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Re: Release: 1691  
Service Request: 16976, 16963  
Error Reports: None  
Programs: PPEDTPAY, PPEDTRST, PFEDTAX, PPGRSERN, PPNETCLC, PPNETDTK,  
PPP440, PPP470, PPP480, PPP500, PPP520, PPP771, PPRCGRSS  
Copymembers: CPLNKFED, CPWSXCBF  
Include Members: PPPV400B  
DDL Members: None  
Bind Members: None  
CICS Maps: None  
Forms: None  
Table Updates: Description of Service Table, System Messages Table  
Urgency: Not Urgent (See Timing of Installation)

## **Service Request 16976**

This release is associated with Postdoctoral Scholar processing and concerns issues relating to the edits, gross pay development and tax withholding for DOS values "FEL", "FEN", and "PDD". Modifications to the Workers' Compensation assessment are also addressed.

### FEL/FEN Edits

Currently, EDB edits require that the Citizenship Code for "FEN" distributions be either "C", "P", or "R". Conversely, EDB edits require that the Citizenship Code for "FEL" (Nonresident Alien) distributions be neither "C", "P", nor "R". These EDB edits for FEL/FEN distributions are appropriate.

However, an inconsistency arises with the editing of Pay Transactions (LX, RX, AP, TE, TX, RA). For these transactions, Citizenship Code F (in addition to "C", "P", "R") is permitted for FEN payments. Conversely, "FEL" pay input edits disallow Citizenship Code F (in addition to "C", "P", "R"). This release contains modifications so that Citizenship Code "F" is permitted for "FEL" pay input but disallowed for "FEN" pay input. Therefore, the FEL/FEN Citizenship Code restrictions of the Payroll Edit will be consistent with the EDB Edit restrictions.

### Fellowship Gross

DOS "PDD" payments are subject to FWT Gross and SWT Gross (as well as Tax Treaty Gross) when applicable. Currently, however, PDD payments also are also applied to the PAR Fellowship Gross and YTD Fellowship Gross. This release contains changes which will exclude PDD payments from being added to the PAR Fellowship and YTD Fellowship Grosses (i.e., these payments are reflected in W2 reporting and must be excluded from 1042S reporting). This change implies that the YTD Fellowship Gross will contain only the total of all "FEL" and "FEN" payments.

### DOS "FEL" Excluded From FWT Gross

DOS "FEL" payments should NOT be included in the PAR FWT Gross nor applied to YTD FWT Gross. To achieve this result, a DOS Table update is contained in this release such that the FWT Subject Gross Indicator on the "FEL" entry will be set to the "off" value (i.e., "N").

### "FEL" Gross – Citizenship Code "E" and "F"

This release contains modifications to apply the DOS "FEL" gross to the Tax Treaty Gross in the following manner.

During the Gross-to-Net Process (PPP400), when the Citizenship Code is "E" or "F" and the Tax Treaty Limit is non-zero, the following will occur. If the YTD Tax Treaty Gross (including any current Regular Pay less Reductions) is under the Tax Treaty Limit, the DOS "FEL" Gross will be added to the Tax Treaty Gross up to but not exceeding the TT Limit. The amount of "FEL" Gross added to the TT Gross will be subtracted from the YTD Fellowship Gross. That is, "FEL" pay may be added to either Fellowship Gross or TT Gross, but not both.

Note, if the "FEL" Gross causes the TT Limit to be reached, that portion of "FEL" Gross over the limit will be treated as though the Citizenship Code were "A" or "N".

### "FEL" Gross – Citizenship Code "A" and "N"

Currently, only Citizenship Code "N" individuals receive the special FEL NRA deduction. This release contains modifications which will cause either Citizenship Code "N" or "A" individuals to have the special 14/30% FEL NRA deduction. Additionally, this FEL NRA deduction will be calculated without the factoring of Reductions (additionally, Reductions will NOT be applied to any FEL Gross portion which was added to the TT Limit as per the previous item).

Note: When Citizenship Code "X" individuals receive "FEL" payments, the pay is included in the YTD Fellowship Gross but no tax will be developed; that is, these people have a Federal Exemptions value of "999". Additionally, these individuals will be blocked from receiving a 1042S.

Additional Note: Citizenship Code "S" employees are NOT eligible to be considered Postdoctoral Scholars and should not receive "FEN", "FEL", or "PDD" pay.

### Non-Postdoc FWT Tax Calculation

During the standard (i.e., non-Postdoc) FWT Tax calculation, if the employee's Citizenship Code is "N", then the "Single" tax rate set will always be applied (regardless of FWT Martial Status). This release contains modifications so that Citizenship Code "A" employees will receive the same treatment.

### Postdoc Imputed Income

The modifications for Release 1612 (10/12/04) added Postdoc functionality to the standard "employee" routine for Imputed Income balance posting. However, due to mixed pay considerations, it became possible for both Fellowship Gross and FWT Gross to be incremented by Imputed Income.

The changes in this current release have removed Postdoc processing from the standard "employee" Imputed Income routine and instead, implemented a new routine for Postdoc individuals (see program PPNETDTK below).

### Workers' Compensation Assessment

Currently, the Distribution of Payroll Expense process (Expense Process) charges Workers Compensation as follows:

- When one of more current month pay distribution's DOS code is PDW (paid direct), the individual will be charged a flat rate of \$29.89 (System Parameter 192). This assessment is charged to the Full Accounting Unit (FAU) contained on the last PDW distribution encountered for the individual.
- When the distribution's DOS code is **not** PDW, the distribution's FAU will be charged the standard Workers' Compensation rate (i.e., rate contained on the Workers' Compensation Table times the distribution's gross pay amount)

This release contains modifications so that Workers Compensation will be assessed as follows:

- When one of more current month pay distribution's DOS code is PDW **or** one or more current month pay distributions with Title Code "3253" ("Postdoc Fellow") are present, the individual will be charged the flat rate of \$29.89. This assessment amount will be prorated among current month "3253" distributions according to the distribution gross pay amount (i.e., associated with DOS values "FEN", "FEL", "PDD"). When no current month "3253" gross earnings are present (i.e., the assessment was triggered by only "PDW" earnings which have a zero gross), then the assessment will be charged to the FAU values contained on the individual's EDB FBA row data. When no FBA data is present on the EDB record, then the assessment will be charged to the FAU contained on the last PDW distribution encountered for the individual.
- When the distribution's DOS code is **not** PDW and the Title Code is **not** "3253", the distribution's FAU will be charged the standard Workers' Compensation rate (i.e., Workers' Compensation Table rate times the distribution's gross pay).

### Workers' Compensation Reporting

The Final Summary Page of the Distribution of Payroll Expense report (PPP5302) summaries the Postdoc flat rated Workers Compensation expense. However, the PPP5206, Workers Compensation Totals Report, does not include these charges. Release modifications will now cause the amounts assessed for the flat rated Postdoc Workers Compensation to be included by Fund group in the PPP5206, Workers Compensation Totals report.

### PPP7712 Postdoc NRA Withholding Report

The PPP7712 month end summary report (used to check proper tax withholding for Postdoc NRA individuals) considers Citizenship Status Codes "E" and "F" as part of the process. The report lists these individuals a potentially having a tax liability. However, these individuals with Citizenship Status Codes "E" and "F" are exempt from Federal tax withholding. The PPP7712 month end summary report has been modified to exclude individuals with Citizenship Status Codes "E" and "F."

### Service Request 16963

A problem with federal tax withholding (FWT) has been identified when the calculated FWT deduction exceeds \$99,999.99. In this situation, the \$100,000 position (i.e., high order position) is truncated by the calculation module (PPFEDTAX) because the interface definition reflects the eventual size limitation of individual PAR deduction amounts.

As a temporary measure (there are several dollar amount fields in PPS that need to be expanded), this release contains changes which identify the data condition and cause message 40-090 (FED TAX DEDUCTION TRUNCATED -- EXCEEDS \$99,999.99) to be issued for the employee. Also, it was noted that the PAR reports (PPP4401, PPP4701, and PPP4801) truncated the high order position for Net Pay, Total Gross, FWT, OASDI, Medicare, State, and Retirement Grosses when the amount exceeded \$99,999.99. These reports have been modified and will now accommodate up to \$999,999.99.

## Programs

### **PPEDTPAY, PPEDTRST**

These dual use modules perform batch and online edits of Pay Transactions LX, RX, AP, TE, TX, and RA. They have been modified so that when DOS "FEN" is entered, the EDB Citizenship Code must be "C", "P", or "R". Conversely, when DOS "FEL" is entered, the EDB Citizenship Code must not be "C", "P", or "R".

### **PPGRSERN**

Payments for DOS value "PDD" will be excluded from being added to the PAR Fellowship Gross. The Fellowship Gross will now include only "FEL" and "FEN" payments.

### **PPNETCLC**

Module PPNETCLC is called by PPP400 to develop deduction amounts which require special procedures or calculations.

When PPNETCLC is called to develop the Federal Withholding Tax (FWT) deduction via setup/call to PPFEDTAX, a process is invoked as follows when the Citizenship Status is either "E" or "F".

The YTD Tax Treaty Gross (incremented in PPP390 by the PAR State Gross and factored by Domestic Partner Imputed income by prior deduction handling) is reduced by the total applicable GTN Reductions (this includes applicable Domestic Partner TIP reduction). The following new process will be performed if the resulting YTD Tax Treaty Gross is less than the Tax Treaty Limit:

1. The Amount Under Limit will be calculated (i.e., Tax Treaty Limit minus YTD Tax Treaty Gross).
2. If the DOS FEL Gross is less than the Amount Under Limit, the DOS FEL Gross is added to the YTD Tax Treaty Gross.
3. Otherwise (the DOS FEL Gross equals or exceeds Amount Under Limit),
  - The DOS FEL Gross is added to the YTD Tax Treaty Gross up to the amount of the Tax Treaty Limit.
  - The PPFEDTAX interface Citizenship Status value will be changed to "N" or "A" (as applicable) and the interface Marital Status will be set to "S" (single) with one allowance.
4. DOS "FEL" pay may be added to either Fellowship Gross or Tax Treaty Gross, but not both. Thus any FEL added to the Tax Treaty Gross must be reversed from the Fellowship Gross. Therefore, that amount of DOS FEL Gross which was added to Tax Treaty Gross as per items 2 & 3, above, will be subtracted from:
  - Year-to-Date Fellowship Gross
  - PAR Fellowship Gross
  - DOS FEL Gross (i.e., if a portion of the FEL Gross was added to the Tax Treaty Gross causing it to reach the limit, then only the remaining DOS FEL Gross will be taxed at the 14/30 % FEL NRA rate).

At a point after the above Tax Treaty Limit processing has occurred, PPNETCLC examines the PPFEDTAX interface Citizenship Code for a value of "N" to initiate the special 14/30% FEL deduction. Release changes will now examine the Citizenship Code for a value of "A", as well as "N" to initiate the 14/30% FEL deduction

### **PPFEDTAX**

Prior to this release, the DOS FEL Gross was included in the FWT Gross (i.e., the FEL DOS table FWT Subject Gross Indicator was set "on") so therefore, the FEL was reversed out of the FWT Gross prior to tax calculation. However, this release contains an update to the DOS Table such that the FWT Subject Gross Indicator on the "FEL" entry will be set to the "off" value. Therefore, the FEL Gross reversal from FWT Gross is no longer necessary so it has been removed per release changes.

Prior to this release, the DOS FEL Gross was reduced by the FWT Reduction amount which exceeded Regular FWT Gross. This logic has also been removed (i.e., reductions will not be applied to the DOS FEL Gross during the 14/30% FEL NRA calculation).

Additionally, PPFEDTAX has been modified with the inclusion of a deduction truncation edit. When high order truncation occurs during an FWT rated, flat, or FEL NRA calculation, message 40-090 (Severity "4"; Data Override) is issued for the individual.

### **PPNETDTK**

PPNETDTK has been changed so that Postdoc processing has been removed from the standard "employee" Imputed Income routine in favor of a new routine as follows.

If the PAR Medicare Gross is zero and the PAR FWT Gross is zero and "FEN", "FEL", or "PDW" earnings are present, then the Imputed Income will be added to the YTD Fellowship Gross (or the YTD Tax Treaty Gross, if applicable).

Otherwise (the PAR Medicare Gross is non-zero or the PAR FWT Gross is non-zero or neither "FEN", "FEL", nor "PDW" earnings are present), then the standard "employee" Imputed Income routing is performed to increment the various gross balances, as applicable, with the Imputed Income.

### **PPP500**

PPP500 has been modified to develop a Postdoc Workers' Compensation (WC) Gross. Each PAR earnings is examined. If the Title Code is "3253" and the Earnings Date is in the current Process Month, the earnings gross is added to the individual's Postdoc WC Gross. This new gross will be passed to PPP520 via the Consolidated Benefit Activity record.

### **PPP520**

Previously, the standard Workers' Compensation benefit (i.e., gross times WC Table rate) was applied to "3253" earnings (i.e., FEN, FEL, PDD). Release modifications will exempt these earnings from the standard WC Benefit calculation.

Previously, the flat rated Postdoc WC Benefit was assigned to the individual only when a current month DOS "PDW" earning was present. Release modifications will cause the flat rated Postdoc WC Benefit to be assigned when either a current month DOS "PDW" earning is present or the Postdoc WC Gross is greater than zero.

As benefits are derived for each earnings, when the Title Code is "3253" and the Earnings Date is within the Process month, the flat rated Postdoc WC benefit will be calculated to equal Monthly Postdoc WC Benefit times the Earnings Gross divided by the Postdoc WC Gross (a standard 6 decimal declining balance routine is used).

At the completion of processing for the individual, if any Postdoc WC Benefit remains to be charged (i.e., implies only zero gross PDW earnings were present for the individual), the benefit will first be charged to EDB FBA entries and, if none are present, the benefit will be assigned to the last PDW earning's FAU encountered for the individual.

As each flat rated Postdoc WC benefit is applied to an earnings FAU or FBA entry FAU, a "Get Rate" call is made to PPBENWCR (via PPF101) using the charged FAU (this call also sets a reporting bucket index). On return from the Call, the returned rate is discarded and the already calculated benefit amount is then passed back to PPBENWCR via a "Post" call so that the Postdoc WC Benefit is applied to report accumulators and will thusly, be included by Fund (or other FAU group) in the PPP5206, Workers Compensation Totals report.

### **PPP771**

Program PPP771 has been modified to bypass employees with Citizenship Code values "E" and "F" from all reporting considerations.

## **PPRCGRSS**

Module PPRCGRSS (Rush Checks) has been modified so that DOS "PDD" payments are no longer added to Fellowship Gross.

## **PPP440, PPP470, PPP480**

These PAR reporting programs have been modified to display amounts of up to \$999,999.99 for Net Pay, Total Gross, FWT, OASDI, Medicare, State, and Retirement Grosses.

## **Copymembers**

## **CPLNKFED**

An "88" level definition for Citizenship Code "A" was added to the Citizenship Code entry.

## **CPWSXCBF**

This member defines the Consolidated Benefit record (used for data passage between PPP500 and PPP520). The Postdoc Workers' Compensation Gross (used for benefit pro-ration) has been added to this record.

## **Include members**

### **PPPV400B**

PPPV400B\_PAY is used by various compute and rush check modules to access the PPPPAY table. An entry for Citizenship Code value "A" has been added to the "88" level definition.

## **Table Updates**

### **Description of Service Table**

For the "FEL" DOS Table entry, the value of the FWT Subject Gross Indicator is changed from "+" to "N".

### **System Message Table**

Message 40-090 (Severity '4') has been added to the System Message Table.

## **Test Plan**

A complete test plan is provided with this release. Campuses are encouraged to use the base system test materials, as well as performing any other desired local tests.

## **Installation Instructions**

Installation instructions are provided in a separate document.

## **Timing of Installation**

This release is Not Urgent. However, campuses should install this release as quickly as possible so as to accurately process payments for Postdoc individuals.

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As usual, campuses are encouraged to install this release in as timely a fashion as possible and in the normal numeric sequence.

Please address questions or comments via electronic mail to [Jim.Tuohig@ucop.edu](mailto:Jim.Tuohig@ucop.edu) or call (510) 987-0741.

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