taxable Income
R	ROE	Reimbursement of Expense
T	TXI	Taxable Income

Make sure your new entry will not create a negative amount in an income type.

Sample Entries

The instructions below depict a specific example. The principles apply to entries you may wish to make. Here are the circumstances for the example:

- The employee had meal expenses in both December and January (both months are in the current tax year)
- The agency reimbursed the expenses through accounts payable

- For both December and January, Payroll made entries in OSPA on the P050 screen with pay code MS Reimbursement Taxable Meals. On the PTB2 screen, this pay code has INC TYP: O (other taxable income). It is a non-cash transaction to record the taxable income.
- The agency later learned that the reimbursement was non-taxable under an accountable plan.
- December and January are still on the P190 screen so the agency can enter the changes in the appropriate months and set correctives.
- They have decided that MSN Non-taxable In-state Meals is the most appropriate pay code. On the PTB2 screen, this pay code has INC TYP: R (reimbursement)
- Because MSN creates a cash transaction and the employee has already received reimbursement, the agency will make another entry on the P070 Payroll Deductions screen with deduction code PANN. This will prevent the employee from receiving a second payment.
- Once the agency has made the entries, they will ensure that correctives are set on the P190 screen for both December and January.

Action	More																																																																																																
<p>1. Use the P090 YTD Wages/Taxes/Rtmt screen to research and plan your entries. Make a screen print to create an audit trail.</p> <p>To access the P090 screen:</p> <ul style="list-style-type: none"> ▪ In the upper left corner of any screen, type P090 SSN or employee ID (P090 OR#####) ▪ Press [ENTER] 	<p>This screen summarizes the employee's wages and taxes by tax year. OSPA updates the screen after each final payroll run.</p> <p>OSPA will default to your log-on agency and the current tax year</p>																																																																																																
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Action	More
<p>2. Make screen prints of the original entries on the P050 Gross Pay Adjustments screen.</p> <p>To retrieve a record on the P050 screen for the current pay period:</p> <ul style="list-style-type: none"> In the upper left corner of any screen, type P050 SSN or employee ID (P050 OR#####) Press [ENTER] <p>To retrieve a record on the P050 screen for a prior pay period:</p> <ul style="list-style-type: none"> In the upper left corner of any screen, type P050 SSN or employee ID pay period for the original entry (P050 OR##### MMDDYY) Press [ENTER] 	<p>OSPA will default to your log-on agency and CCJ #1</p>
<pre>P050 OR##### MMYDD</pre>	
<pre>P050 OR##### ,##### ,1,0131YY GROSS PAY ADJUSTMENTS ON FILE LASTNAME, FIRSTNAME PAY STRT STOP ADJ TYP DATE DATE TYP RATE UNITS AMOUNT DAYS TRAN ? MS 0131YY 0131YY A .00 .00 60.00 012111 REIM TXBL ML COMMENT TAX MEALS ? A COMMENT</pre>	<p>See Screen Guides, P050</p>
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<p>3a. If you are adjusting entries in the original closed pay period, use the pay period to retrieve the record and delete the original P050 entry</p> <ul style="list-style-type: none"> ? : d for the entry you wish to delete 	
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<p>3b. If the closed pay period is no longer on the P190 screen and still in the same tax year, make the adjustments in the current pay period. Enter a negative transaction that reverses the original.</p> <p>Duplicate the original entry with negative UNITS (##-) or a negative AMOUNT (####.##-).</p> <p>Adjustment in Current Pay Period</p> <table border="1"> <thead> <tr> <th>PAY TYP</th> <th>STRT DATE</th> <th>STOP DATE</th> <th>ADJ TYP</th> <th>RATE</th> <th>UNITS</th> <th>AMOUNT</th> <th>DAYS WRKD</th> <th>TRAN DATE</th> <th>ERROR MSG</th> </tr> </thead> <tbody> <tr> <td>a ms</td> <td></td> <td></td> <td>A</td> <td></td> <td></td> <td>132.00-</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="9">Reverse 12/31 & 1/31</td> <td>COMMENT taxable/non</td> </tr> </tbody> </table>										PAY TYP	STRT DATE	STOP DATE	ADJ TYP	RATE	UNITS	AMOUNT	DAYS WRKD	TRAN DATE	ERROR MSG	a ms			A			132.00-				Reverse 12/31 & 1/31									COMMENT taxable/non	<p>If you enter the reversal in the current pay period, you can combine multiple months in one transaction.</p> <p>For our example, the employee received \$72.00 in December and \$60.00 in January.</p>																				
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Action	More
<p>4. Then, on the P050 screen, enter the transaction as it should have been. The fields that may apply include the following. Screen samples for our example follow.</p> <ul style="list-style-type: none"> ▪ ?: A (add) ▪ PAY TYP: applicable pay type ▪ STRT DATE: it will default to the pay period you used to retrieve the record ▪ STOP DATE: <ul style="list-style-type: none"> ○ With ADJ TYP: A (one-time), it will default to the STRT DATE ○ With ADJ TYP: blank (on-going), it will default to 999999 ▪ ADJ TYP: possible values include: <ul style="list-style-type: none"> ○ A – one-time, the default ○ Blank – on-going ▪ Either: <ul style="list-style-type: none"> ○ RATE: per unit rate, such as hourly, differential, per mile, monthly rate ○ UNITS: number of units to multiply by the rate, such as hours, miles, months ▪ Or: <ul style="list-style-type: none"> ○ AMOUNT: dollar amount, #####.## (99999.99 or 99999.99-). If you enter RATE and UNITS, OSPA will calculate the AMOUNT. ▪ “Blind fields”: There are four fields for entering labor costing before the COMMENT field. You can also use the first field to enter up to 20 alphanumeric characters for an additional audit trail. See Screen Guides, P050. ▪ COMMENT: audit trail for transaction, up to 12 alphanumeric characters 	

Corrective for Original Pay Period

P050		OR##### , ##### , 1 , 0131YY				GROSS PAY ADJUSTMENTS ON FILE			
LASTNAME , FIRSTNAME									
PAY	STRT	STOP	ADJ				DAYS	TRAN	
TYP	DATE	DATE	TYP	RATE	UNITS	AMOUNT	WRKD	DATE	ERROR MSG
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<p>5. Review your entries. If they are right, press [ENTER].</p> <p>Watch for the message "GP93 TRANSACTION COMPLETE." If you receive another message, see Code Lists, Screen Message Codes or Screen Guides, P050.</p>																																																													
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Action	More
<p>7. For this example, the original MS entry is non-cash. The employee received reimbursement through accounts payable rather than OSPA. The benefit package does not have a pay code for non-cash, non-taxable meals reimbursement. To prevent the cash payment, make a PANN entry on the P070 Payroll Deductions screen.</p> <p>To retrieve a record on the P070 screen for the current pay period:</p> <ul style="list-style-type: none"> In the upper left corner of any screen type P070 SSN or employee ID (P070 OR#####) Press [ENTER] <p>To retrieve a record on the P070 screen for a prior pay period:</p> <ul style="list-style-type: none"> In the upper left corner of any screen type P070 SSN or employee ID pay period end date (P070 OR##### MMDDYY) Press [ENTER] 	<p>OSPA will default to your log-on agency.</p> <p>Without a pay period end date, OSPA will default to the current pay period.</p> <p>If you are setting a corrective for a prior pay period, use that pay period end date to retrieve the record.</p>

Corrective for Original Pay Period

P070 OR##### MMDDYY

P070 OR##### ,##### ,1231YY												
LASTNAME, FIRSTNAME												
DEDUCTIONS AND DEDUCTION ADJUSTMENTS												
DA98 PRESS ENTER FOR NEXT PAGE												
A	DED	PLAN	OPE	DATE	-EMPLOYEE---	SHARE-	JOB	EMPLR	PEBB	VENDOR		
D	CODE	CODE	CD	BEGIN	END	PCT	PCT	FIXED	SHR	SHARE	ADMIN	SHARE
J	DESC	DESC				GRS	NET	AMOUNT	PCT			
?	DCNN	100	N	053109	999999	003		.00		.00	.00	.00
	DEF/COMP			REGULAR		COMM				TRANS DATE	050709	
	ACH	ACCT						ACCT	CD			
?	DONN		N	103108	999999			.00		.00	.00	.00
	SEIU	503	DUE			COMM				TRANS DATE	091208	
	ACH	ACCT						ACCT	CD			
?	KDNN	DDD	D	123109	999999			.00		.00	.00	.00
	KAISER	DENT	EMP&FAMILY			COMM				TRANS DATE	111709	
	ACH	ACCT						ACCT	CD			
?	KDNN	901	D	123109	999999			.00		.00	.00	.00
	KAISER	DENT	EE YTD/AGCY\$			COMM				TRANS DATE	111709	
	ACH	ACCT						ACCT	CD			

Adjustment in the Current Pay Period

P070 OR#####

Action											More	
P070	OR#####	#####	0228YY	DEDUCTIONS AND DEDUCTION ADJUSTMENTS								
LASTNAME, FIRSTNAME												
A	DED	PLAN	OPE	DATE	-EMPLOYEE---	SHARE-	JOB	EMPLR	PEBB	VENDOR		
D	CODE	CODE	CD	BEGIN	END	PCT	PCT	FIXED	SHR	SHARE	ADMIN	SHARE
J	DESC	DESC				GRS	NET	AMOUNT	PCT			
?	DCNN	100	N	053109	999999	003		.00		.00	.00	.00
	DEF/COMP		REGULAR			COMM			TRANS	DATE	050709	
	ACH	ACCT						ACCT	CD			
?	DONN		N	103108	999999			.00		.00	.00	.00
	SEIU	503	DUE			COMM			TRANS	DATE	091208	
	ACH	ACCT						ACCT	CD			
?	KDNN	DDD	D	123109	999999			.00		.00	.00	.00
	KAISER	DENT	EMP&FAMILY			COMM			TRANS	DATE	111709	
	ACH	ACCT						ACCT	CD			
?	KDNN	901	D	123109	999999			.00		.00	.00	.00
	KAISER	DENT	EE YTD/AGCY\$			COMM			TRANS	DATE	111709	
	ACH	ACCT						ACCT	CD			

8. On any deduction segment enter the following. If you are typing over an existing deduction, erase any fields that have data that does not apply.
- **?:** A (add)
 - **ADJ:** A (one-time)
 - **DED CODE DESC:** PANN
 - **PLAN CODE DESC:** blank, space through
 - **DATE BEGIN:** will default to the pay period date you used to retrieve the record
 - **DATE END:** will default to the DATE BEGIN
 - **EMPLOYEE SHARE FIXED AMOUNT:** amount from P050 screen entry
 - **COMM:** 12 characters for an audit trail

Corrective for the Original Pay Period

P070	OR#####	#####	0131YY	DEDUCTIONS AND DEDUCTION ADJUSTMENTS								
LASTNAME, FIRSTNAME												
A	DED	PLAN	OPE	DATE	-EMPLOYEE---	SHARE-	JOB	EMPLR	PEBB	VENDOR		
D	CODE	CODE	CD	BEGIN	END	PCT	PCT	FIXED	SHR	SHARE	ADMIN	SHARE
J	DESC	DESC				GRS	NET	AMOUNT	PCT			
a	a	pann	N		999999			60.00		.00	.00	.00
	DEF/COMP		REGULAR			COMM	rcls	ms/msn	TRANS	DATE	050709	
	ACH	ACCT						ACCT	CD			

Action

More

P070 OR##### ,##### ,1231YY DEDUCTIONS AND DEDUCTION ADJUSTMENTS												
LASTNAME, FIRSTNAME												
A	DED	PLAN	OPE	DATE	-EMPLOYEE---	SHARE-	JOB	EMPLR	PEBB	VENDOR		
D	CODE	CODE	CD	BEGIN	END	PCT	PCT	FIXED	SHR	SHARE	ADMIN	SHARE
J	DESC	DESC				GRS	NET	AMOUNT	PCT			
a	a	pann	N	999999				72.00		.00	.00	.00
	DEF/COMP		REGULAR			COMM	rcls	ms/msn		TRANS	DATE	050709
	ACH	ACCT								ACCT	CD	

Adjustment in Current Pay Period

P070 OR##### ,##### ,0228YY DEDUCTIONS AND DEDUCTION ADJUSTMENTS												
LASTNAME, FIRSTNAME												
A	DED	PLAN	OPE	DATE	-EMPLOYEE---	SHARE-	JOB	EMPLR	PEBB	VENDOR		
D	CODE	CODE	CD	BEGIN	END	PCT	PCT	FIXED	SHR	SHARE	ADMIN	SHARE
J	DESC	DESC				GRS	NET	AMOUNT	PCT			
a	a	pann	N	999999				132.00		.00	.00	.00
	DEF/COMP		REGULAR			COMM	rcls	ms/msn		TRANS	DATE	050709
	ACH	ACCT								ACCT	CD	

9. Review your entries. If they are correct, press [ENTER]. Watch for the message "DA96 TRANSACTION COMPLETE." If you receive other messages, see Screen Guides, P070 or Code Lists, Screen Message Codes.

P070 OR##### ,##### ,0228YY DEDUCTIONS AND DEDUCTION ADJUSTMENTS												
LASTNAME, FIRSTNAME												
DA96 TRANSACTION COMPLETE												
DA98 PRESS ENTER FOR NEXT PAGE												
A	DED	PLAN	OPE	DATE	-EMPLOYEE---	SHARE-	JOB	EMPLR	PEBB	VENDOR		
D	CODE	CODE	CD	BEGIN	END	PCT	PCT	FIXED	SHR	SHARE	ADMIN	SHARE
J	DESC	DESC				GRS	NET	AMOUNT	PCT			
?	A	PANN	N	0228YY	0228YY			132.00		.00	.00	.00
	MAN	CK	AGEN			COMM	RCLS	MS/MSN		TRANS	DATE	0214YY
	ACH	ACCT								ACCT	CD	

10. Again, review the results of your entries on the P370 Current Pay Calculation screen. To access the P370 screen:

- On any screen, in the upper left corner, type P370, employee ID or SSN, pay-period-end-date, current date (P370 OR##### MMDDYY MMDDYY)
- Press [ENTER]

OSPA will default to your log-on agency

P370 OR##### MMDDYY MMDDYY

Action	More																																																																																
Corrective for Original Pay Period																																																																																	
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INCOME TYPE	RATE	UNITS	AMOUNT	TAX /RET	AMOUNT	DEDUCTIONS	AMOUNT																																																																										
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SH DIFF T	.75	162.50	121.88	SIT	25.00	PANN AMAN	60.00																																																																										
ANTXBL M R			60.00	SSEC	14.27	XDNN555 DIRE	298.94																																																																										
AREIM TX O			60.00-	MEDR	4.93																																																																												
				WBF	.18-																																																																												
				ERETG	9.65																																																																												
				SRETG	20.40																																																																												
GROSS	459.92	TX/RT	88.98	DED	370.94	NET/ACH	.00 / 298.94																																																																										
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<p>11. Also compare the P091 YTD Wages/Taxes/Rtmt screen to the P090 YTD Wages/Taxes/Rtmt screen:</p> <p>To access the P091:</p> <ul style="list-style-type: none"> ▪ On the P370 screen, change the CALC YTD? To Y ▪ Press [ENTER] 	<p>OSPA posts to the P090 after each final payroll run. The P091 includes entries made since the last final run.</p>																																																																																

Action										More
P370	OR#####	#####	0228YY	0215YY	O	CALCULATION OF CURRENT PAYOFF				370
LASTNAME, FIRSTNAME										8050-NET PAY NEGATIVE
										NET PAY = .29- GR PAY = 132.00
INCOME TYPE	RATE	UNITS	AMOUNT	TAX /RET	AMOUNT	DEDUCTIONS	AMOUNT			
AREIM TX O			132.00	- SSEC	5.55-	DONN SEIU	5.00			
ANTXBL M R			132.00	MEDR	1.91-	PANN AMAN	132.00			
				ERETG	3.75-	TDNN SEIU	2.75			
				SRETG	7.92-	9999002 NET	.29-			
GROSS	132.00	TX/RT	7.46-	DED	139.46	NET/ACH	.00 /	.00		
CALC YTD? Y										

P091 Screen After January Correction

OR#####	#####	YY	YTD WAGES, TAXES, AND RETIREMENT			
LASTNAME, FIRSTNAME			*** CALCULATED FROM P370 ***			
(TXI)	TAXABLE INCOME	6738.15	(SSS)	SAIF-EMPLR CONTRIB.	0.00	
(ROE)	REIMB. OF EXPENSES	60.00	(PER)	PERS ASSESMENT PAID	0.00	
(NTI)	NON-TAXABLE INCOME	211.16	(ERB)	ERB ASSESMENT PAID	3.50	
(OTI)	OTHER TAXABLE INCOME	72.00	(MTT)	MASS TRANSIT TAX PAID	0.00	
(EIC)	EARNED INCOME CREDIT	0.00	(FSW)	SOC SEC SUBJ WAGES	7018.63	
(FIT)	FED. TAX WITHHELD	404.93	(FTE)	SOC SEC TAX PD EMPLOYE	294.78	
(SIT)	STATE TAX WITHHELD	385.00	(FTS)	SOC SEC TAX PD EMPLR	435.16	
(WES)	WBF PAID - EMPLOYE	4.64	(HSW)	MEDR SUBJECT WAGES	7018.63	
(WSS)	WBF PAID - EMPLOYER	4.64	(HTE)	MEDR TAX PD - EMPLOYE	101.77	
			(HTS)	MEDR TAX PD - EMPLR	101.77	
			(LRO)	LEGIS RETIREMENT OPT	0.00	
----- RETIREMENT -----						
SYSTEM	ACCOUNT	SUBJ WAGES	STATE PU	EMP CONTRIB	STATE MATCH	
G	000000	7021.31	421.29	0.00	199.40	

The P091 screen reflects the entries for that specific pay period. MSN posts to ROE. MS posts to OTI.

The December transaction was for \$72. The January transaction was for \$60.

NOTE: Make sure you have not created a negative amount in a category.

See Screen Guides, P091

P091 Screen After December Correction

OR#####	#####	YY	YTD WAGES, TAXES, AND RETIREMENT			
LASTNAME, FIRSTNAME			*** CALCULATED FROM P370 ***			
(TXI)	TAXABLE INCOME	6340.15	(SSS)	SAIF-EMPLR CONTRIB.	0.00	
(ROE)	REIMB. OF EXPENSES	72.00	(PER)	PERS ASSESMENT PAID	0.00	
(NTI)	NON-TAXABLE INCOME	198.85	(ERB)	ERB ASSESMENT PAID	3.50	
(OTI)	OTHER TAXABLE INCOME	60.00	(MTT)	MASS TRANSIT TAX PAID	0.00	
(EIC)	EARNED INCOME CREDIT	0.00	(FSW)	SOC SEC SUBJ WAGES	6596.32	
(FIT)	FED. TAX WITHHELD	347.66	(FTE)	SOC SEC TAX PD EMPLOYE	277.05	
(SIT)	STATE TAX WITHHELD	354.00	(FTS)	SOC SEC TAX PD EMPLR	408.97	
(WES)	WBF PAID - EMPLOYE	4.82	(HSW)	MEDR SUBJECT WAGES	6596.32	
(WSS)	WBF PAID - EMPLOYER	4.82	(HTE)	MEDR TAX PD - EMPLOYE	95.65	
			(HTS)	MEDR TAX PD - EMPLR	95.65	
			(LRO)	LEGIS RETIREMENT OPT	0.00	
----- RETIREMENT -----						
SYSTEM	ACCOUNT	SUBJ WAGES	STATE PU	EMP CONTRIB	STATE MATCH	
G	000000	6599.00	395.95	0.00	187.41	

Action

More

P091 Screen with Adjustment in Current Pay Period

OR##### ##### YY		YTD WAGES, TAXES, AND RETIREMENT			
LASTNAME, FIRSTNAME		*** CALCULATED FROM P370 ***			
(TXI) TAXABLE INCOME	6350.23	(SSS) SAIF-EMPLR CONTRIB.			0.00
(ROE) REIMB. OF EXPENSES	132.00	(PER) PERS ASSESMENT PAID			0.00
(NTI) NON-TAXABLE INCOME	199.16	(ERB) ERB ASSESMENT PAID			3.50
(OTI) OTHER TAXABLE INCOME	0.00	(MTT) MASS TRANSIT TAX PAID			0.00
(EIC) EARNED INCOME CREDIT	0.00	(FSW) SOC SEC SUBJ WAGES			6546.71
(FIT) FED. TAX WITHHELD	359.97	(FTE) SOC SEC TAX PD EMPLYE			274.96
(SIT) STATE TAX WITHHELD	360.00	(FTS) SOC SEC TAX PD EMPLR			405.90
(WES) WBF PAID - EMPLOYE	4.82	(HSW) MEDR SUBJECT WAGES			6546.71
(WSS) WBF PAID - EMPLOYER	4.82	(HTE) MEDR TAX PD - EMPLOYE			94.93
		(HTS) MEDR TAX PD - EMPLR			94.93
		(LRO) LEGIS RETIREMENT OPT			0.00
----- RETIREMENT -----					
SYSTEM ACCOUNT	SUBJ WAGES	STATE PU	EMP CONTRIB	STATE MATCH	
G 000000	6549.39	392.97	0.00	186.00	

P090 Screen

P090 OR##### ##### YY		YTD WAGES, TAXES, AND RETIREMENT			
LASTNAME, FIRSTNAME					
(TXI) TAXABLE INCOME	6350.23	(SSS) SAIF-EMPLR CONTRIB.			0.00
(ROE) REIMB. OF EXPENSES	0.00	(PER) PERS ASSESMENT PAID			0.00
(NTI) NON-TAXABLE INCOME	199.16	(ERB) ERB ASSESMENT PAID			3.50
(OTI) OTHER TAXABLE INCOME	132.00	(MTT) MASS TRANSIT TAX PAID			0.00
(EIC) EARNED INCOME CREDIT	0.00	(FSW) SOC SEC SUBJ WAGES			6678.71
(FIT) FED. TAX WITHHELD	359.97	(FTE) SOC SEC TAX PD EMPLYE			280.51
(SIT) STATE TAX WITHHELD	360.00	(FTS) SOC SEC TAX PD EMPLR			414.08
(WES) WBF PAID - EMPLOYE	4.82	(HSW) MEDR SUBJECT WAGES			6678.71
(WSS) WBF PAID - EMPLOYER	4.82	(HTE) MEDR TAX PD - EMPLOYE			96.84
		(HTS) MEDR TAX PD - EMPLR			96.84
		(LRO) LEGIS RETIREMENT OPT			0.00
----- RETIREMENT -----					
SYSTEM ACCOUNT	SUBJ WAGES	STATE PU	EMP CONTRIB	STATE MATCH	
G 000000	6681.39	400.89	0.00	189.75	

See Screen Guides, P090

The P090 screen reflects the entries as of the last final payroll run. The December and January MS entries posted to OTI.

12a.If you are correcting the original pay period, the final step is to set a corrective on the P190 Payroll Register Data screen.

Agency Payroll can set a corrective for the current tax year's closed pay periods:

- Press [PAUSE] to clear the screen
- In the upper left corner of the clear screen, type P190 SSN or employee ID (P190 OR#####)
- Press [ENTER]

P190 OR#####

Action											More
P190 Oregon State Payroll - Register Data EmpID: OR##### AG#: ##### LASTNAME, FIRSTNAME											OSPA will default to your log-on agency
Tax Year	Run Type	Tran Type	Rev Flag	Corr Flag	Reg Set	ACH	Net Pay	Check Iss Date	Pay Per End Date		
? 11	O O	O O	N N	N N	02	A	285.75	021511	013111		
? 11	O O	O O	N N	N N	01	A	2324.73	020111	013111		
? 11	O O	O O	N N	N N	02	A	556.91	011411	123110		
? 11	O O	O O	N N	N N	01	A	2229.36	010111	123110		
? 10	O O	O O	N N	N N	02	A	1003.26	121510	113010		
? 10	O O	O O	N N	N N	01	A	2329.21	120110	113010		
? ?											
ENT=Fwd/Upd/Sel CLR=Exit F7=Bwd F8=Fwd											

13. On the P190 screen, for the pay period(s) you are correcting:
- ? : c
 - Corr Flag: y

P190 Oregon State Payroll - Register Data EmpID: OR##### AG#: ##### LASTNAME, FIRSTNAME											Choose the last Reg Set for the Pay Per End Date you wish to correct.
Tax Year	Run Type	Tran Type	Rev Flag	Corr Flag	Reg Set	ACH	Net Pay	Check Iss Date	Pay Per End Date		
c 11	O O	O O	N N	y N	02	A	285.75	021511	013111		
? 11	O O	O O	N N	N N	01	A	2324.73	020111	013111		
c 11	O O	O O	N N	y N	02	A	556.91	011411	123110		
? 11	O O	O O	N N	N N	01	A	2229.36	010111	123110		
? 10	O O	O O	N N	N N	02	A	1003.26	121510	113010		
? 10	O O	O O	N N	N N	01	A	2329.21	120110	113010		
? ?											
ENT=Fwd/Upd/Sel CLR=Exit F7=Bwd F8=Fwd											

14. Review you entries. If they are right, press [ENTER]. Watch for the message RG01 UPDATE COMPLETE. If you receive other messages, see Screen Guides, P190 or Code Lists, Screen Message Codes.

P190 Oregon State Payroll - Register Data EmpID: OR##### AG#: ##### LASTNAME, FIRSTNAME RG01 UPDATE COMPLETE											OSPA will process the changes during the next regular payroll run
Tax Year	Run Type	Tran Type	Rev Flag	Corr Flag	Reg Set	ACH	Net Pay	Check Iss Date	Pay Per End Date		
? 11	O O	O O	N N	Y N	02	A	285.75	021511	013111		
? 11	O O	O O	N N	N N	01	A	2324.73	020111	013111		
? 11	O O	O O	N N	Y N	02	A	556.91	011411	123110		
? 11	O O	O O	N N	N N	01	A	2229.36	010111	123110		
? 10	O O	O O	N N	N N	02	A	1003.26	121510	113010		
? 10	O O	O O	N N	N N	01	A	2329.21	120110	113010		
? ?											
ENT=Fwd/Upd/Sel CLR=Exit F7=Bwd F8=Fwd											

RECORDING ENTRIES FOR EXPENSE REIMBURSEMENTS AND FRINGE BENEFITS

The following instructions describe how to initially enter expense reimbursements and fringe benefits on the P050 Gross Pay Adjustments screen. See Specific Situations below for additional information and pay types.

See Adjusting Entries for Expense Reimbursements and Fringe Benefits above for changing existing entries in subsequent months. If the change is for a prior tax year, request a Corrected W-2 (W-2c); see the Corrected W-2 (W-2c) section above.

Action	More																																																																																																																
<p>1. Before making entries, create an audit trail by making a screen print of the P090 YTD Wages/Taxes/Rtmt screen. This screen summarizes the employee's wages and withholding by tax year. OSPA posts data to the P090 screen after each final payroll run.</p> <p>To access the P090 screen:</p> <ul style="list-style-type: none"> ▪ In the upper left corner of any screen, type P090 SSN or employee ID (P090 OR#####) ▪ Press [ENTER] 	<p>OSPA will default to your log-on agency and the current tax year</p>																																																																																																																
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P090	OR#####	#####	YY	YTD WAGES/TAXES/RETMT	01/28/13	TRNG																																																																																																											
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(ROE)	REIMB. OF EXPENSES	0.00	(PER)	PERS ASSESMENT PAID	0.00																																																																																																												
(NTI)	NON-TAXABLE INCOME	822.52	(ERB)	ERB ASSESMENT PAID	1.70																																																																																																												
(OTI)	OTHER TAXABLE INCOME	0.00	(MTT)	MASS TRANSIT TAX PAID	0.00																																																																																																												
(EIC)	EARNED INCOME CREDIT	0.00	(FSW)	SOC SEC SUBJ WAGES	5466.48																																																																																																												
(FIT)	FED. TAX WITHHELD	799.77	(FTE)	SOC SEC TAX PD EMPLYE	338.92																																																																																																												
(SIT)	STATE TAX WITHHELD	342.00	(FTS)	SOC SEC TAX PD EMPLR	338.92																																																																																																												
(WES)	WBF PAID - EMPLOYE	2.24	(HSW)	MEDR SUBJECT WAGES	5466.48																																																																																																												
(WSS)	WBF PAID - EMPLOYER	2.24	(HTE)	MEDR TAX PD - EMPLOYE	79.26																																																																																																												
			(HTS)	MEDR TAX PD - EMPLR	79.26																																																																																																												
			(LRO)	LEGIS RETIREMENT OPT	0.00																																																																																																												
----- RETIREMENT -----																																																																																																																	
	SYSTEM ACCOUNT	SUBJ WAGES	STATE PU	EMP CONTRIB	STATE MATCH																																																																																																												
	S	#####	5524.00	331.44	0.00	527.54																																																																																																											

Action	More
2. To retrieve a record on the P050 screen: <ul style="list-style-type: none"> ▪ In the upper left corner of any screen, type P050 SSN or employee ID (P050 OR#####) ▪ Press [ENTER] 	OSPA will default to your log-on agency, CCJ #1, and current pay period

P050 OR#####

P050		OR##### ,##### ,1,0131YY				GROSS PAY ADJUSTMENTS ON FILE				
		LASTNAME, FIRSTNAME				GP03 NO ADJUSTMENT SEGMENTS EXIST				
PAY	STRT	STOP	ADJ				DAYS	TRAN		
TYP	DATE	DATE	TYP	RATE	UNITS	AMOUNT	WRKD	DATE	ERROR	MSG
?			A							
								COMMENT		
?			A							
								COMMENT		

See Screen Guides, P050

Action	More
<p>3. Enter data on the P050 screen. The fields that may apply include:</p> <ul style="list-style-type: none"> ▪ ?: required, possible values include: <ul style="list-style-type: none"> ○ A (add) ○ C (change an existing entry) ○ D (delete an existing entry) ▪ PAY TYP: applicable pay type, see Specific Situations for Expense Reimbursements and Fringe Benefits below and Code Lists, Pay and Leave Codes ▪ STRT DATE: allow to default to the current pay period ▪ STOP DATE: <ul style="list-style-type: none"> ○ With ADJ TYP: A (one-time), it will default to the current pay period ○ With ADJ TYP: blank (on-going), it will default to 999999 ▪ ADJ TYP: possible values include: <ul style="list-style-type: none"> ○ A – one-time, the default ○ Blank – on-going ▪ Either: <ul style="list-style-type: none"> ○ RATE: per unit rate, such as hourly, differential, per mile, monthly rate ○ UNITS: number of units to multiply by the rate, such as hours, miles, months ▪ Or: <ul style="list-style-type: none"> ○ AMOUNT: dollar amount, #####.## (99999.99 or 99999.99-). If you enter RATE and UNITS, OSPA will calculate the AMOUNT. ▪ “Blind fields”: There are four fields for entering labor costing before the COMMENT field. You can also use the first field to enter up to 20 alphanumeric characters for an additional audit trail. See Screen Guides, P050. ▪ COMMENT: audit trail for transaction, up to 12 alphanumeric characters 	

Action										More	
Enter Fringe Benefit or Expense Reimbursement											
P050	OR##### ,##### ,1,0131YY				GROSS PAY ADJUSTMENTS ON FILE						
	LASTNAME, FIRSTNAME				GP03 NO ADJUSTMENT SEGMENTS EXIST						
	PAY TYP	STRT DATE	STOP DATE	ADJ TYP	RATE	UNITS	AMOUNT	DAYS WRKD	TRAN DATE	ERROR MSG	
a	svn			A	1.50	26					
										BIPCA##INDEX	COMMENT dec YYYY
a	svn			A	1.50	36					
										BIPCA##INDEX	COMMENT jan YYYY
a	cla			A			200.00				
					boots, shirts						COMMENT uniforms
a	hd						200.00				
											COMMENT st housing
<p>These transactions include some of the possibilities for P050 entries:</p> <ul style="list-style-type: none"> • The SVN entries have RATE and UNITS, OSPA will calculate the AMOUNT when the user presses [ENTER] to save the transaction • For the SVN transactions, BIPCA##INDEX = biennium, PCA, index for this specific transaction. It is in the third “blind” field. • OSPA will allow more than one transaction with the same PAY TYP if you enter something different in the COMMENT field • For the CLA entry, “Boots, shirts” is in the first of the “blind” fields. You can enter project and grant information or use it for an additional comment field. • HD is an on-going entry (ADJ TYP: blank). It is the taxable fair market value (FMV) for state provided housing. 											
<p>4. Review your entries. If they are right, press [ENTER].</p> <p>Watch for the message “GP93 TRANSACTION COMPLETE.” If you receive another message, see Code Lists, Screen Message Codes or Screen Guides, P050.</p>											

Action										More
P050 OR##### ,##### ,1,0131YY LASTNAME, FIRSTNAME					GROSS PAY ADJUSTMENTS ON FILE GP93 TRANSACTION COMPLETE					
PAY TYP	STRT DATE	STOP DATE	ADJ TYP	RATE	UNITS	AMOUNT	DAYS WRKD	TRAN DATE	ERROR MSG	
? CLA	0131YY	0131YY	A	.00	.00	200.00		0126YY		
CLOTH ALLOW			boots, shirts					COMMENT	UNIFORMS	
? SVN	0131YY	0131YY	A	1.50	26.00	39.00		0126YY		
VEH/NON SUB						114200000000		COMMENT	DEC YYYY	
? SVN	0131YY	0131YY	A	1.50	36.00	54.00		0126YY		
VEH/NON SUB						114200000000		COMMENT	JAN YYYY	
? HD	0131YY	999999		.00	.00	200.00		0126YY		
HOUSNG BENFT								COMMENT	ST HOUSING	
<p>5. Review the results of your entries on the P370 Current Pay Calculation screen. To access the P370:</p> <ul style="list-style-type: none"> On any screen, in the upper left corner, type P370, employee ID or SSN, pay-period-end-date, current date (P370 OR##### MMDDYY MMDDYY) Press [ENTER] 										OSPA will default to your log-on agency
P370 OR##### MMDDYY MMDDYY										

Action	More																																																																																																																																																								
<p>P370 OR##### ,##### ,0131YY,0126YY,O CALCULATION OF CURRENT PAYOFF 370 LASTNAME, FIRSTNAME</p> <table border="1"> <thead> <tr> <th>INCOME TYPE</th> <th>RATE</th> <th>UNITS</th> <th>AMOUNT</th> <th>TAX /RET</th> <th>AMOUNT</th> <th>DEDUCTIONS</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>TOTAL-R T</td> <td>5442.00</td> <td>168.00</td> <td>5442.00</td> <td>FIT</td> <td>875.85</td> <td>AKNN001 LONG</td> <td>53.88</td> </tr> <tr> <td>ACLOTH A R</td> <td></td> <td></td> <td>200.00</td> <td>SIT</td> <td>370.00</td> <td>BK11 FOOD</td> <td>25.00</td> </tr> <tr> <td>AVEH/NON O</td> <td>1.50</td> <td>26.00</td> <td>39.00</td> <td>SSEC</td> <td>240.87</td> <td>DCNN100 DEF/</td> <td>765.00</td> </tr> <tr> <td>AVEH/NON O</td> <td>1.50</td> <td>36.00</td> <td>54.00</td> <td>MEDR</td> <td>83.16</td> <td>DONN SEIU</td> <td>92.51</td> </tr> <tr> <td>AHOUSNG O</td> <td></td> <td></td> <td>200.00</td> <td>WBF</td> <td>2.24</td> <td>LCNN UN L</td> <td>75.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>ERETS</td> <td>120.35</td> <td>OTNNAAA ODS</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>SRETS</td> <td>350.52</td> <td>OTNN901 ODS</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>SLNN001 BASI</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>STNN001 SHOR</td> <td>29.39</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>SWNNAAA PSWP</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>TDNN SEIU</td> <td>2.75</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>VSNNAAA VSP</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>XDNN111 DIRE</td> <td>50.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>XDNN120 DIRE</td> <td>112.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>XDNN222 DIRE</td> <td>30.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>XDNN555 DIRE</td> <td>2834.35</td> </tr> <tr> <td>GROSS</td> <td>5642.00</td> <td>TX/RT</td> <td>1572.12</td> <td>DED</td> <td>4069.88</td> <td>NET/ACH</td> <td>.00 / 2834.35</td> </tr> <tr> <td colspan="8">CALC YTD? N</td> </tr> </tbody> </table>	INCOME TYPE	RATE	UNITS	AMOUNT	TAX /RET	AMOUNT	DEDUCTIONS	AMOUNT	TOTAL-R T	5442.00	168.00	5442.00	FIT	875.85	AKNN001 LONG	53.88	ACLOTH A R			200.00	SIT	370.00	BK11 FOOD	25.00	AVEH/NON O	1.50	26.00	39.00	SSEC	240.87	DCNN100 DEF/	765.00	AVEH/NON O	1.50	36.00	54.00	MEDR	83.16	DONN SEIU	92.51	AHOUSNG O			200.00	WBF	2.24	LCNN UN L	75.00					ERETS	120.35	OTNNAAA ODS						SRETS	350.52	OTNN901 ODS								SLNN001 BASI								STNN001 SHOR	29.39							SWNNAAA PSWP								TDNN SEIU	2.75							VSNNAAA VSP								XDNN111 DIRE	50.00							XDNN120 DIRE	112.00							XDNN222 DIRE	30.00							XDNN555 DIRE	2834.35	GROSS	5642.00	TX/RT	1572.12	DED	4069.88	NET/ACH	.00 / 2834.35	CALC YTD? N								<p>See Screen Guides, P370</p>
INCOME TYPE	RATE	UNITS	AMOUNT	TAX /RET	AMOUNT	DEDUCTIONS	AMOUNT																																																																																																																																																		
TOTAL-R T	5442.00	168.00	5442.00	FIT	875.85	AKNN001 LONG	53.88																																																																																																																																																		
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CALC YTD? N																																																																																																																																																									
<p>Some things to notice about this screen:</p> <ul style="list-style-type: none"> The P050 entries are under INCOME TYPE with “A” in front of the description The one letter code under TYPE indicates the INC TYP from the PTB2 Benefit Package Codes screen. Possible values include: <ul style="list-style-type: none"> N = non taxable O = other income R = reimbursement T = taxable 5442.00 (TOTAL-R) + 200.00 (CLOTH A) = 5642.00 (GROSS) GROSS does not include the SVN (VEH/NON) or HD (HOUSNG) entries because they are non-cash – they increase taxable wages without giving the employee cash. 																																																																																																																																																									
<p>6. Also compare the P091 screen to the P090 screen:</p> <p>To access the P091:</p> <ul style="list-style-type: none"> On the P370 screen, change the CALC YTD? To Y Press [ENTER] 	<p>OSPA updates the P090 after each final payroll run. The P091 is from an on-line calculation that includes entries since the last final run.</p>																																																																																																																																																								

Action										More
P370 OR##### ,##### ,0131YY,0126YY,O CALCULATION OF CURRENT PAYOFF										370
LASTNAME, FIRSTNAME										
INCOME TYPE	RATE	UNITS	AMOUNT	TAX /RET	AMOUNT	DEDUCTIONS		AMOUNT		
TOTAL-R T	5442.00	168.00	5442.00	FIT	875.85	AKNN001	LONG	53.88		
ACLOTH A R			200.00	SIT	370.00	BK11	FOOD	25.00		
AVEH/NON O	1.50	26.00	39.00	SSEC	240.87	DCNN100	DEF/	765.00		
AVEH/NON O	1.50	36.00	54.00	MEDR	83.16	DONN	SEIU	92.51		
AHOUSNG O			200.00	WBF	2.24	LCNN	UN L	75.00		
				ERETS	120.35	OTNNAAA	ODS			
				SRETS	350.52	OTNN901	ODS			
						SLNN001	BASI			
						STNN001	SHOR	29.39		
						SWNNAAA	PSWP			
						TDNN	SEIU	2.75		
						VSNNAAA	VSP			
						XDNN111	DIRE	50.00		
						XDNN120	DIRE	112.00		
						XDNN222	DIRE	30.00		
						XDNN555	DIRE	2834.35		
GROSS	5642.00	TX/RT	1572.12	DED	4069.88	NET/ACH	.00 /	2834.35		
CALC YTD? y										

P091 Screen

OR##### ,##### YY		YTD WAGES, TAXES, AND RETIREMENT			
LASTNAME, FIRSTNAME		*** CALCULATED FROM P370 ***			
(TXI) TAXABLE INCOME	9354.00	(SSS) SAIF-EMPLR CONTRIB.	0.00		
(ROE) REIMB. OF EXPENSES	200.00	(PER) PERS ASSESMENT PAID	0.00		
(NTI) NON-TAXABLE INCOME	1530.00	(ERB) ERB ASSESMENT PAID	3.50		
(OTI) OTHER TAXABLE INCOME	293.00	(MTT) MASS TRANSIT TAX PAID	0.00		
(EIC) EARNED INCOME CREDIT	0.00	(FSW) SOC SEC SUBJ WAGES	11177.00		
(FIT) FED. TAX WITHHELD	1678.45	(FTE) SOC SEC TAX PD EMPLYE	469.43		
(SIT) STATE TAX WITHHELD	713.00	(FTS) SOC SEC TAX PD EMPLR	692.97		
(WES) WBF PAID - EMPLOYE	4.59	(HSW) MEDR SUBJECT WAGES	11177.00		
(WSS) WBF PAID - EMPLOYER	4.59	(HTE) MEDR TAX PD - EMPLOYE	162.07		
		(HTS) MEDR TAX PD - EMPLR	162.07		
		(LRO) LEGIS RETIREMENT OPT	0.00		
----- RETIREMENT -----					
SYSTEM ACCOUNT	SUBJ WAGES	STATE PU	EMP CONTRIB	STATE MATCH	
S	#####	11284.00	677.04	0.00	232.46

See Screen Guides, P091

For the sample entries, here are some things to notice between the P091 above and P090 from the last payroll run (following):

- P091 TXI = 4677 from P090 screen + 5442 regular wages for January
- P091 ROE = 200.00 CLA entry on the P050 screen
- P091 OTI = 93.00 for SVN entries and 200.00 HD entry on P050 screen

Action		More
P090 Screen		See Screen Guides, P090
P090	OR##### , ##### YY LASTNAME, FIRSTNAME	
YTD WAGES, TAXES, AND RETIREMENT		
(TXI) TAXABLE INCOME	4677.00	(SSS) SAIF-EMPLR CONTRIB. 0.00
(ROE) REIMB. OF EXPENSES	0.00	(PER) PERS ASSESMENT PAID 0.00
(NTI) NON-TAXABLE INCOME	765.00	(ERB) ERB ASSESMENT PAID 1.75
(OTI) OTHER TAXABLE INCOME	0.00	(MTT) MASS TRANSIT TAX PAID 0.00
(EIC) EARNED INCOME CREDIT	0.00	(FSW) SOC SEC SUBJ WAGES 5442.00
(FIT) FED. TAX WITHHELD	802.60	(FTE) SOC SEC TAX PD EMPLYE 228.56
(SIT) STATE TAX WITHHELD	343.00	(FTS) SOC SEC TAX PD EMPLR 337.40
(WES) WBF PAID - EMPLOYE	2.35	(HSW) MEDR SUBJECT WAGES 5442.00
(WSS) WBF PAID - EMPLOYER	2.35	(HTE) MEDR TAX PD - EMPLOYE 78.91
		(HTS) MEDR TAX PD - EMPLR 78.91
		(LRO) LEGIS RETIREMENT OPT 0.00
----- RETIREMENT -----		
SYSTEM ACCOUNT	SUBJ WAGES	STATE PU EMP CONTRIB STATE MATCH
S #####	5442.00	326.52 0.00 112.11

SPECIFIC SITUATIONS FOR EXPENSE REIMBURSEMENTS AND FRINGE BENEFITS

Award or Bonus Program

The value of tangible personal property as an award for either length of service or safety is non-taxable. Length of service or safety awards of cash, cash equivalents, gift certificates, vacations, meals, lodging, tickets to a theater or sporting event, etc., are taxable. Other types of awards are taxable.

OSPA pay type:

- BAV -- To record the taxable value of a non-cash award or bonus granted through an employee recognition program (COBJ 3195 Longevity-Bonus-Incentive)

Clothing

Work clothes and shoes, uniform allowances and reimbursements are excludable from wages if covered by an accountable plan and the clothing or uniforms are:

- Specifically required as a condition of employment, and
- Not worn or adaptable to general use as ordinary clothing

If the clothing is excludable, the cleaning is also excludable.

For clothing or cleaning allowances, the employee must substantiate the expenses to make the allowance excludable. If the employee does not substantiate the expenses, the allowance becomes taxable.

If the clothing is adaptable for general wear, the reimbursement or allowance is part of the employee's wage and is taxable.

OSPA pay types include:

- **ANA** – Non-cash entry used to record the value of a taxable uniform, protective clothing or shoe allowance/advance when the payment to the employee did not come through OSPA. The entry results in additional taxable income and withholding to the employee but does not result in a cash payment (COBJ 3820 Uniforms Payroll).
- **CLA** – Non-taxable uniform, protective clothing, or shoe cash allowance or reimbursement (COBJ 3820) paid through OSPA under an accountable plan
- **CLT** – Taxable uniform, protective clothing, or shoe cash allowance or reimbursement (COBJ 3820) paid through OSPA
- **CNA** – Taxable cash allowance paid to uniformed employees for cleaning and maintenance of uniforms per a collective bargaining agreement (COBJ 3815 Laundry Services Payroll)

Domestic Partner Insurance

Unless the domestic partner and/or the partner's children qualify as tax dependents for health care coverage, the market or imputed value of the benefit for the domestic partner and/or the DP's eligible children is taxable income to the employee. To record the tax liability for the imputed value, agency payroll makes applicable on-going entries on the P050 Gross Pay Adjustments screen. The entries record non-cash gross pay adjustments that will affect the employee's federal and state income, social security and Medicare subject wages and withholding.

The imputed value is an estimate of the premium an employee would pay if s/he bought the domestic partner coverage on the open market. It is not the same as the premium cost listed in the PEBB Summary Plan Description or on the PTD2 Payroll Ded/Plan Codes screen in OSPA. The PEBB insurance carriers establish the values prior to each plan year. PEBB publishes an updated chart by the end of open enrollment. Agency payroll makes new entries on the P050 screen with the new values each plan year.

The non-cash pay codes entered on the P050 screen include:

- **DPT Domestic Partner Taxable** - This entry records the imputed value of the insurance coverage for the domestic partner and/or the partner's children. It increases the employee's reported federal and state income, social security and Medicare subject wages and withholding.
- **DPN Domestic Partner Non-taxable** -- Part-time and job share employees with part-time medical insurance may have out-of-pocket costs for DP insurance. They may have their tax liability reduced with a negative DPN entry.
- **DPS Domestic Partner Surcharge** – Employees may pay surcharges if the covered domestic partner:
 - Declined insurance coverage through another employer plan
 - Reported the use of tobacco

- Chose not to participate in the Health Engagement Model or did not complete the HEM health assessment.

A positive DPS entry on the P050 screen records the imputed value of the surcharges for the domestic partner and increases the employee's reported federal and state income, social security and Medicare subject wages and withholding.

Agency payroll determines and enters the amounts on the P050 screen. Resources to determine the amount include:

- PDB Home Page Alert if the agency has not yet received the Affidavit of Domestic Partnership
- PDB Imputed Value report through the Agency Module
- PEBB Domestic Partner Worksheet (available from PEBB)

See Payroll Processes, PEBB Benefits.

Educational Assistance

See the following statewide policies for guidance:

- State HR Policy 50.045.01 Employee Development & Implementation of Oregon Benchmarks for Workforce Development
- Collective Bargaining Agreements
- OAM 50.10.00 PO and 50.10.00 PR Education Assistance Payments

OAM 50.10.00.PO requires agencies to reimburse employees through OSPA.

OSPA pay types include:

- EDN – Nontaxable cash payment for an employee's in-state education expenses (COBJ 4406 Professional Development Instate Tuition Registration) under an accountable plan
- EDT – Taxable cash payment for an employee's in-state education expenses (COBJ 4406)

If you need to record a reimbursement for out-of-state education assistance, contact PSS to establish a new pay type.

Expense Reimbursement

A reimbursement or allowance arrangement is a system by which the employer pays advances, reimbursements and charges for an employee's substantiated business expenses. How we report a reimbursement or allowance depends upon whether it falls under an accountable or non-accountable plan (see Definitions in this section above).

OSPA pay types include:

- EOE – Monthly taxable cash expense allowance under a non-accountable plan provided for all elected officials under ORS 292.313 (COBJ 3835 Elected Official Allowance)
- ER – Non-taxable cash reimbursement of non-travel, job-related expenses under an accountable plan (COBJ 4704 Other Supplies)

- EXT -- Taxable cash reimbursement of non-travel job-related expenses incurred by a Legislative member where the reimbursement does not meet the requirements of an accountable plan (COBJ 3805 Member Exp-Payroll Othr Svcs)

Health Insurance

An employer can generally exclude the value of accident or health benefits the employer provides to the employee, spouse and eligible tax dependents. In OSPA, PEBB insurances have a Non Taxable Code of T (taxable) on the PTD1 Payroll Deduction Table screen. If the deduction code has plan codes on the PTD2 Payroll Ded/Plan Codes screen, the alpha plan codes are exempt from federal (FIT) and state (SIT) income, social security and Medicare (FICA) tax withholding. The numeric plan codes are subject to FIT, SIT and FICA.

If you “force” the accident or health insurance premiums because an employee is on LWOP or reduced hours and qualifies for employer paid benefits, use the numeric plan codes unless the employee has enough paid wages to cover the employee’s share of the premiums. If the employee does not have enough wages, an alpha plan code may create negative tax.

NOTE: Because of hard coding in OSPA, the following deduction / plan codes are exceptions to the standard settings on the PTD1 and PTD2 screens:

- For SLNN \$5,000 Basic Life, Plan code 001 is **not subject** to FIT, SIT or FICA. Plan code 101 is subject to FIT, SIT and FICA.
- An employee may cover a domestic partner and/or the partner’s children for medical, dental and vision insurance. If the employee does not claim the partner and/or children as tax dependents, the deductions have plan codes in the 800 series. Although numeric, OSPA treats these deductions as exempt from FIT, SIT and FICA. If you force premiums and the employee does not have enough wages to cover the employee’s share, use plan codes in the 100 series.

See Payroll Processes, PEBB Benefits.

Housing (Lodging)

The value of housing provided to an employee is non-taxable if it meets the following tests:

- It is on the employer’s business premises, which is generally the employee’s place of work
- It is for the employer’s convenience
- The employee must accept it as a condition of employment, because the employee needs to live there to perform his/her duties adequately

If the housing does not meet these tests, the fair market value of the provided housing is taxable as wages. If the employee pays a reduced rent, the difference between the rent and the fair market value (FMV) of the housing is taxable.

OSPA pay type:

- HD -- Non-cash transaction to record the taxable FMV of housing provided by the state

Life Insurance

An employer can generally exclude the cost of up to \$50,000 of group-term life insurance from federal and state income and FICA (social security and Medicare) taxes for an insured employee. The cost of group-term life insurance above \$50,000 of coverage is subject to taxes.

For state employees with PEBB optional group-term life insurance, OSPA automatically treats the premiums for the insurance coverage above \$50,000 as taxable.

Employees in the Judicial Department have non-PEBB group-term life insurance. Agency payroll makes an entry on the P050 screen with pay type EIP Excess Premium to record the taxable amount for coverage above \$50,000. This is a non-cash transaction. IRS Publication 15-B includes the formula for calculating the amount.

Mass Transit Pass

Current federal tax law allows employees to pay for mass transit passes on a pre-tax basis through a payroll deduction. The deduction is exempt from federal and state income, social security and Medicare taxes. The employee must complete an Oregon State Employee Monthly Transit Payroll Deduction Enrollment form, http://oregon.gov/DAS/FleetPark/Documents/tp_salem.pdf.

Meals

Non-travel related meals

Non-travel related meals are generally excludable under the following circumstances:

- They constitute a de minimis benefit, such as coffee, doughnuts or soft drinks or occasional meals, parties or picnics
- The employer provides them at the employee's place of work
- The employer provides them for the convenience of the employer; for example:
 - Food service employees who receive a meal during or immediately before or after a work shift
 - Employees who are available for emergency calls during meals
 - The employee's work schedule provides a short meal period (30 to 45 min.)
 - There are insufficient eating facilities near the place of work
- The meal is directly related to and necessary for attending business meetings or conventions of certain exempt organizations where attendance is related to the trade or business; i.e., a professional or trade association.

If over 50% of the employees receive meals on the employer's business premises for the convenience of the employer, treat all meals provided on the premises as provided for the convenience of the employer.

Travel Related Meals

Under the Internal Revenue Code (IRC), meals related to travel are only excludable if the employee temporarily travels away from his/her tax home overnight or long enough to require a substantial sleep

or rest period and the employee receives reimbursement under an accountable plan. See OAM 40.10.00 Statewide Travel Policy and Travel.

OSPA Pay Types:

- MS – Non-cash transaction to record the value of the reimbursement of taxable in-state meal expense where the reimbursement did not come from OSPA (COBJ 4105 In-state Meals – No Overnight Stay)
- MSN -- Non-taxable cash meal allowance connected to in-state overnight travel under an accountable plan (COBJ 4101 In-state Meals with Overnight Stay)
- MSS -- Non-taxable cash meal allowance connected to overnight out-of-state travel under an accountable plan (COBJ 4151 Out-of-state Meals with Overnight Stay)
- MST – Cash allowance or reimbursement of taxable in-state meal expense (COBJ 4105 In-state Meals-No Overnight Stay)

Moving Expenses

Use IRS Publications, Statewide HR Policies 40.055.10 and 40.055.20, any applicable bargaining agreement and OAM 50.20.00.PO and 50.20.00.PR Moving Expenses to determine expenses that are taxable and nontaxable. OAM 50.20.00.PO requires that agencies pay all moving expenses through OSPA.

OSPA pay types:

- MVN – Cash reimbursement of moving expenses (COBJ 3810 Employee Relocation – Payroll) that meet the IRS test for non-taxable expenses
- MVT – Cash reimbursement of taxable moving expenses (COBJ 3810)

Reimbursement Not Through OSPA

If, in the same tax year, you discover that the employee received reimbursement through another application than OSPA, make the applicable MVN / MVT entries on the P050 screen. Then, make an offsetting entry on the P070 Payroll Deductions screen with deduction code MOVE for the amount the employee has already received. These entries will correctly report the reimbursement on the employee's W-2. **CAUTION:** the MOVE deduction will increase the employee's withholding for the month, without increasing the employee's pay.

Parking

Current federal tax law allows employees who pay for parking by payroll deduction to pay on a pre-tax basis. The IRC defines the qualified parking expenses. They are exempt from federal and state income, social security and Medicare taxes.

By default, all OSPA deductions for parking are on a pre-tax basis. The employee must complete a Pre-Tax Parking Plan Waiver form, <http://www.oregon.gov/DAS/FleetPark/Documents/pretax.pdf> to make the deduction post-tax.

Licenses and Dues

An employer may reimburse an employee for the cost of professional licenses and dues to professional organizations when they are a necessary part of the employee's job or directly relate to the agency's mission. In this instance, the reimbursement is excludable if paid under an accountable plan.

Tool Allowance

Under some bargaining agreements, the state reimburses employees for the purchase, replacement or repair of employee-owned "tools of the trade." These reimbursements are non-taxable under an accountable plan.

OSPA pay types:

- TLA – cash reimbursement under an accountable plan to employees for the purchase, replacement or repair of their personal "tools of the trade" used on the job (COBJ 3820 Uniforms Payroll)
- TLT – taxable cash allowance or reimbursement paid to an employee under a non-accountable plan for the purchase, replacement or repair of the employee's personal "tools of the trade" used on the job (COBJ 3820 Uniforms Payroll)

Transportation

Transportation expenses are costs for local business travel that is not away from the tax home area overnight and is in the general vicinity of the principal place of business. They may include:

- Air, train, bus, shuttle and taxi fares in the area
- Mileage expenses or costs of operating a vehicle
- Tolls and parking fees

They are excludable if paid under an accountable plan.

Mileage

If the mileage rate is \leq the federal rate, the allowance is not reportable or taxable. The amount above the federal rate is taxable and reportable. State policy usually follows the current federal rate. See OAM 40.10.00 Statewide Travel Policy.

OSPA pay types:

- CMM – used for mileage reimbursements to employees through OSPA for the use of a private vehicle for nontaxable instate travel. Paid at the reduced rate under an accountable plan. (COBJ 4110 Instate Mileage Reimbursement – Reduced Rate)
- CMN – used for mileage reimbursements to employees through OSPA for the use of a private vehicle for nontaxable instate travel. Paid at the full rate under an accountable plan. (COBJ 4109 Instate Mileage Reimbursement – Full Rate)

- **CMR** – used for mileage reimbursements to employees through OSPA for the use of a private vehicle for nontaxable out-of-state travel. Paid at the reduced rate under an accountable plan. (COBJ 4163 Out-of-state Mileage Reimbursement – Reduced Rate)
- **CMS** – used to reimburse employees through OSPA for the use of a private vehicle for nontaxable out-of-state travel. Paid at the full rate under an accountable plan. (COBJ 4162 Out-of-state Mileage Reimbursement – Full Rate)
- **CMT** – used to reimburse employees through OSPA for the use of a private vehicle for taxable in-state mileage / ground transportation expenses (COBJ 4103 Instate Mileage Reimbursement)
- **MIF** – used for mileage reimbursements to employees through OSPA for the use of a private vehicle for nontaxable in-state travel for professional development activities. Paid at the full rate under an accountable plan. (COBJ 4450 Professional Development Instate Mileage Reimbursement – Full Rate)
- **MIR** - used for mileage reimbursements to employees through OSPA for the use of a private vehicle for nontaxable in-state travel for professional development activities. Paid at the reduced rate under an accountable plan. (COBJ 4451 Professional Development Instate Mileage Reimbursement – Reduced Rate)
- **MOF** - used for mileage reimbursements to employees through OSPA for the use of a private vehicle for nontaxable out-of-state travel for professional development activities. Paid at the full rate under an accountable plan. (COBJ 4452 Professional Development Out-of-state Mileage Reimbursement – Full Rate)
- **MOR** - used for mileage reimbursements to employees through OSPA for the nontaxable use of a private vehicle for out-of-state travel for professional development activities. Paid at the reduced rate under an accountable plan. (COBJ 4453 Professional Development Out-of-state Mileage Reimbursement – Reduced Rate)

Travel

OAM 40.10.00 Statewide Travel Policy, 40.20.00 Travel Advances and 40.20.10.PO and 40.20.10.PR Corporate Travel Card define the state’s travel policy and methods of payment. The state has an accountable plan for travel.

Travel expense reimbursements may include:

- Costs to travel to and from the business destination
- Transportation costs while at the business destination
- Lodging, meals and incidental expenses
- Cleaning, laundry and other miscellaneous expenses

Under the IRC, travel expense reimbursement is only excludable if the employee travels away from his/her tax home overnight or long enough to require a substantial sleep or rest. Generally, the tax home is the general vicinity around the employee’s regular place of business or official duty station. The reimbursement is excludable if the assignment away from the tax home is temporary (less than one year). If it is indefinite (more than one year), it is taxable.

The employee may submit a 75.40.01.FO Travel Expense Detail Sheet for payment through accounts payable.

Advances

See OAM 40.20.00 Travel Advances for guidelines.

OSPA pay type:

- TTA -- To record non-cash taxable travel expenses when an employee received a travel advance through accounts payable and did not return the excess amount or provide receipts timely. Recorded as taxable wages. It is currently in the CO benefit package only. Contact PSS if you want to add it to another benefit package.

Lodging

OSPA pay types:

- ILN – nontaxable cash reimbursement under an accountable plan for in-state lodging as a business expense when the employee is on overnight travel (COBJ 4106 Instate Lodging)
- ILS – nontaxable cash reimbursement under an accountable plan for out-of-state lodging as a business expense when the employee is on overnight travel (COBJ 4150 Out-of-state Lodging)

Miscellaneous Travel Expense

Miscellaneous expenses are not part of per diem. They include such costs as cab fare, fax, telephone charges, room tax, energy surcharge, laundry and cleaning and pressing of clothes.

OSPA pay types:

- MTR – non-taxable cash reimbursement for miscellaneous in-state travel expenses paid through OSPA (COBJ 4104 Instate Travel Miscellaneous Expenses) under an accountable plan
- MTS – non-taxable cash reimbursement for miscellaneous out-of-state travel expenses paid through OSPA (COBJ 4154 Out-of-state Travel Misc Expense) under an accountable plan

Per Diem

The employer may reimburse the actual expenses for travel or use a per diem allowance method. OAM 40.10.00 Statewide Travel Policy recommends using the per diem method and describes the expenses covered with the per diem, as well as the current rates.

Vehicle

If an employee has an assigned state vehicle garaged at home and uses it to commute to the employee's official duty station, that use of the vehicle is a taxable fringe benefit.

See OAM 50.30.00.PO and 50.30.00.PR Fringe Benefits - Vehicles and IRS Publication 15-B Employer's Tax Guide to Fringe Benefits for guidance in establishing the correct method and rules for valuation.

For the valuation options, the employee must maintain a log and submit it to the agency at the end of the month or quarter.

OAM 50.30.00.PR requires that you record the value of the non-cash fringe benefit through OSPA either monthly or quarterly. You can defer reporting the November and December benefit to the next tax year. If you defer these months, you must do so for all employees who receive the benefit and must do it for each tax year.

OSPA pay types:

- SMN – To record the non-cash taxable value of the personal use of a state-owned vehicle garaged at the employee's home under the cents-per-mile rule
- SVN – To record the non-cash taxable value of the personal use of a state-owned vehicle garaged at the employee's home under the commuting valuation rule

FOREIGN NATIONALS (ALIENS)

This section gives guidance and resources for agency payroll when an agency hires a foreign national.

Your agency's Human Resources will ask a new employee to complete the USCIS I-9 form.

- If the new employee checks "A Lawful Permanent Resident" on the USCIS I-9, process the employee's IRS Form W-4 as you would process a W-4 for a U.S. citizen. See the Income Tax Withholding section below.
- If the new employee checks the "An alien authorized to work until" box in Section 1 of the USCIS I-9, ask the employee to complete Form OSPA 99.01 Determination of Foreign National's Residency. The form leads the employee through the IRS substantial presence tests defined in IRS Publication 519 U.S. Tax Guide for Aliens. This will determine whether the employee is a resident or a nonresident alien. Depending on the determination, use the process either for Non-immigrant **Nonresident** Aliens or for Non-immigrant **Resident** Aliens below.

DEFINITIONS

Alien – For U.S. tax purposes, an alien is an individual who is not a U.S. citizen.

Green Card Test – The foreign national meets the green card test if the individual is a lawful permanent resident of the U.S. at any time during the calendar year. You may see the document described as a resident alien card, permanent resident card, alien registration receipt card or Form I-551. The individual will have an immigrant status and be a resident alien for tax purposes.

Non-resident Alien -- If the foreign national does not meet the green card or substantial presence test for the calendar year, the individual is a non-resident alien. The U.S. taxes non-resident aliens on their income from sources within the U.S. and on certain income connected with the conduct of a trade or business in the U.S. A non-resident alien will have a non-immigrant status.

Resident Alien -- If the foreign national meets the green card or the substantial presence test for the calendar year, the individual is a resident alien. The U.S. generally taxes resident aliens on their worldwide income, the same as U.S. citizens. If the individual has an immigrant status, s/he will meet the green card test and be a resident alien. If the individual has a non-immigrant status, s/he will be a resident alien if s/he meets the substantial presence test.

Substantial Presence Test – The U.S. government defines the number of days the individual must be physically present in the U.S. within a three-year period to meet the substantial presence test. There are some exceptions to the days to count. The individual will have a non-immigrant status.

Foreign National – Any person who is not a U.S. citizen

USCBP – U.S. Customs and Border Protection, Department of Homeland Security

USCIS – U.S. Citizenship and Immigration Services, Department of Homeland Security

Visa – a travel permit that indicates that a U.S. consular officer at an American embassy or consulate has reviewed the foreign national's application and determined that the individual is eligible to travel to the U.S. for a specific purpose. It does not guarantee entry to the U.S. See the U.S. State Department and USCIS web sites (see Background Information below, Authority/Reference section) for information on types of visas and their requirements.

Immigrant Visa -- A foreign national who intends to live permanently in the U.S. will receive an immigrant visa. For tax purposes, the individual will be a resident alien through the green card test.

Non-immigrant Visa – A foreign national who wishes to enter the U.S. on a temporary basis for tourism, medical treatment, business, temporary work, study or similar reasons will receive a specific kind of non-immigrant visa, depending upon the purpose of the visit. For tax purposes, the individual may be a resident or non-resident alien, depending upon the results of the substantial presence test.

Status -- When the individual arrives at a U.S. port of entry, a USCIBP officer will review the individual's visa and other documentation and determine the status under which the individual will enter the country. The status will normally correspond to the type of visa.

PREREQUISITES

All new employees must:

- Complete Section 1 on the USCIS Form I-9 Employment Eligibility Verification and submit supporting documentation listed in Section 2 (<http://www.uscis.gov/files/form/i-9.pdf>) to agency Human Resources
- Submit an IRS Form W-4 Employee's Withholding Allowance Certificate (<http://www.irs.gov/pub/irs-pdf/fw4.pdf>) to agency Payroll

An employee who checks the "An alien authorized to work until" in Section 1 of the Form I-9 must submit:

- Form OSPA 99.01 Determination of Foreign National's Residency, <http://oregon.gov/DAS/Financial/Payroll/Documents/OSPA.99.01.pdf> to agency Payroll

Nonresident aliens who are claiming exemption from withholding should also submit:

- IRS Form 8233 Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual, <http://www.irs.gov/pub/irs-pdf/f8233.pdf> to agency Payroll

Resident aliens who are claiming exemption from withholding under a savings clause in a Tax Treaty should also submit:

- IRS Form W-9 Request for Taxpayer Identification Number and Certification, <http://www.irs.gov/pub/irs-pdf/fw9.pdf> to agency Payroll

Aliens who are claiming exemption from social security and Medicare taxes because of a Totalization agreement should also submit:

- Certificate of Coverage from the employee's home country to agency Payroll

NON-IMMIGRANT NONRESIDENT ALIENS

If the foreign national does not meet the green card or substantial presence test for the calendar year, the individual is a non-resident alien. There are special considerations for both FICA and income taxes.

FICA (Social Security and Medicare) Taxes

Generally, nonresident aliens have liability for social security and Medicare taxes on wages paid to them for services performed in the United States.

There are circumstances where the nonresident alien will be exempt from FICA. They include:

- The employee's visa status may exempt the employee from FICA. See IRS Publications 15, 515 and 519.
- A nonresident alien may also be exempt from social security and Medicare taxes through a Totalization agreement with the alien's home country. If an employee is exempt by a Totalization agreement, the employee gives the employer a Certificate of Coverage from the home country.

The Social Security Administration (SSA) administers the Totalization agreements. See the SSA web site for a list of the countries, and a summary and the text for each agreement.

If the employee is exempt from FICA taxes, change FICA SUBJ to N on the P010 Withholding/Retirement Info screen. Notify PSS that the employee is exempt.

CAUTION: If an employee has claimed exemption from FICA, do not use a deduction and plan code on the P070 Payroll Deductions screen that is FICA exempt (see Screen Guides, PTD1, Nontaxable Code). This entry will create negative social security and Medicare tax. You will see the message “5100-FICA EXEMPT W/INVALID PLAN DED CODE/PLAN = AAAA/AAA DATE = YYYYMMDD” on the P370 Current Pay Calculation screen and the E120-042A, E120-052A, E122-042A, E122-046A, and E122-056A Payroll Exception Reports.

EXCEPTIONS: Because of hard coding in OSPA, the following deduction / plan codes are exceptions to the standard settings on the PTD1 Payroll Deduction Table and PTD2 Payroll Ded/Plan Codes screens:

- For SLNN Agency Basic Life, Plan code 001 is **not subject** to FIT, SIT or FICA. Plan code 101 is subject to FIT, SIT and FICA.
- An employee may cover a domestic partner and/or the partner’s children for medical, dental and vision insurance. If the employee does not claim the partner and/or children as tax dependents, the deductions have plan codes in the 800 series. Although numeric, OSPA treats these deductions as exempt from FIT, SIT and FICA.

Income Tax

Wages and other compensation paid to a nonresident alien for services performed as an employee are usually subject to graduated withholding at the same rates as resident aliens and U.S. citizens, unless a law specifically excludes a type of compensation from the term “wages” or the employee is exempt from tax by treaty.

Exemption from Income Tax

If a non-resident alien wishes to claim an exemption from withholding of U.S. income taxes because the individual’s country has a tax treaty with the U.S., the individual must complete IRS Form 8233 Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual.

The U.S. maintains tax treaties with more than 40 countries. Their terms and conditions vary. IRS Publication 515 Withholding of Tax on Nonresident Aliens and Foreign Entities and Publication 901 U.S. Treaties provide a list of the countries that have tax treaties with the U.S., the tax rates on different kinds of income, and the kinds of income that are exempt from taxes.

If the employee is exempt from income tax withholding, enter STAT: N, EXEM: 00 and ADDL: 0000 for both FEDERAL and STATE on the P010 screen. See the Income Tax Withholding section below.

Notify PSS that the employee is exempt.

Some treaties have a maximum amount of compensation that is exempt from withholding. Publication 515 includes summaries of each treaty, including any maximums. If there is a maximum, you will need to track the employee's wages and change the P010 screen when the employee has received the maximum allowed compensation that is exempt from withholding.

The employee must resubmit form 8233 each tax year. OSPA produces the E370-06-1 Income Tax Exemptions report each quarter (see OSPS Processing Calendar, Q# dates). By the final cut-off for December run 1, ensure that you have received a new 8233 from nonresident aliens who are exempt. If you have not, change the P010 screen to single with zero allowances or use the last valid W-4 that you have on file for the employee.

The employee will receive a Form W-2 for wages that are subject to withholding and OSPA withheld the taxes. The employee will receive a Form 1042-S Foreign Person's U.S. Source Income Subject to Withholding for wages that are exempt from tax under a tax treaty.

See **CAUTION** under FICA (Social Security and Medicare) Taxes above.

Income Tax Withholding Calculation

Generally, nonresident aliens are not eligible for the standard deduction on their federal income tax returns. Generally, employers must add an additional amount to the income tax withholding for nonresident aliens to offset the standard deduction built into the tax tables.

The amount added:

- Is not income or wages to the employee
- Does not affect social security or Medicare taxes
- Is not reportable as income or wages on the employee's W-2

For instructions in calculating the withholding, see IRS Publication 15 (Circular E) (2013, page 21), "Withholding Adjustment for Nonresident Alien Employees." Enter that amount in the ADDL column for FEDERAL on the P010 Withholding/Retirement Info screen. See the Income Tax Withholding section below.

Tips for calculating the additional amount:

- OSPA uses the Percentage Method, Monthly Payroll Period
- If in a given pay period the employee's gross pay varies from the amount you used to calculate the withholding, request a P060 Tax/OPE Adjustments on File entry for the change in FIT. Make the request between preliminary and final run 2 for the pay period. See Income Tax Withholding below, Adjusting Current Year Withholding section.
- **REMINDER:** If the employee has some wages and LWOP, OSPA will deduct the ADDL amount, even if it creates a net pay negative
- Remember to document the calculations in the employee's file

General Process

Action	More
<p>1. In addition to the Form OSPA 99.01, the employee completes an IRS Form W-4 Employee's Withholding Allowance Certificate.</p> <p>Publication 15 (Circular E) provides instructions to the nonresident alien for completing the Form W-4. Generally, a nonresident alien:</p> <ul style="list-style-type: none"> ▪ May not claim exemption from withholding on the W-4 ▪ May only file as single, even if married ▪ May only claim zero or one withholding allowance ▪ Will write "non-resident alien" or "NRA" above the dotted line on line 6 	<p>See the instructions for IRS Form 8233 and IRS Publication 519 for the aliens who may claim more than one withholding allowance.</p>
<p>2. If a nonresident alien employee claims an exemption from withholding because of a tax treaty, the individual completes IRS Form 8233.</p>	<p>See IRS Publication 515 for a list of tax treaties.</p>
<p>3a. Follow the instructions in the Income Tax Withholding section below for entering and processing the nonresident alien's W-4.</p> <p>3b. Because nonresident aliens are not entitled to the standard federal deduction, you also need to enter an additional withholding amount for federal taxes. See Nonresident Aliens, Income Tax, Withholding Calculation immediately above and the Income Tax Withholding section below.</p>	
<p>4a. If the employee is exempt from social security and Medicare taxes under a Totalization agreement, the employee submits a Certificate of Coverage from the employee's home country.</p> <p>4b. If the employee claims exemption from social security and Medicare taxes because of the employee's immigration status, confirm the employee's exemption.</p>	
<p>5. If the employee is exempt from social security and Medicare taxes, change FICA SUBJ to N on the P010 screen</p>	
<p>6. If the employee has claimed exemption from withholding for income, social security or Medicare taxes, notify PSS</p>	
<p>7. At the end of each tax year, ask the employee to submit a new OSPA Form 99.01 Foreign National Residency Determination</p>	
<p>8. If the employee still claims exemption from withholding because of a tax treaty, also have the employee submit a new IRS Form 8233 at the beginning of each new tax year.</p>	

NON-IMMIGRANT RESIDENT ALIENS

FICA (Social Security and Medicare) Taxes

Generally, resident aliens have the same liability for social security and Medicare taxes as U.S. citizens.

A resident alien may be exempt from social security and Medicare taxes through a Totalization agreement with the alien's home country. If an employee is exempt by a Totalization agreement, the employee gives the employer a Certificate of Coverage from the home country. The Social Security Administration (SSA) administers the Totalization agreements. See the SSA web site for a list of the countries, and a summary and the text for each agreement.

If the employee is exempt, change FICA SUBJ to N on the P010 Withholding/Retirement Info screen. Notify PSS.

CAUTION: If an employee has claimed exemption from FICA, do not use a deduction and plan code on the P070 Payroll Deductions screen that is FICA exempt (see Screen Guides, PTD1, Nontaxable Code). This entry will create negative social security and Medicare tax. You will see the message "5100-FICA EXEMPT W/INVALID PLAN DED CODE/PLAN = AAAA/AAA DATE = YYYYMMDD" on the P370 Current Pay Calculation screen and the E120-042A, E120-052A, E122-042A, E122-046A, and E122-056A Payroll Exception Reports.

EXCEPTIONS: Because of hard coding in OSPA, the following deduction / plan codes are exceptions to the standard settings on the PTD1 Payroll Deduction Table and PTD2 Payroll Ded/Plan Codes screens:

- For SLNN Agency Basic Life, Plan code 001 is **not subject** to FIT, SIT or FICA. Plan code 101 is subject to FIT, SIT and FICA.
- An employee may cover a domestic partner and/or the partner's children for medical, dental and vision insurance. If the employee does not claim the partner and/or children as tax dependents, the deductions have plan codes in the 800 series. Although numeric, OSPA treats these deductions as exempt from FIT, SIT and FICA.

Income Tax

Generally, only nonresident aliens may use a tax treaty to claim exemption from income tax withholding or eligibility for reduced withholding. Most tax treaties contain a "saving clause" that may permit an exemption from tax to continue for a nonresident alien who has become a resident alien (see IRS Publication 515).

If an employee is a resident alien and qualifies under a saving clause in a tax treaty, the employee should submit an IRS form W-9 with a statement attached that includes the following:

- The treaty country
- The treaty article addressing the income
- The article number or location in the tax treaty that contains the saving clause and its exceptions
- The type and amount of income that qualifies for the exemption from tax

- Sufficient facts to justify the exemption from tax

If the employee is exempt from income tax withholding, enter STAT: N, EXEM: 00 and ADDL: 0000 for both FEDERAL and STATE on the P010 Withholding/Retirement Info screen. Notify PSS. See CAUTION under FICA (Social Security and Medicare) Taxes immediately above.

The employee will receive a Form W-2 for wages that are subject to withholding and OSPA withheld the taxes. The employee will receive a Form 1042-S Foreign Person's U.S. Source Income Subject to Withholding for wages that are exempt from tax under a tax treaty.

General Process

Action	More
1. In addition to the Form OSPA 99.01, the employee completes an IRS Form W-4 Employee's Withholding Allowance Certificate. The U.S. taxes resident aliens as though they are U.S. citizens. They may claim exemption, any number of allowances and an additional withholding amount, like a U.S. citizen.	
2. If the employee is exempt from income tax withholding under a tax treaty, the employee also submits an IRS Form W-9 Request for Tax Payer Identification and Certification.	
3a. If the employee is exempt from social security and Medicare taxes under a Totalization agreement, the employee submits a Certificate of Coverage from the employee's home country. 3b. If the employee claims exemption from social security and Medicare taxes because of the employee's immigration status, confirm the employee's exemption.	
4. Follow the the process in the Income Tax Withholding section below for entering and processing the resident alien's W-4.	
5. At the end of each tax year, ask the employee to submit a new OSPA Form 99.01	

INCOME TAX WITHHOLDING

All new employees must:

- Complete Section 1 on the USCIS Form I-9 Employment Eligibility Verification and submit supporting documentation listed in Section 2 (<http://www.uscis.gov/files/form/i-9.pdf>) to agency Human Resources
- Submit an IRS Form W-4 Employee's Withholding Allowance Certificate (<http://www.irs.gov/pub/irs-pdf/fw4.pdf>) to agency Payroll

Agency payroll enters the information from the W-4 on the P010 Withholding/Retirement Info screen in OSPA. This section includes:

- Adjusting Current Year Withholding
- Entering Income Tax Withholding Information
- Exemption from Withholding
- Mandatory Withholding

ADJUSTING CURRENT YEAR WITHHOLDING

In most cases, if needed, you can adjust an employee's wages and taxes by correcting the original entry – either by setting a corrective for the applicable pay period or making a correcting entry on the P050 screen in the current pay period.

You can also ask PSS to adjust small amounts on the P060 Tax/OPE Adjustments screen.

- The **XREF68N Employees with Negative Amount(s) Listed report** includes employees that have negative tax in the current tax year in OSPA. If you do not correct the negative taxes before W-2's print, the W-2 may be incorrect or not print.
- The **E357-030 Separated Employees with Net Pay Positive Adj report** lists employees who have a SEPARATION DT/REASON on the P030 Job Status Data screen and a <\$10.00 **positive** adjustment to their income.

If the adjustment amount is between \$1.00 and 9.99 or there are not current FINAL CHECK ISSUED and FINAL CHECK PERIOD ENDING dates on the P010 screen, either request a manual check or request that PSS adjust taxable income and withholding on the P060 Tax/OPE Adjustments screen.

PSS cannot make P060 adjustments after December 31 for a given tax year. If you identify the positive adjustment after year-end, pay the employee, regardless of the amount.

ENTERING INCOME TAX WITHHOLDING

Agency payroll enters each employee's withholding from the IRS W-4 Employee's Withholding Allowance Certificate on the P010 Withholding/Retirement Info screen.

The State of Oregon uses the federal W-4, rather than a separate state form. The P010 screen includes a section for FEDERAL and another for STATE. If the employee wishes to have different withholding instructions for state and federal taxes, ask the employee to:

- Submit two W-4's
- Write "For Oregon Only" on the bottom of the W-4 for Oregon withholding

W-4

When you receive a W-4 from an employee, consider the following:

Additional Flat Dollar Amount to Withhold

An employee may request that the state withhold an additional flat dollar amount from his/her pay each month for taxes.

The employee's withholding must be based on marital status and withholding allowances. The employee may not leave these sections of the W-4 blank or claim himself exempt and designate a flat dollar amount.

CAUTION: OSPAs will withhold a flat dollar amount, even if the employee does not have enough pay to cover it, thus, creating a net pay negative.

See Background Information below, Authority / References section for net pay calculators employees may use to determine the withholding they want.

Effective Date

The IRS requires that you put a new W-4 into effect no later than the start of the first payroll period ending on or after the 30th day from the date you received the W-4, unless there is a lock-in letter in effect.

If the employee submits a W-4 prior to payroll run 1, enter the new information for the current pay period. Generally, if run 1 has already processed, enter the new information for the next pay period. If you make an entry for the current month between run 1 and run 2 and the entry decreases the amount withheld, you will create a negative tax, which may prevent an employee from receiving a W-2.

Invalid Form W-4

Employees make a W-4 invalid by:

- Crossing out any language on the standard IRS form
- Claiming an exemption and also entering withholding allowances or an additional amount
- Falsification of any of the information
- Entering an additional amount without also entering withholding allowances

When you get an invalid Form W-4, do not use it to make entries on the P010 screen. Ask the employee to complete a new W-4 that provides clear instruction. If the employee does not provide a new form and you do not have a prior W-4 from the employee, enter STAT of S and EXEM of 00 on the P010 screen. If you have an earlier valid Form W-4 for the employee, withhold as you did before.

An employee who submits a false Form W-4 may be subject to a penalty.

Withholding Allowances

Under OAR 150-316.182(4), we must send an employee's W-4 that claims more than 10 withholding allowances or exemption from withholding to the Oregon Department of Revenue within 20 days. Forward a copy of the W-4 to PSS to forward it to the Oregon Department of Revenue.

New Employee

See <http://www.irs.gov/pub/irs-pdf/fw4.pdf?portlet=3> for the IRS Form W-4. Oregon uses the IRS form, rather than a separate state form.

For a new employee, the defaults on the P010 screen include the following:

- TAX DATA FOLLOW-UP FLAG: Y
 - This is a reminder that the employee needs to submit a W-4. When you enter the employee's W-4 information, change the flag to N.

- FEDERAL and STATE:
 - STAT: S, single
 - EXEM: 00
 - ADDL: 0000
 - The IRS requires this withholding level if the employee has not submitted a valid W-4

- FICA SUBJ: Y
 - This means the employee's wages are subject to FICA (social security and Medicare) taxes

Action	More
1. To retrieve the employee's record on the P010 screen: <ul style="list-style-type: none"> ▪ In the upper left corner of any screen, type P010 employee ID or SSN (P010 OR#####) ▪ Press [ENTER] 	OSPA will default to your log-in agency number
P010 OR#####	

Action

More

See Screen Guides, P010

P010	OR#####	#####	WITHHOLDING DATA / LOCATOR DATA				010					
	LASTNAME, FIRSTNAME		WH02 ENTER UPDATES									
RDC/CREW/CST	CTR		440		-----MANDATORY WITHHOLDING-----							
? TAX DATA FOLLOW-UP FLAG:	Y		BEG DATE	STAT	EXEM	ADDL	END DATE					
? FINAL CHECK ISSUED:	000000		? FED	000000	00	0000	000000					
? FINAL CHECK PERIOD ENDING:	000000		? STATE	000000	00	0000	000000					
? RETIREMENT START DATE:	000000											
EFF	----FEDERAL----		----STATE----		RTMT	RTMT	RTMT	FICA	SAIF	UNEM		
DATE	STAT	EXEM	ADDL	STAT	EXEM	ADDL	SYST	STAT	ACCT	SUBJ	SUBJ	SUBJ
? 000000	S	00	0000	S	00	0000	N	N	000000	Y	Y	Y
? -----WAIVERS-----												
CLASS DATE	CLASS DATE	CLASS DATE	CLASS DATE	CLASS DATE	CLASS DATE	CLASS DATE						
?	?	?	?	?	?	?						

2. To change the TAX DATA FOLLOW-UP FLAG for a new employee:
 - ? : C – OSPA will only allow C (change) for this line on the P010 screen
 - TAX DATA FOLLOW-UP FLAG: N

Action	More
<p>3. To enter the withholding instructions from the W-4:</p> <ul style="list-style-type: none"> ▪ ? : A – OSPA will only allow A (add) or D (delete) on this line ▪ EFF DATE – end date for the pay period the withholding will go into effect, MMDDYY ▪ FEDERAL and STATE – enter the same values in both, unless the employee submitted separate W-4’s for state and federal <ul style="list-style-type: none"> ○ STAT – possible values include: <ul style="list-style-type: none"> ✓ J = married, filing jointly (line 3 of the W-4) ✓ N = exempt from withholding (line 7 on the W-4) ✓ S = single or married and requesting the higher single withholding rate (line 3 of the W-4) ○ EXEM – line 5 from the W-4, total number of allowances, ## ○ ADDL – line 6 from the W-4, additional dollar amount to withhold in whole dollars, ####, 0010 = 10.00 ▪ FICA SUBJ - If the employee has submitted documentation to verify he is exempt from FICA, change the Y to N. Otherwise, keep the default of Y. ▪ If you are entering on a new line, make sure there are values in the following fields: <ul style="list-style-type: none"> ○ RTMT SYST ○ RTMT STAT ○ RTMT ACCT ○ SAIF SUBJ – usually Y, the default ○ UNEM SUBJ – usually Y, the default 	<p>For possible values for RTMT SYST, RTMT STAT and RTMT ACCT, see Payroll Processes, Public Employee Retirement System</p>
<pre> P010 OR##### ##### WITHHOLDING DATA / LOCATOR DATA 010 LASTNAME, FIRSTNAME WH02 ENTER UPDATES RDC/CREW/CST CTR 440 -----MANDATORY WITHHOLDING----- c TAX DATA FOLLOW-UP FLAG: n BEG DATE STAT EXEM ADDL END DATE ? FINAL CHECK ISSUED: 000000 ? FED 000000 00 0000 000000 ? FINAL CHECK PERIOD ENDING: 000000 ? STATE 000000 00 0000 000000 ? RETIREMENT START DATE: 000000 EFF ----FEDERAL---- ----STATE----- RTMT RTMT RTMT FICA SAIF UNEM DATE STAT EXEM ADDL STAT EXEM ADDL SYST STAT ACCT SUBJ SUBJ SUBJ ? 000000 S 00 0000 S 00 0000 N N 000000 Y Y Y a 0131YY j 03 0000 j 00 0100 n n 000000 y y y ----WAIVERS----- CLASS DATE CLASS DATE CLASS DATE CLASS DATE CLASS DATE ? ? ? ? ? </pre>	<p>This employee submitted a separate W-4 for state withholding.</p> <p>The employee has: status: married filing jointly exemptions: 3 for federal and 0 for state additional \$100 for state</p>
<p>4. Review your entries. If they are right, press [ENTER].</p>	

Action	More
<p>5. Watch for the message "WH09 UPDATE COMPLETE" in the upper right corner of the screen.</p> <p>If you receive a different message, see Code Lists, Screen Message Codes or Screen Guides, P010.</p>	
<pre> P010 OR##### ##### WITHHOLDING DATA / LOCATOR DATA 010 LASTNAME, FIRSTNAME WH09 UPDATE COMPLETED WH66 ENTER NEW KEY OR MORE UPDATES RDC/CREW/CST CTR 440 -----MANDATORY WITHHOLDING----- ? TAX DATA FOLLOW-UP FLAG: N BEG DATE STAT EXEM ADDL END DATE ? FINAL CHECK ISSUED: 000000 ? FED 000000 00 0000 000000 ? FINAL CHECK PERIOD ENDING: 000000 ? STATE 000000 00 0000 000000 ? RETIREMENT START DATE: 000000 EFF -----FEDERAL----- -----STATE----- RTMT RTMT RTMT FICA SAIF UNEM DATE STAT EXEM ADDL STAT EXEM ADDL SYST STAT ACCT SUBJ SUBJ SUBJ ? 0131YY J 03 0000 J 00 0100 N N 000000 Y Y Y ? 000000 S 00 0000 S 00 0000 N N 000000 Y Y Y -----WAIVERS----- CLASS DATE CLASS DATE CLASS DATE CLASS DATE CLASS DATE CLASS DATE ? ? ? ? ? ? </pre>	

EXEMPTION FROM WITHHOLDING

To qualify for an exempt status for federal taxes, the employee must:

- Have had no tax liability for the previous year
- Expect to not have any tax liability for the current year

A non-resident alien may claim an exemption for withholding of U.S. income taxes because of a tax treaty. See the Foreign Nationals (Aliens) section above.

For Oregon, an employee may claim exemption from withholding if the employee:

- Did not owe any Oregon tax in the prior year and
- Does not expect to owe any Oregon tax in the current year (IRC 3401, 3402; OAR 150-316.177(A))

Forward a copy of Form W-4 to PSS within 20 days of receipt if the employee claims exemption from Oregon withholding and you expect the employee's income to be more than \$200 per week for both federal and state purposes. PSS will forward the W-4 to the Oregon Department of Revenue.

Exempt status W-4 forms are valid for one year and expire on February 16. OSPA produces the E370-06-1 Income Tax Exemptions report (see Background Information below, Reports section) in January, March, June and September. If you have not received a new W-4 by February 15, change the P010 screen for the employee to:

- Single with zero allowances **or**
- Use the last W-4 that you have on file that does not claim exemption

MANDATORY WITHHOLDING

A Lock-in Letter from the IRS or a Determination Letter from the Oregon Department of Revenue overrides the employee's current W-4.

Enter the withholding requirements described in the letter on the applicable MANDATORY WITHHOLDING line on the P010 screen.

If the EFF DATE, FEDERAL, STATE, etc. line has an EFF DATE that overlaps with the BEG DATE for MANDATORY WITHHOLDING, OSPA will use the MANDATORY WITHHOLDING entry.

When an employee transfers from one state agency to another, this data will automatically follow the employee to the new agency. It will display on the P010 screen prior to cloning. See Screen Guides, P071, and Payroll Processes, Transfers.

The E370-09-1 Mandatory Withholding Determinations report provides a list of employees who have lock-in or determination letters entered on the P010 screen. See Background Information below, Reports section.

Determination Letter

If the Oregon Department of Revenue (DOR) finds that an employee is not withholding appropriately, the DOR will send a determination letter to both the employer and employee. The letter will instruct the state to change the employee's withholding status and/or allowances.

The letter overrides the employee's current W-4 and stays in effect indefinitely. If the employee submits a new W-4, send a copy to the DOR for a re-determination. Continue to follow the determination letter until you receive a notice from the DOR.

When you receive a DOR determination letter, enter the employee's status and/or allowances on the STATE line under MANDATORY WITHHOLDING on the P010 screen. OSPA will disregard any entry under STATE as long as there is an entry for STATE under MANDATORY WITHHOLDING with an END DATE: 999999. See Starting and Stopping Mandatory Withholding in this section below.

Lock-in Letter

If the U.S. Internal Revenue Service finds that an employee is not withholding appropriately, the IRS will send a lock-in letter that specifies the maximum number of withholding allowances permitted for a specific employee. The IRS will give the employee time to dispute the determination.

The state has the following responsibilities if the IRS issues a lock-in letter to an employee:

- Furnish a copy of the proposed lock-in letter to the employee within 10 business days of receipt
- Impose the new withholding rate effective on the date specified in the original letter, unless the IRS sends a modification
- Fax a signed note on agency letterhead to the IRS if the employee is no longer employed by any state agency
- Continue the lock-in letter if the employee transfers from one state agency to another or leaves the agency and returns within 12 months

- Maintain the withholding amount specified in the lock-in letter, unless the employee submits a new W-4 that would increase the amount of withholding from that required by the lock-in letter

The Lock-in Letter overrides the employee's current W-4. When you receive a lock-in letter from the IRS and do not receive a modification by the effective date in the original letter, enter the employee's status and/or allowances on the FED line under MANDATORY WITHHOLDING on the P010 screen. See Starting Mandatory Withholding in this section below. OSPA will disregard any entry under FEDERAL as long as there is an entry for FED under MANDATORY WITHHOLDING with an END DATE: 999999.

If an employee with a current lock-in letter submits a new W-4:

- If the W-4 will increase the tax withheld, change the withholding on the P010 screen. See New Employee in this section above.
- If the W-4 will decrease tax withheld
 - Keep the lock-in letter in effect
 - Do not change withholding unless the IRS notifies you

The IRS may issue a penalty if the state fails to honor the lock-in requirement. The state also may be liable for the tax that we should have withheld.

Starting Mandatory Withholding

Action	More
1. To retrieve the employee's record on the P010 screen: <ul style="list-style-type: none"> ▪ In the upper left corner of any screen, type P010 employee ID or SSN (P010 OR#####) ▪ Press [ENTER] 	OSPA will default to your log-in agency number
<div style="border: 1px solid black; padding: 2px; display: inline-block;">P010 OR#####</div>	
<pre> P010 OR##### ##### WITHHOLDING DATA / LOCATOR DATA 010 FIRSTNAME, LASTNAME WH66 ENTER NEW KEY OR MORE UPDATES RDC/CREW/CST CTR 300 -----MANDATORY WITHHOLDING----- ? TAX DATA FOLLOW-UP FLAG: N BEG DATE STAT EXEM ADDL END DATE ? FINAL CHECK ISSUED: 000000 ? FED 000000 00 0000 000000 ? FINAL CHECK PERIOD ENDING: 000000 ? STATE 000000 00 0000 000000 ? RETIREMENT START DATE: 000000 EFF ----FEDERAL---- ----STATE----- RTMT RTMT RTMT FICA SAIF UNEM DATE STAT EXEM ADDL STAT EXEM ADDL SYST STAT ACCT SUBJ SUBJ SUBJ ? 0131YY J 12 0000 J 12 0000 S D ##### Y Y Y ? 0131YY0 S 00 0000 S 00 0000 S D ##### Y Y Y ----WAIVERS---- CLASS DATE CLASS DATE CLASS DATE CLASS DATE CLASS DATE CLASS DATE ? ? ? ? ? ? </pre>	See Screen Guides, P010.

Action	More
<p>2. Enter the instructions from an IRS lock-in or DOR determination letter in the MANDATORY WITHHOLDING section of the P010 screen. If you have an IRS lock-in letter, enter the information on the FED line. If you have a determination letter, enter the information on the STATE line.</p> <ul style="list-style-type: none"> ▪ ? : A – add ▪ BEG DATE – end date for the pay period the withholding will go into effect, MMDDYY. Use the date in the lock-in or determination letter. ▪ STAT – possible values include: <ul style="list-style-type: none"> ○ J = married, filing jointly ○ N = exempt from withholding ○ S = single or married and requesting the higher single withholding rate ▪ EXEM – total number of allowances, ## ▪ ADDL – additional dollar amount to withhold in whole dollars, ####, 0010 = 10.00 ▪ END DATE – allow to default to 999999, on-going 	

```

P010  OR##### #####          WITHHOLDING DATA / LOCATOR DATA      010
      LASTNAME, FIRSTNAME          WH02 ENTER UPDATES

RDC/CREW/CST CTR          300          -----MANDATORY WITHHOLDING-----
? TAX DATA FOLLOW-UP FLAG:          N          BEG DATE  STAT  EXEM  ADDL  END DATE
? FINAL CHECK ISSUED:          000000  a  FED  0228YY  j  02  0000  000000
? FINAL CHECK PERIOD ENDING: 000000 ? STATE 000000          00  0000  000000
? RETIREMENT START DATE:          000000

EFF  ----FEDERAL----  ----STATE-----  RTMT RTMT RTMT  FICA SAIF UNEM
DATE  STAT EXEM  ADDL  STAT EXEM  ADDL  SYST STAT ACCT  SUBJ SUBJ SUBJ
? 0131YY  J  12  0000  J  12  0000  S  D #####  Y  Y  Y
? 0131YY  S  00  0000  S  00  0000  S  D #####  Y  Y  Y

----WAIVERS----
CLASS DATE  CLASS DATE  CLASS DATE  CLASS DATE  CLASS DATE  CLASS DATE
?           ?           ?           ?           ?           ?

```

This employee has an IRS lock-in letter that will go into effect 0228YY

<p>3. Review your entries. If they are right, press [ENTER].</p> <p>4. Watch for the message “WH09 UPDATE COMPLETE” in the upper right corner of the screen.</p> <p>If you receive a different message, see Code Lists, Screen Message Codes or Screen Guides, P010.</p>	
--	--

Action	More
<pre> P010 OR##### ##### WITHHOLDING DATA / LOCATOR DATA 010 LASTNAME, FIRSTNAME WH09 UPDATE COMPLETED WH66 ENTER NEW KEY OR MORE UPDATES RDC/CREW/CST CTR 300 -----MANDATORY WITHHOLDING----- ? TAX DATA FOLLOW-UP FLAG: N BEG DATE STAT EXEM ADDL END DATE ? FINAL CHECK ISSUED: 000000 ? FED 0228YY J 02 0000 999999 ? FINAL CHECK PERIOD ENDING: 000000 ? STATE 000000 00 0000 000000 ? RETIREMENT START DATE: 000000 EFF ----FEDERAL---- ----STATE----- RTMT RTMT RTMT FICA SAIF UNEM DATE STAT EXEM ADDL STAT EXEM ADDL SYST STAT ACCT SUBJ SUBJ SUBJ ? 0131YY J 12 0000 J 12 0000 S D ##### Y Y Y ? 0131YY S 0 0000 S 0 0000 S D ##### Y Y Y ----WAIVERS----- CLASS DATE CLASS DATE CLASS DATE CLASS DATE CLASS DATE CLASS DATE ? ? ? ? ? ? </pre>	<p>OSPA changed the END DATE from 000000 to 999999, on-going.</p> <p>Beginning with the February pay period, OSPA will use the MANDATORY WITHHOLDING rather than the FEDERAL withholding below.</p>

Stopping Mandatory Withholding

The IRS or DOR will notify you when the employee no longer has mandatory withholding. For federal withholding, you can also end the mandatory withholding if the employee submits a new W-4 that increases withholding.

Action	More
<ol style="list-style-type: none"> 1. To retrieve the employee's record on the P010 screen: <ul style="list-style-type: none"> ▪ In the upper left corner of any screen, type P010 employee ID or SSN (P010 OR#####) ▪ Press [ENTER] 	<p>OSPA will default to your log-in agency number</p>
<p>P010 OR#####</p>	

Action

More

See Screen Guides,
P010.

```

P010  OR##### #####          WITHHOLDING DATA / LOCATOR DATA    010
      FIRSTNAME, LASTNAME          WH66 ENTER NEW KEY OR MORE UPDATES

RDC/CREW/CST CTR          300          -----MANDATORY WITHHOLDING-----
? TAX DATA FOLLOW-UP FLAG:          N          BEG DATE  STAT  EXEM  ADDL  END DATE
? FINAL CHECK ISSUED:          000000 ? FED  0228YY  J    02  0000  999999
? FINAL CHECK PERIOD ENDING: 000000 ? STATE 000000          00  0000  000000
? RETIREMENT START DATE:          000000

EFF  ----FEDERAL----  ----STATE-----  RTMT RTMT RTMT  FICA SAIF UNEM
DATE  STAT EXEM  ADDL  STAT EXEM  ADDL  SYST STAT ACCT  SUBJ SUBJ SUBJ
? 0131YY  J  12  0000  J  12  0000  S   D #####  Y  Y  Y
? 0131YY  S  00  0000  S  00  0000  S   D #####  Y  Y  Y

----WAIVERS----
CLASS DATE  CLASS DATE  CLASS DATE  CLASS DATE  CLASS DATE  CLASS DATE
?           ?           ?           ?           ?           ?

```

2. To end the MANDATORY WITHHOLDING make the following entries:
 - ? : c - change
 - END DATE – last pay period withholding will be in effect, MMDDYY

```

P010  OR##### #####          WITHHOLDING DATA / LOCATOR DATA    010
      LASTNAME, FIRSTNAME          WH02 ENTER UPDATES

RDC/CREW/CST CTR          300          -----MANDATORY WITHHOLDING-----
? TAX DATA FOLLOW-UP FLAG:          N          BEG DATE  STAT  EXEM  ADDL  END DATE
? FINAL CHECK ISSUED:          000000 c FED  0228YY  J    02  0000  0431YY
? FINAL CHECK PERIOD ENDING: 000000 ? STATE 000000          00  0000  000000
? RETIREMENT START DATE:          000000

EFF  ----FEDERAL----  ----STATE-----  RTMT RTMT RTMT  FICA SAIF UNEM
DATE  STAT EXEM  ADDL  STAT EXEM  ADDL  SYST STAT ACCT  SUBJ SUBJ SUBJ
? 0131YY  J  12  0000  J  12  0000  S   D #####  Y  Y  Y
? 0131YY  S  00  0000  S  00  0000  S   D #####  Y  Y  Y

----WAIVERS----
CLASS DATE  CLASS DATE  CLASS DATE  CLASS DATE  CLASS DATE  CLASS DATE
?           ?           ?           ?           ?           ?

```

3. Review your entries. If they are right, press [ENTER].
4. Watch for the message “WH09 UPDATE COMPLETE” in the upper right corner of the screen.

If you receive a different message, see Code Lists, Screen Message Codes or Screen Guides, P010.

Action	More
<pre> P010 OR##### ##### WITHHOLDING DATA / LOCATOR DATA 010 LASTNAME, FIRSTNAME WH09 UPDATE COMPLETED WH66 ENTER NEW KEY OR MORE UPDATES RDC/CREW/CST CTR 300 -----MANDATORY WITHHOLDING----- ? TAX DATA FOLLOW-UP FLAG: N BEG DATE STAT EXEM ADDL END DATE ? FINAL CHECK ISSUED: 000000 ? FED 0228YY J 02 0000 043011 ? FINAL CHECK PERIOD ENDING: 000000 ? STATE 000000 00 0000 000000 ? RETIREMENT START DATE: 000000 EFF ----FEDERAL---- ----STATE----- RTMT RTMT RTMT FICA SAIF UNEM DATE STAT EXEM ADDL STAT EXEM ADDL SYST STAT ACCT SUBJ SUBJ SUBJ ? 0131YY J 12 0000 J 12 0000 S D ##### Y Y Y ? 0131YY S 0 0000 S 0 0000 S D ##### Y Y Y ----WAIVERS---- CLASS DATE CLASS DATE CLASS DATE CLASS DATE CLASS DATE CLASS DATE ? ? ? ? ? ? </pre>	<p>With the 0531YY pay period, OSPA will again use the FEDERAL withholding rates from the employee's W-4.</p>

OUT-OF-STATE DUTY STATION

A few state employees have a primary duty station in another state. Depending upon that state's tax laws, the State of Oregon may be required to withhold taxes for that state. If you learn that an employee has an out-of-state duty station, contact PSS immediately.

Clues that may indicate an out-of-state duty station include:

- Employee's home address listed on the PBED screen in the PPDB or on the employee's W-4
- Employee's work phone listed on the PBED, PBET or PBEV screen in the PPDB

Action	More
<ol style="list-style-type: none"> 1. When you learn an employee has an out-of-state duty station, contact PSS, OSPS.Help@oregon.gov <p>Give PSS the following information:</p> <ul style="list-style-type: none"> ▪ Employee's name ▪ Address of employee's duty station ▪ Percent of time the employee will work out-of-state ▪ If the employee will also work in Oregon ▪ Employee's current wage ▪ Any anticipated increases in wages 	
<ol style="list-style-type: none"> 2. PSS will research the state's withholding requirements 	

Action	More
3. If Oregon needs to withhold taxes for the other state, PSS will: <ul style="list-style-type: none"> ▪ Register Oregon as an employer in that state ▪ Enter a deduction code on the PTD1 Payroll Deduction Table screen ▪ Calculate the amount to withhold, based upon the current salary ▪ Notify agency payroll of the deduction code and amount 	
4. Each month, enter a deduction on the P070 Payroll Deductions screen with the deduction code and amount from PSS	
5. PSS will file the required reports and make the required payments to the other state	
6. If the employee's wages change, notify PSS. PSS will recalculate withholding and give you a new deduction amount, if needed.	
7. At year-end, OSPA will issue a W-2 that includes withholding for the other state	

RE-ISSUED W-2

This section covers re-issuing or re-printing an original W-2. If you need to correct information on the original W-2, see the Corrected W-2 (W-2c) section above.

Agency payroll has two options for obtaining a re-issued W-2:

- Request a reprint of the original W-2 with all four copies from PSS
- Print the employee copy from the secure agency reports website

FROM SECURE WEBSITE

Beginning in 2009, agency payroll has access to an electronic file of the employee only copy of the W-2's. They are with the agency's electronic reports on the secure website.

For most purposes, this copy should meet the agency's or the employee's needs. The IRS and DOR will accept this form with a paper return.

On the website's Main Menu, click Yearly W2 Reports. For information on accessing electronic reports, see Report Guides, Introduction to Reports.

NOTE: The OSPS Reports Portal protects the document through encryption. In addition, only specifically authorized individuals can access the file. Do not download the W-2 file and store it on a local network unless your agency has created this same level of security.

Your agency may want to adopt the business practice of requiring a form (either OSPS.99.04 or an agency specific form) before printing the electronic employee copy.

BACKGROUND

AUTHORITY / REFERENCES

U.S. Internal Revenue Services (IRS), <http://www.irs.gov/>

- Internal Revenue Code (IRC) Chapters:
 - 1 Normal Taxes and Surtaxes
 - 3 Withholding of Tax on Nonresident Aliens and Foreign Corporations
 - 21 Federal Insurance Contributions Act
 - 24 Collection of Income Tax at Source on Wages
- Revenue Procedures 80-56 and 84-54
- Revenue Ruling 92-9
- Internal Revenue Bulletin:
 - Notice 2005-76 Withholding on Wages of Nonresident Alien Employees Performing Services Within the United States
 - Notice 2007-35, T.D. 9337, Withholding Exemptions
 - Notice 2009-91 Withholding on Wages of Nonresident Alien Employees Performing Services Within the United States
 - Notice 1392 Supplemental Form W-4 Instructions for Nonresident Aliens
- Publications
 - 15 (Circular E) Employer's Tax Guide
 - 15-A Employer's Supplemental Tax Guide
 - 15-B Employer's Tax Guide to Fringe Benefits
 - 463 Travel, Entertainment, Gift, and Car Expenses
 - 501 Exemptions, Standard Deduction, and Filing Information
 - 505 Tax Withholding and Estimated Tax
 - 515 Withholding of Tax on Nonresident Aliens and Foreign Entities
 - 519 U.S. Tax Guide for Aliens
 - 521 Moving Expenses
 - 525 Taxable and Nontaxable Income
 - 526 Charitable Contributions
 - 535 Business Expenses
 - 901 U.S. Tax Treaties
 - 919 How Do I Adjust My Tax Withholding?
 - 970 Tax Benefits for Education
 - 1542 Per Diem Rates
 - Form 8233 Instructions
 - Public Employer Tax Guide
 - FSLG Taxable Fringe Benefit Guide
- International taxpayer information:
<http://www.irs.gov/businesses/small/international/index.html>

U.S. Citizenship and Immigration Services (USCIS): <http://www.uscis.gov/portal/site/uscis>

- M-274 Handbook for Employers, Instructions for Completing Form I-9 (Employment Eligibility Verification Form)
- Form I-9 web resources

U.S. Social Security Administration (SSA) information on Totalization agreements:

<http://www.ssa.gov/international/index.html>

Oregon Revised Statutes (ORS) Chapter 316 – Personal Income Tax,

https://www.oregonlegislature.gov/bills_laws/ors/ors316.html

- ORS 316.012 Terms have same meaning as in federal laws
- ORS 316.013 Determination of federal adjusted gross income
- ORS 316.027 “Resident” defined
- ORS 316.167 Withholding tax required
- ORS 316.177 Reliance on withholding statement
- ORS 316.182 Exemption certificate

Oregon Administrative Rules, Rule 125, Division 155 State Vehicle Use and Access,

http://arcweb.sos.state.or.us/pages/rules/oars_100/oar_125/125_tofc.html

Oregon Department of Revenue: <http://www.oregon.gov/DOR/Pages/index.aspx>

- Publication 17½ Individual Income Tax Guide

HR State Rules and Policies, <http://oregon.gov/DAS/Pages/policieshr.aspx>

- 40.055.10 Current Employee Relocation
- 40.055.20 New Employee Relocation
- 50.040.01 Employee Performance Recognition Program
- 50.045.01 Employee Development and Implementation of Oregon Benchmarks for Workforce Development

Collective Bargaining Agreements, <http://oregon.gov/DAS/HR/Pages/LRU.aspx> DAS Statewide Enterprise Security Policies, <http://oregon.gov/DAS/OSCIO/Pages/Security.aspx>

Oregon Accounting Manual, <http://oregon.gov/DAS/Financial/Acctng/Pages/OAM.aspx>

- 10.40.10.PO Non-travel Meals and Refreshments
- 40.10.00 Statewide Travel Policy
- 40.20.00 Travel Advances
- 40.20.10.PO and 40.20.10.PR Corporate Travel Card
- 45.40.00.PO Reimbursement of Employee Expenses through OSPA
- 50.10.00.PO and 50.10.00.PR Education Assistance Payments
- 50.20.00.PO and 50.20.00.PR Moving Expenses
- 50.30.00.PO and 50.30.00.PR Fringe Benefits -- Vehicles

OSPS web site: <http://oregon.gov/DAS/Financial/Payroll/Pages/Index.aspx> , including:

- OSPS Services Offered, Corrected W-2s
- Publications, Guide to Understanding Your YYYY W-2 Form
- OSPA Reference Manual, <http://oregon.gov/DAS/Financial/Payroll/Pages/referencemanual.aspx>
- OSPS Processing Calendar: <http://oregon.gov/DAS/Financial/Payroll/Pages/ospscalendars.aspx>

Net pay / withholding calculators:

- IRS: <http://www.irs.gov/Individuals/IRS-Withholding-Calculator>
- PaycheckCity: <http://www.paycheckcity.com/calculators.htm>

CREATING AN AUDIT TRAIL

Possible documentation for creating an audit trail for a Corrected W-2 includes the following:

- Completed Request for Corrected W-2 (W-2c)
- Copy of the employee's W-2 that you are correcting
- Copies of the applicable XREF43, XREF44, XREF45, XREF46, or XREF46D Payroll Register
- OSPS.99.13 Tax Refund Certification
- Method of and proof the employee repaid an overpayment
- Spreadsheet for calculating the repayment plan for an overpayment
- OSPS.99.24 Payment Notification Form

FORMS / SUPPORTING DOCUMENTS

General Forms

The following forms apply to income taxes:

IRS, <http://www.irs.gov/Forms-&-Pubs>

- W-2 Wage and Tax Statement
- W-2C Corrected Wage and Tax Statement
- W-3C Transmittal of Corrected Wage and Tax Statements
- W-4 Employee Withholding Allowances Certificate
- W-9 Request for Taxpayer Identification Number and Certification
- 1042-S Foreign Person's U.S. Source Income Subject to Withholding
- 8233 Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

USCIS, <http://www.uscis.gov/portal/site/uscis/>

- I-9 Employment Eligibility Verification
- I-551 Alien Registration Card ("green card")

State of Oregon, <http://oregon.gov/DAS/Financial/Payroll/Pages/forms.aspx>

- OSPS 99.01 Determination of Foreign National's Residency
- OSPS.99.04 W-2 Reprint / Reissued Statement Request
- OSPS.99.13 Tax Refund Certification
- OSPS.99.24 Payment Notification form
- 75.40.01.FO Travel Expense Detail Sheet
- Pre-Tax Parking Plan Waiver
- Request for Corrected W-2 (W-2c)

REPORTS

See Report Guides for additional information on these reports.

XREF68N Employees with Negative Amount(s) Listed – The XREF68N lists year-to-date negatives. Each payroll run, review all of the columns on the report. Correct any year-to-date negative amount(s) that would prevent printing of the W-2. If you do not make the correction by December run 2, the employee will not receive a W-2. If you do not know if a negative YTD amount will prevent production of the W-2 or you need assistance in making the correction, please call or e-mail PSS, OSPS.Help@oregon.gov.

XREF10A FICA Mag-File Detail Note of Irregularities – Agencies receive this report quarterly (see OSPS Processing Calendar, “Run Q# Reports”). The report identifies irregularities in the FICA magnetic file that OSPA produces to report withholding to the IRS. As long as the irregularities exist, OSPA will not transmit the employee’s data to the IRS or produce a W-2 for the employee.

E370-06-1 Income Tax Exemptions – The report lists employees who have FEDERAL STAT = N on the P010 screen. You will receive the report each calendar quarter (see OSPS Processing Calendar, “Run Q# Reports”).

IRS regulations require that employees who have declared themselves exempt from income tax withholding submit new forms each year:

- U.S. citizens must submit a new IRS Form W-4 Employee’s Withholding Allowance Certificate by each February 15
- Nonresident aliens who claim exemption because of a tax treaty, must submit a new IRS Form 8233 Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

If you do not receive a new form by the deadline, change the employee’s withholding on the P010 screen. Either use the default of single with zero withholding allowances or the employee’s most recent W-4 where the employee was not exempt.

E370-09-1 Mandatory Withholding Determinations – This quarterly report displays employees who had entries for MANDATORY WITHHOLDING on the P010 Withholding/Retirement Info screen in force in any of the three months prior to the month of the report.

B850-01 Nov or Dec Pay Reported in Two Tax Years – OSPA will generate this report when an employee’s November or December pay processed in two different tax years. Work the report as soon as you receive it. It will identify potential overpayments. You may need to request a corrected W-2 if you do not correct the duplicate entries prior to December run 2 final.

E120-042A, E120-052A, E122-042A, E122-046A, and E122-056A Payroll Exception Reports – Produced after each preliminary and final payroll run, the reports list the payroll exceptions encountered during the payroll run for current and corrective pay periods. Exceptions are not always errors; an exception is any calculation that is not a “normal” calculation (i.e. net pay negative for self-pay insurance). See the Report Guide for possible messages.

XREF44 or XREF46 Payroll Register – Produced after each final run 2, these reports summarize employees’ wages, deductions and taxes for each payroll run. They contain the information for

both run 1 and run 2 for a given pay period, plus any corrective runs. The XREF44 is in alpha order by employee name; the XREF46 is in RDC and then alpha order.

E357-030 Separated Employees with Net Pay Positive Adj – The report lists employees who have a SEPARATION DT/REASON on the P030 Job Status Data screen and a positive adjustment to their income that is <\$10.00.

If the adjustment amount is between \$1.00 and 9.99 or there are not current FINAL CHECK ISSUED and FINAL CHECK PERIOD ENDING dates on the P010 screen, either request a manual check or that PSS adjust taxable income and withholding on the P060 Tax/OPE Adjustments screen. Make the request prior to December run 2.

E381-30-2 W-2 Distribution List – The report lists the W-2's sent to your agency for distribution to employees. Make sure that all of the agency's employees who should receive a W-2 are on the report. If an employee worked for more than one agency during the year, the W-2 will go to the agency with the lowest agency number.

XREF68-C and XREF68-P Year to Date – Produced after each final payroll run, the report provides detailed employee and summary agency year-to-date information, including retirement contributions, taxes and OPE.

XREF85 Year to Date and Current Correction – Produced after each final payroll run, the report displays the tax and OPE (other payroll expense) adjustments entered on the P060 Tax/OPE Adjustments screen since the last payroll run.

SCREENS

For additional information, see Screen Guides.

P010 Withholding/Retirement Info – Agency payroll enters the employee's income tax withholding instructions from the W-4 and mandatory withholding on the P010 screen. It also includes the FICA SUBJ flag that tells OSPA whether the employee's wages are subject to FICA taxes. See the Income Tax Withholding section above.

P030 Job Status Data – An inquiry only screen, the P030 screen contains job status information from the Position and Personnel Database (the PPDB). Employees must have a current record on the P030 screen before payroll can make entries in OSPA.

P050 Gross Pay Adjustments – Agency payroll use the P050 screen to make adjustments to the employee's wages, including expense reimbursements and fringe benefits. The adjustments may be negative or positive entries. It is pay period and concurrent job specific. See the Expense Reimbursements and Fringe Benefits section above.

P060 Tax/OPE Adjustments – The P060 screen allows us to adjust wages, taxes, and OPE for an employee during the current tax year. Agency payroll have access to adjust PERS subject wages and contributions. PSS has access to adjust OPE and taxes when agency payroll requests it. The XREF85 Year to Date and Current Correction report lists entries made prior to the current final payroll run, see the Income Tax Withholding, Adjusting Withholding in the Current Year and Background Information, Reports sections above.

P070 Payroll Deductions – Agency payroll enters voluntary deductions and garnishments on the P070 screen. It is pay period specific. The deduction code must first be on the PTD1 Payroll Deduction Table screen. The Nontaxable Code on the PTD1 determines if OSPA will take the deduction before (pre-tax) or after (post-tax) calculating wages that are subject to income and FICA taxes.

P090 YTD Wages/Taxes/Retmnt – An inquiry only screen, the P090 screen displays year-to-date wage, tax and retirement information for an employee. OSPA updates the data after each final payroll run. At year-end, the P090 should match the employee's W-2.

P091 YTD Wages/Taxes/Retmnt – An inquiry only screen, the P091 displays year-to-date wage, tax and retirement information for an employee. You can only access it from the P370 Current Pay Calculation screen. Both screens show the results of an on-line calculation from entries made since the last final payroll run. You can use this screen to verify the results of entries prior to the payroll run.

P370 Current Pay Calculation – An inquiry only screen, the P370 screen shows the results of an on-line calculation from entries made since the last final payroll run. Use it to verify entries before they process through a payroll run and to access the P091 screen.

PTB2 Benefit Package Codes – PSS enters specific pay types for a benefit package on the ADB2 Benefit Package Codes screen. Agencies have inquiry access to the same data on the PTB2 screen. The screens define the business rules that govern each pay type, including whether they are subject to income and FICA taxes.

PTD1 Payroll Deduction Table -- PSS uses the ADD1 Payroll Deduction Table screen to add or change deduction codes and to create the general controls and business rules that apply to the codes, including whether they are pre or post-tax for income and FICA taxes. Agency payroll can view the data with the PTD1 screen, which is inquiry only. The deduction code must be on the PTD1 screen before the agency can enter it on the P070 screen.

PTD2 Payroll Ded/Plan Codes – PSS uses the ADD2 Payroll Ded/Plan Codes and the ADD3 Payroll Ded/Plan Fees screens to enter plan codes for a given deduction code. The plan codes may define the known costs and/or determine if the deduction is subject to taxes. Not all deduction codes have plan codes; these will not have a record on the ADD2 or ADD3 screen. Agency payroll can view the data on the PTD2 and PTD3 screens, which are inquiry only.

REVISION HISTORY

Date	Rev. No.	Modification
03/02/11	1.0	Original – combine tax related recommended practices
03/30/12	1.1	Changes to forms, including revisions to OSPS.99.01, OSPS.99.12 changed to OSPS.99.24, OSPS.99.04 title change, OSPS.99.13 content and format change, revisions to Request for Corrected W-2; DOR agreed to accept electronic employee version of W-2; WR#3859, PEBB plan year 2012; changes to OAM.40.10 for full and reduced mileage rates
06/25/13	2.0	Handbook to payroll process; WR#3978, 3982-3986, PEBB 2013; WR#3859, PEBB 2012

Date	Rev. No.	Modification
05/17/16	2.1	Updated web links Removed section on requesting W2 reprint from OSPS

ATTACHMENTS

REQUEST FOR CORRECTED W-2 (W-2C) EXAMPLES:

1. Incorrect SSN
2. Late Entry of DPT Gross Pay Adjustment
3. Nontaxable Housing Allowance Entered as Taxable
4. Shift from Dependent Care Flexible Spending Account to Health Care FSA
5. Dependent Care Flexible Spending Account Refund
6. Health Care Flexible Spending Account Refund
7. Overpayment Because Net Pay Negative Not Paid by Year-end
8. Overpayment from Previous Year Repaid
9. Sample Cover Memo

SAMPLE FORMS

10. W-4
11. W-2
12. W-2c

1. Incorrect SSN

FOR OREGON STATE GOVERNMENT EMPLOYEES ONLY				
Request for Corrected W-2 (W-2c)				
Purple cells contain drop-down	Correction reason: Use drop down menu			Tax Year: 2015
	Incorrect SSN (enter incorrect SSN below)			EE Name: Firstname Lastname
	###-##-#### (Incorrect SSN)			Correct SSN: 999-99-9999
	Additional detail: Use drop down menus			Dept. of AAA
	Has the employee fully repaid all overpayments for requested tax year correction? N/A			Agency Name (e.g. DHS, OHA, DOR): 99900
	Has the employee completed the Tax Refund Certification form OSPS.99.13 N/A			Agency Number
	Backup documentation used to determine wage adjustment attached? Yes			Prepared By: Firstname Lastname
	REQUIRED >> Copy of W-2 Attached << REQUIRED			Print Name
	Table Instructions			MM/DD/YY
	Complete the "As Reported" column from the employee's W-2			Date
Complete the "Adj" column with negative or positive amount of adjustment. You must use a minus sign (-) for Verify "Correct Amt" Column.			Preparer's Signature	
Description	As Reported	(+/-) Adj	Correct Amt	IMPORTANT! You must obtain a signature from Payroll Manager, or Agency Manager to whom payroll reports if: A. This request changes the taxable income by \$2000 or more (positive or negative), or; B. This request is for two or three years prior to the current tax year. Approver: Print Name Date Approver Signature
Taxable Income	-	-	-	
Soc Sec Subj. Inc	-	-	-	
M/C Subj. Inc.	-	-	-	
Non-Tax Income	-	-	-	
EE Soc Sec Tax	-	-	-	
EE Medicare Tax	-	-	-	
Federal Tax	-	-	-	
State Tax	-	-	-	
Healthcare FSA	-	-	-	
Dep Care FSA	-	-	-	
ER Soc Sec Tax	-	-	-	
ER Medicare Tax	-	-	-	
If PERS contributions are involved, contact the DAS Centralized PERS Team. Do not make prior year adjustments in OSPA.				
For OSPS Use Only				
OSPS Date Received			Returned to Agency:	
			<input type="checkbox"/> Information missing or illegible	
			<input type="checkbox"/> Incorrect Information	
			<input type="checkbox"/> Prior to three years back	
			<input type="checkbox"/> Other	
Check # Issued:				
Date to Agency:				
Comments:				
Revised 2/2016				

2. Late Entry of DPT Gross Pay Adjustment

FOR OREGON STATE GOVERNMENT EMPLOYEES ONLY					
Request for Corrected W-2 (W-2c)					
Purple cells contain drop-down	Correction reason: Use drop down menu			Tax Year:	2015
	DPT Error (provide details below)				
	DPT recorded late		EE Name:	Firstname Lastname	
			Correct SSN:	999-99-9999	
	Additional detail: Use drop down menus				
	Has the employee fully repaid all overpayments for requested tax year correction?			Dept. of AAA	
	Has the employee completed the Tax Refund Certification form OSPS.99.13 ?		N/A	Agency Name (e.g. DHS, OHA, DOR): 99900	
	Backup documentation used to determine wage adjustment attached?		Yes	Agency Number	
	REQUIRED >> Copy of W-2 Attached << REQUIRED			Prepared By:	
	Table Instructions			Firstname Lastname	
Complete the "As Reported" column from the employee's W-2			Print Name		
Complete the "Adj" column with negative or positive amount of adjustment. You must use a minus sign (-) for Verify "Correct Amt" Column.			MM/DD/YY		
			Date		
			Preparer's Signature		
			IMPORTANT!		
			You must obtain a signature from Payroll Manager, or Agency Manager to whom payroll reports if:		
			A. This request changes the taxable income by \$2000 or more (positive or negative), or;		
			B. This request is for two or three years prior to the current tax year.		
			Approver:		
			Firstname Lastname		
			Print Name		
			MM/DD/YY		
			Date		
If PERS contributions are involved, contact the DAS Centralized PERS Team. Do not make prior year adjustments in OSPA.			Approver Signature		
For OSPS Use Only					
OSPS Date Received			Returned to Agency:		
			<input type="checkbox"/> Information missing or illegible		
			<input type="checkbox"/> Incorrect Information		
			<input type="checkbox"/> Prior to three years back		
			<input type="checkbox"/> Other		
			Check # Issued:		
			Date to Agency:		
			Comments:		
Revised 2/2016					

3. Nontaxable Housing Allowance Entered as Taxable

Once completed this form becomes a level 4 information asset. If you intend to save this form, do so in a secured location per Statewide Policy 107-004-050.

FOR OREGON STATE GOVERNMENT EMPLOYEES ONLY

PRINT

Request for Corrected W-2 (W-2c)

Complete this form electronically.

Reason for Correction

Correction needed due to: Taxable Income Adj. (i.e. FSA, housing)

Additional detail: Nontaxable housing entered as taxable

Has the employee fully repaid all overpayments for requested tax year correction? **N/A**

Has the employee completed the SS and MEDR Taxes Certification form (OSPS.99.13)? **Yes**

Copy of W-2 attached. **REQUIRED**

Backup documentation used to determine wage adjustment attached.

Increase Decrease wage reporting for tax year YYYY

Employee Name	Correct SSN
Firstname Lastname	###-##-####

Agency Name	Number
Dept. of AAAA	#####

Prepared By

Print name	Date
Firstname Lastname	MM/DD/YY
Preparer's Signature	

Table Instructions

Complete the "As Reported" column from the employee's W-2.

Complete the "Correct To" column as the amounts should have been reported on the employee's W-2.

There are formulas in the Adjustment column. Verify these amounts.

You must enable JavaScript before entering data into table.

Description	As Reported	Correct To	Adjustment
Taxable Income	\$42,804.70	\$41,804.70	(\$1,000.00)
Social Security Income	\$42,804.70	\$41,804.70	(\$1,000.00)
Medicare Subject Income	\$42,804.70	\$41,804.70	(\$1,000.00)
Non-Taxable Income		\$1,000.00	\$1,000.00
Social Security Tax	\$2,653.89	\$2,591.89	(\$62.00)
Medicare Tax	\$620.67	\$606.17	(\$14.50)
Federal Income Tax			\$0.00
State Income Tax			\$0.00
Healthcare Spending Acct			\$0.00
Dependent Care Spending Acct			\$0.00
Employer Social Security	\$2,653.89	\$2,591.89	(\$62.00)
Employer Medicare	\$640.67	\$606.17	(\$34.50)

You must get a signature from Payroll Manager or Agency Manager to whom payroll reports if:

- This request changes taxable income by \$2,000 or more (positive or negative), or;
- This request is for two or three years prior to the current tax year.

Approver

Print name	Date
Approval Signature	

FOR OSPS USE ONLY
UNPROCESSED – Return to Agency
<input type="checkbox"/> Information missing or illegible.
<input type="checkbox"/> Incorrect Information. <input type="checkbox"/> Other
<input type="checkbox"/> Prior to three years back.
Date Received
<input type="checkbox"/> Check Issued Check# _____
<input type="checkbox"/> Date to Agency: _____
Comments: _____

If PERS contributions are involved, contact the DAS Centralized PERS Team. Prior year payments must not be made through OSPAs.

4. Dependent Care FSA to Health Care FSA

FOR OREGON STATE GOVERNMENT EMPLOYEES ONLY				
Request for Corrected W-2 (W-2c)				
Purple cells contain drop-down	Correction reason: Use drop down menu			Tax Year: 2015
	Taxable Income Adj. (e.g. FSA, Housing)			
	Nontaxable housing entered as taxable		EE Name: Firstname Lastname	
			Correct SSN: 999-99-9999	
	Additional detail: Use drop down menus			
	Has the employee fully repaid all overpayments for requested tax year correction		N/A	Dept. of AAA
	Has the employee completed the Tax Refund Certification form		OSPS.99.13	Yes
	Backup documentation used to determine wage adjustment attached?		Yes	Agency Name (e.g. DHS, OHA, DOR): 99900
	REQUIRED >> Copy of W-2 Attached << REQUIRED			Agency Number
	Table Instructions			Prepared By: Firstname Lastname
Complete the "As Reported" column from the employee's W-2			Print Name	
Complete the "Adj" column with negative or positive amount of adjustment. You must use a minus sign (-) for			MM/DD/YY	
Verify "Correct Amt" Column.			Date	
Description	As Reported	(+/-) Adj	Correct Amt	Preparer's Signature
Taxable Income	42,804.70	(1,000.00)	41,804.70	IMPORTANT! You must obtain a signature from Payroll Manager, or Agency Manager to whom payroll reports if: A. This request changes the taxable income by \$2000 or more (positive or negative), or; B. This request is for two or three years prior to the current tax year.
Soc Sec Subj. Inc	42,804.70	(1,000.00)	41,804.70	
M/C Subj. Inc.	42,804.70	(1,000.00)	41,804.70	
Non-Tax Income	0.00	1,000.00	1,000.00	
EE Soc Sec Tax	2,653.89	(62.00)	2,591.89	
EE Medicare Tax	620.67	(14.50)	606.17	
Federal Tax	-	-	-	
State Tax	-	-	-	
Healthcare FSA	-	-	-	
Dep Care FSA	-	-	-	
ER Soc Sec Tax	2,653.89	(62.00)	2,591.89	Approver:
ER Medicare Tax	620.67	(14.50)	606.17	Print Name
If PERS contributions are involved, contact the DAS Centralized PERS Team. Do not make prior year adjustments in OSPA.				Date
				Approver Signature
For OSPS Use Only				
OSPS Date Received			Returned to Agency:	
			<input type="checkbox"/> Information missing or illegible	
			<input type="checkbox"/> Incorrect Information	
			<input type="checkbox"/> Prior to three years back	
			<input type="checkbox"/> Other	
Check # Issued:				
Date to Agency:				
Comments:				
Revised 2/2016				

5. Dependent Care FSA Refund

FOR OREGON STATE GOVERNMENT EMPLOYEES ONLY				
Request for Corrected W-2 (W-2c)				
Purple cells contain drop-down	Correction reason: Use drop down menu			Tax Year: 2015
	Taxable Income Adj. (e.g. FSA, Housing)			
	Dependent care FSA refund		EE Name: Firstname Lastname	
			Correct SSN: 999-99-9999	
	Additional detail: Use drop down menus			
	Has the employee fully repaid all overpayments for requested tax year correction?		N/A	Dept. of AAA
	Has the employee completed the Tax Refund Certification form OSPS.99.13 ?		N/A	Agency Name (e.g. DHS, OHA, DOR): 99900
	Backup documentation used to determine wage adjustment attached?		Yes	Agency Number
	REQUIRED >> Copy of W-2 Attached << REQUIRED			Prepared By:
	Table Instructions			Firstname Lastname
Complete the "As Reported" column from the employee's W-2			Print Name	
Complete the "Adj" column with negative or positive amount of adjustment. You must use a minus sign (-) for Verify "Correct Amt" Column.			MM/DD/YY	
			Date	
			Preparer's Signature	
			IMPORTANT!	
			You must obtain a signature from Payroll Manager, or Agency Manager to whom payroll reports if:	
			A. This request changes the taxable income by \$2000 or more (positive or negative), or;	
			B. This request is for two or three years prior to the current tax year.	
			Approver:	
			Print Name	
			Date	
			Approver Signature	
For OSPS Use Only				
OSPS Date Received			Returned to Agency:	
			<input type="checkbox"/> Information missing or illegible <input type="checkbox"/> Incorrect Information <input type="checkbox"/> Prior to three years back <input type="checkbox"/> Other	
			Check # Issued:	
			Date to Agency:	
			Comments:	
Revised 2/2016				

6. Health Care FSA Refund

FOR OREGON STATE GOVERNMENT EMPLOYEES ONLY					
Request for Corrected W-2 (W-2c)					
Purple cells contain drop-down	Correction reason: Use drop down menu			Tax Year:	2015
	Taxable Income Adj. (e.g. FSA, Housing)				
	Health care FSA refund			EE Name:	Firstname Lastname
				Correct SSN:	999-99-9999
	Additional detail: Use drop down menus				
	Has the employee fully repaid all overpayments for requested tax year correction?			Dept. of AAA	
	N/A			Agency Name (e.g. DHS, OHA, DOR):	
	Has the employee completed the Tax Refund Certification form?			99900	
	OSPS.99.13			Agency Number	
	N/A				
Backup documentation used to determine wage adjustment attached?			Prepared By:		
Yes			Firstname Lastname		
REQUIRED >> Copy of W-2 Attached << REQUIRED			Print Name		
Table Instructions			MM/DD/YY		
Complete the "As Reported" column from the employee's W-2			Date		
Complete the "Adj" column with negative or positive amount of adjustment. You must use a minus sign (-) for Verify "Correct Amt" Column.					
			Preparer's Signature		
			IMPORTANT!		
			You must obtain a signature from Payroll Manager, or Agency Manager to whom payroll reports if:		
			A. This request changes the taxable income by \$2000 or more (positive or negative), or;		
			B. This request is for two or three years prior to the current tax year.		
			Approver:		
			Print Name		
			Date		
			Approver Signature		
For OSPS Use Only					
OSPS Date Received			Returned to Agency:		
			<input type="checkbox"/> Information missing or illegible		
			<input type="checkbox"/> Incorrect Information		
			<input type="checkbox"/> Prior to three years back		
			<input type="checkbox"/> Other		
			Check # Issued:		
			Date to Agency:		
			Comments:		
Revised 2/2016					

8. Overpayment for Previous Year Repaid

FOR OREGON STATE GOVERNMENT EMPLOYEES ONLY				
Request for Corrected W-2 (W-2c)				
Purple cells contain drop-down	Correction reason: Use drop down menu			Tax Year: 2015
	Other (provide details below)			
	Prior year overpayment repaid		EE Name: Firstname Lastname	
			Correct SSN: 999-99-9999	
	Additional detail: Use drop down menus			
	Has the employee fully repaid all overpayments for requested tax year correction?		Dept. of AAA	
	Yes		Agency Name (e.g. DHS, OHA, DOR):	
	Has the employee completed the Tax Refund Certification form OSPS.99.13 ?		99900	
	Yes		Agency Number	
	Backup documentation used to determine wage adjustment attached?		Prepared By:	
Yes		Firstname Lastname		
REQUIRED >> Copy of W-2 Attached << REQUIRED				
Table Instructions				
Complete the "As Reported" column from the employee's W-2				
Complete the "Adj" column with negative or positive amount of adjustment. You must use a minus sign (-) for Verify "Correct Amt" Column.				
Description	As Reported	(+/-) Adj	Correct Amt	Preparer's Signature
Taxable Income			-	<p style="text-align: center; color: red; font-weight: bold;">IMPORTANT!</p> <p>You must obtain a signature from Payroll Manager, or Agency Manager to whom payroll reports if:</p> <p>A. This request changes the taxable income by \$2000 or more (positive or negative), or;</p> <p>B. This request is for two or three years prior to the current tax year.</p>
Soc Sec Subj. Inc	46,170.35	(755.86)	45,414.49	
M/C Subj. Inc.	46,170.35	(755.86)	45,414.49	
Non-Tax Income			-	
EE Soc Sec Tax	2,862.56	(46.86)	2,815.70	
EE Medicare Tax	669.47	(10.96)	658.51	
Federal Tax	-	-	-	
State Tax	-	-	-	
Healthcare FSA			-	
Dep Care FSA			-	
ER Soc Sec Tax	2,862.56	(46.86)	2,815.70	Approver:
ER Medicare Tax	669.47	(10.96)	658.51	Print Name
If PERS contributions are involved, contact the DAS Centralized PERS Team. Do not make prior year adjustments in OSPA.				Date
				Approver Signature
For OSPS Use Only				
OSPS Date Received		Returned to Agency:		
		<input type="checkbox"/> Information missing or illegible		
		<input type="checkbox"/> Incorrect Information		
		<input type="checkbox"/> Prior to three years back		
		<input type="checkbox"/> Other		
		Check # Issued:		
		Date to Agency:		
		Comments:		
Revised 2/2016				

9. Sample Cover Memo

MEMORANDUM

Date: March 29, YYYY
To: Payroll Manager
Cc: OSPS Reconciliation Accountant
 OSPS Agency File
From: OSPS Accountant
RE: Corrected W-2 (W-2C) Employee Name, SSN#

The W-2C enclosed and is the result of Dependent Flex spending account paid in the month of July YYYY and should not have. We have sent Copy A of Form W-2C along with Form W-2C to the appropriate tax entities. Please retain Copy D for your files. You need to provide employee with copies of the W-2C enclosed. OSPS will distribute the tax payments to the appropriate entities.

There may be adjustments your agency will be responsible to make related to employee's, life and/or disability insurances, and PERS for the month that was incorrectly paid in the system.

Outlined below is what your agency will owe for the employee/employer portion of the FICA/MEDC and the refund from FSA .

YYYY		
Gross		\$ 250.00
Amount paid by Agency		\$ (250.00)
Refund from FSA	\$(250.00)	
Employee FICA Tax	\$15.50	
Employee Medicare Tax	\$ 3.63	
Employer FICA Tax		\$15.50
Employer Medicare Tax		\$ 3.63
Federal Income Tax		
State Income Tax		
Total Due Employee	<u>\$(230.87)</u>	
Total Agency owed OSPS		<u>\$19.13</u>

10. Sample W-4

<http://www.irs.gov/pub/irs-pdf/fw4.pdf>

11. Sample W-2

<http://www.irs.gov/pub/irs-pdf/fw2.pdf>

12. Sample W-2c

<http://www.irs.gov/pub/irs-pdf/fw2c.pdf>