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Re:	Release:	1753
	Service Requests:	81763
	Error Reports:	2063
	Programs:	PP1042S, PP1042SE, PP1042SF, PP1042SI, PP1042SP, PP1042SR, PP1042ST, PPP730
	Copymembers:	CPFD1042, CPLN142E, CPLN142R, CPLN142S, CPWS142E, CPWS142T, CPWSXTRC
	Include Members:	None
	DDL Members:	None
	Bind Members:	PPP730
	CICS Maps:	None
	Forms:	1042-S Form
	Table Updates:	System Messages Table, Data Element Table, CICS Help
	Urgency:	Date Mandated (see Timing of Installation)

This release addresses the following service request and error report:

Service Request 81763

Service Request 81763 asks that modifications be made to the 1042-S processes for tax year 2006.

It is asked that modifications be made to the 1042-S Employee Selection Process, 1042-S Reporting Data File Process, 1042-S Edit Process, 1042-S Magnetic Media Process, and 1042-S laser Form Process.

In addition, it is asked that income code value of '17' be included in the list of valid income codes for existing data elements 1170 (Tax Treaty Income Code) and 1171 (Alternate Tax Treaty Income Code).

Error Report 2063

Modules PP1042SE and PP1042SP contain an existing edit that checks for negative YTD amounts and if true, an error message is issued. The YTD Post Doctoral Fellowship Gross (EDB 5555) and YTD Post Doctoral Federal Tax Withheld (GTN 636-Y) should be included in the existing edit that checks for negative YTD amounts. The logic that directly calls the DB2 PPPPRM table to return the appropriate Post Doctoral Federal Tax Rate should be removed. Instead, the logic should be replaced such that utility module PPPRMUT2 should be called to return the appropriate Post Doctoral Federal Tax Rate. In addition, the logic that checks for a Citizenship Code (EDB 0109) value of 'E', 'F', or 'X' and YTD Post Doctoral Federal Gross is greater than zero should be modified such that the Citizenship Code value of 'X' should be removed from the condition; employee with a Citizenship Code of 'X' are already bypassed for 1042-S processing in the 1042-S Employee Selection Process.

Module PP1042SR contains an existing edit that checks whether the Post Doctoral Tax Rate is numeric. However, the Post Doctoral Tax Rate is taken from the System Parameter Table where the value stored is always numeric. Thus, the edit of the Post Doctoral Tax Rate for a non-numeric value is not necessary and should be removed.

Module PP1042SF defines the federal tax rate field in the working storage section as a format of PIC 99.99, and a COBOL REDEFINES on the same federal tax rate field as a format of PIC 9. Since it is no longer valid when the reported federal tax rate is zero, to display the federal tax rate as '0' on the 1042-S form, the COBOL REDEFINES clause should be removed.

Programs

PP1042S

Currently, this driver module controls the calling of modules PP1042SF, PP1042ST, and PP1042SR.

The length associated with the 1042-S Reporting Data file has been increased by one to a total length of 373 on the File Description (FD) and Sort Description (SD). The internal array stored in the linkage section and defined in copymember CPLN142S has been moved to the linkage section defined in copymember CPLN142R, and passed to module PP1042SR.

PP1042SE

Currently, this module calls the appropriate modules to extract 1042S data from the EDB and/or the Accounts Payable Interface File. In addition, an extract summary shows all reportable balances on the EDB and Accounts Payable Interface File. Error messages are issued for all exceptions and warning conditions so that corrective action may be taken and the extract rerun.

Modifications have been made to module PP1042SE as follows:

- YTD Post Doctoral Federal Tax Withheld (GTN 636-Y) has been added to the existing edit that checks for negative amounts. If YTD Post Doctoral Federal Tax Withheld is negative, message 73-117 is issued.
- The YTD Fellowship Gross (EDB 5555) has been added to the existing edit that checks for negative amounts. If YTD Fellowship Gross is negative, message 73-116 is issued.

In addition, the following special modifications have been made to module PP1042SE as follows:

- Currently, after the last selected employee's data is extracted from the EDB (PP1042SP) and/or the individual's data is extracted on the last record processed from the Accounts Payable Interface File (PP1042SI), the existing logic closes the 1042-S Reporting Data File. A call to module PP1042S is made to open the 1042-S Reporting Data File, and then PP1042S passes each 1042-S Reporting Data record to module PP1042SR to produce the 1042-S reports.

When module PP1042SR processes the first 1042-S Reporting Data record of an employee, all appropriate error messages are printed on the PPP7309 Report (1042-S Error Conditions List) **before** the employee's actual 1042-S data is printed. However, for those individuals that have multiple 1042-S Reporting Data records, the data on the second and subsequent records are assumed correct. Thus, the printing of additional error messages related to the U.S. Federal Tax Withheld Indicator value of '1' or '2' on the second and/or subsequent records cannot be printed together with the earlier error messages.

To address the above problem, new logic will be added to open the 1042-S Reporting Data File and to check the U.S. Federal Tax Withheld Indicator value on each 1042-S Reporting Data record. If the 1042-S data originated from the Accounts Payable Interface file and the individual has multiple 1042-S records (record count greater than

1), and the second and/or subsequent 1042-S records contain an U.S. Federal Tax Withheld value of '1' (YTD Federal Tax Withheld is over withheld) and/or '2' (YTD Federal Tax Withheld is under withheld), an entry will be recorded in an internal array containing the individual's Social Security Number, Employee Name, and the appropriate U.S. Federal Tax Withheld Indicator value(s). A Maximum-Entries-Loaded-Counter is incremented by 1. The definition of the internal array is defined in the linkage data in copymember CPLN142E. The internal array stored in the linkage section is passed to main driver program PPP730, which moves the internal array to the linkage section defined in copymember CPLN142S for passing to module PP1042S. Thus, PP1042S moves the internal array to the linkage section defined in copymember CPLN142R for passing to module PP1042SR. Finally, the 1042-S Reporting Data File is closed. This enables module PP1042SR to print the error messages related to the U.S. Federal Tax Withheld Indicator values of '1' and/or '2' together with the existing error messages.

PP1042SF

Currently, this module produces the 1042-S form for each selected employee using the data from the 1042-S Reporting Data File.

No logic changes are necessary for the following changes to the 1042-S form:

- The year 2005 is changed to year 2006 in two areas of the 1042-S form.
- The word "VOID" next to the right of the left-most check-off box is replaced with the word "AMENDED". The middle check-off box and the word "CORRECTED" is removed.
- The text '**OMB No. 1545-0096**' is placed on the 'Copy B', 'Copy C', and 'Copy E' 1042-S forms. The text is displayed above the existing line containing the words 'Copy B', 'Copy C', and 'Copy E'.

In addition, changes have been made in the working storage section to remove the extraneous field related to the display of the federal tax rate, when rate is zero, as a single value of '0' (zero) on the 1042-S form.

PP1042SI

Currently, this module reads the Accounts Payable Interface File. A 1042-S Reporting record is generated for each individual reported on the Accounts Payable Interface File.

The U.S. Federal Tax Withheld Indicator, stored in the 1042-S Reporting Data record, is determined via a calculation of the employee's YTD Federal Tax Withheld rounded to the nearest cent. If the calculated YTD Federal Tax Withheld is equal to the employee's reported YTD Federal Tax Withheld, the U.S. Federal Tax Withheld Indicator is set to '0'. If the calculated YTD Federal Tax Withheld is less than the employee's reported YTD Federal Tax Withheld, the U.S. Federal Tax Withheld Indicator is set to '1'. If the calculated YTD Federal Tax Withheld is greater than the employee's reported YTD Federal Tax Withheld, the U.S. Federal Tax Withheld Indicator is set to '2'.

PP1042SP

Currently, this module extracts appropriate 1042-S data from the EDB tables PPPPAY, PPPPCM, PPPPER, PPPFAD, and PPPDBL, and from the CTL table PPPFCT. A 1042-S Reporting Data record is produced for each selected employee.

Modifications have been made to PP1042SP as follows:

- The YTD Fellowship Gross (EDB 5555) and YTD Post Doctoral Federal Tax Withheld (GTN 636-Y) have been added to the existing edit that checks for negative amounts.

- For a Non-Post Doctoral employee whose YTD Fellowship Gross is zero, the *employee's U.S. Federal Tax Withheld Indicator is set to a value of '0' (zero)*.
- For a Post Doctoral employee whose YTD Fellowship Gross is greater than zero,

If his/her Citizenship Code (EDB 0109) is 'E' or 'F' and the YTD Fellowship Taxes Withheld is equal to zero, the *employee's U.S. Federal Tax Withheld Indicator is set to a value of '0' (zero)*.

If his/her Citizenship Code (EDB 0109) is 'E' or 'F' and the YTD Fellowship Taxes Withheld is not equal to zero, the *employee's U.S. Federal Tax Withheld Indicator is set to a value of '1' (one)*.

If his/her Citizenship Code is *not* 'E' or 'F', the U.S. Federal Tax Withheld Indicator value is determined via the Post Doctoral employee's calculated YTD Fellowship Federal Tax Withheld rounded to the nearest cent.

If the calculated YTD Fellowship Federal Tax Withheld is equal to the employee's reported YTD Fellowship Federal Tax Withheld, the U.S. Federal Tax Withheld Indicator is set to '0'. If the calculated YTD Fellowship Federal Tax Withheld is less than the employee's reported YTD Fellowship Federal Tax Withheld, the U.S. Federal Tax Withheld Indicator is set to '1'. If the calculated YTD Fellowship Federal Tax Withheld is greater than the employee's reported YTD Fellowship Federal Tax Withheld, the U.S. Federal Tax Withheld Indicator is set to '2'.

- The YTD Post Doctoral Fellowship Gross (EDB 5555) and YTD Post Doctoral Federal Tax Withheld (GTN 636-Y) have been included in the existing edit that checks for negative YTD amounts.
- The logic that directly calls the DB2 PPPPRM table to return the appropriate Post Doctoral Federal Tax Rate has been removed. Instead, the existing logic has been replaced such that utility module PPPRMUT2 is called to return the appropriate Post Doctoral Federal Tax Rate.
- The logic that checks for a Citizenship Code (EDB 0109) value of 'E', 'F', or 'X' and YTD Post Doctoral Federal Gross is greater than zero has been modified such that the Citizenship Code value of 'X' has been removed from the condition; employee with a Citizenship Code of 'X' are already bypassed for 1042-S processing in the 1042-S Employee Selection Process.

PP1042SR

Currently, this module contains logic to format and print the PPP7308 Report and PPP7309 Report. The data is taken from the 1042-S Reporting Data File.

Modifications have been made as follows:

- Currently, the appropriate Post Doctoral Tax Rate that is stored in the System Parameter table is numeric. Therefore, the edit that checks for a non-numeric Post Doctoral Tax Rate has been removed.
- An edit has been added to check the U.S. Federal Tax Withheld Indicator value (taken from 1042-S record) as follows:

If the value is equal to '1' and the Citizenship Code is *not* 'E' or 'F', the text of "The federal taxes are over reported" is displayed on the PPP7309 Report (**1042-S Error Conditions List**), and the text "Editing Error" is displayed on the PPP7308 Report (**1042-S DATA SELECTED FROM EDB AND AP**).

If the value is equal to '1' and the Citizenship Code is 'E' or 'F', the text of "Tax Treaty Individual and Taxes Withheld" is displayed on the PPP7309 Report (**1042-S Error Conditions List**), and the text "Editing Error" is displayed on the PPP7308 Report (**1042-S DATA SELECTED FROM EDB AND AP**).

If the value is equal to '2', the text of "The federal taxes are under withheld" is displayed on the PPP7309 Report, and the text "Editing Error" is displayed on the PPP7308 Report (**1042-S DATA SELECTED FROM EDB AND AP**).

The internal array passed in the linkage section from module PP1042S is processed if the Maximum-Entries-Loaded-Counter is greater than zero. The employee's Social Security Number and Employee Name from the 1042-S Reporting Data record are compared to each Social Security Number and Employee Name in the array. If the Social Security Number and Employee Name match, the entry containing the U.S. Federal Tax Withheld Indicator value(s) determines the appropriate error message(s) to issue. If the U.S. Federal Tax Withheld Indicator value is '1', the text of "The federal taxes are over reported" is issued. If the U.S. Federal Tax Withheld Indicator value is '2', the text of "The federal taxes are under withheld" is issued.

PP1042ST

Currently, this module produces the 1042-S magnetic media file. The data is taken from the 1042-S Reporting Data File.

- "T" Record Type – Transmitter Record

No magnetic media logic changes are necessary for the following item asked in the requirements:

a) The tax year of '2006' (value taken from the Specification Record of PPP730) is moved to the "T" record.

- "W" Record Type – Withholding Agent Record

The following modifications have been made to the magnetic media logic:

a) The Withholding Agent Contact Name (value taken from copymember CPWSXTRC) is moved to the "W" record.

b) The Withholding Agent's Department Title (value taken from copymember CPWSXTRC) is moved to the "W" record.

- "Q" Record Type – Recipient Record

The following modifications have been made to the magnetic media logic:

a) The U.S. Federal Tax Withheld Indicator (value taken from 1042-S record) is moved to the "Q" record in position 761.

PPP730

Currently, this module is the main driver for the 1042-S process. PP1042SE is called to control the extraction of 1042-S data from the EDB and/or the Accounts Payable Interface File via calls to PP1042SP and PP1042SI respectively. PP1042S is called to control the production of 1042-S reports, 1042-S forms, and magnetic media via calls to PP1042SR, PP1042SF, and PP1042ST respectively.

PPP730 has been modified such that the internal array returned in the linkage section defined in copymember CPLN142E is moved to the linkage section defined in copymember CPLN142S to pass to module PP1042S.

Copymembers

CPFD1042

This copymember contains the file definitions for the 1042-S Reporting Data File.

The record length has been changed from 372 to 373.

CPWS142E

This copymember contains the record layout for the 1042-S reporting data record.

A length of 1 associated with the U.S. Federal Tax Withheld Indicator has been added to this record layout in position 310.

CPLN142E

This copymember contains the linkage data shared between PP1042SE and the calling module PPP730.

An internal array is defined containing data of Social Security Numbers and associated U.S. Federal Tax Withheld Indicator values of '1' and/or '2'.

CPLN142R

This copymember contains the linkage data shared between PP1042R and calling module PP1042S.

An internal array is defined containing data of Social Security Numbers and associated U.S. Federal Tax Withheld Indicator values of '1' and/or '2'.

The Social Security Numbers and associated U.S. Federal Tax Withheld Indicator data values stored in the array are referenced in module PP1042SR to trigger the issuance of the appropriate error messages on report PPP7309 for employees with multiple 1042-S Reporting Data records from Accounts Payable Interface File only.

CPLN142S

This copymember contains the linkage data shared between PP1042S and calling module PPP730.

An internal array is defined containing data of Social Security Numbers and associated U.S. Federal Tax Withheld Indicator values of '1' and/or '2'.

CPWS142T

This copymember contains various record layouts of the magnetic media file.

The following items have been added to the record layout associated with the "W" record type for 1042-S Magnetic Media processing:

- Withholding Agent Contact Name for a length of 45 starting in positions 273 through 317
- Withholding Agent's Department Title for a length of 45 starting in positions 318 through 362

The following items have been moved to a different location on the record layout associated with the "W" record:

- The Contact Phone Number field and Extension field is moved to positions 363 through 382, originally in positions 273 through 292.

- The Final Return Indicator field is moved to position 383, originally in position 293.
- Positions 384 through 770 are labeled as reserved.

CPWSXTRC

The following items have been added to the copymember containing campus-specific values for 1042-S processing.

- Withholding Agent Contact Name for a length of 45
- Withholding Agent's Department Title for a length of 45

Currently, the valid "Return Type Indicator" values are '0' (Original), '1' (Void), and '2' (Corrected). The "Return Type Indicator" value is set to an initial value of '0' (Original) in the copymember.

- The value of '1' has been disassociated with "Void Return" and instead is associated with an "Amended Return", and the value of '2' "Corrected Return" has been deleted. Thus, the valid return type values are '0' (Original) and '1' (Amended). Since the "Return Type Indicator" in this copymember is currently initially set to a value of '0' (Original), no changes were required other than adding two 88 level values of '0' and '1' for documentation purposes. Note that it is the responsibility of the campus to determine the appropriate "Return Type Indicator" value for reporting on the magnetic media file.

Note that the values mentioned above in the three bulleted items are reported on the 1042-S "W" record type.

Bind Members

PPP730

Member PPPRMUT2 has been added to the plan bind for PPP730.

Form Changes

The following changes have been made to the form 1042-S using Overlay Generation Language (OGL):

- The displayed year of '2005' has been changed to '2006' in two areas of the 1042-S form.
- Currently, there are three check-off boxes displayed underneath the line containing the text "Subject to Withholding". Displayed immediately to the right of each check-off box, starting with the leftmost check-off box is the word '**VOID**', '**CORRECTED**', and '**PRO-RATA BASIS REPORTING**' respectively.

The word '**VOID**' has been removed and replaced with the word '**AMENDED**'. Both the second check-off box and the word '**CORRECTED**' have been removed. The third check-off box and the words '**PRO-RATA BASIS REPORTING**' remains in their original positions on the form 1042-S.

- The text '**OMB No. 1545-0096**' is displayed on the 'Copy B', 'Copy C', and 'Copy E' 1042-S forms above the existing line containing the words 'Copy B', 'Copy C', and 'Copy E'.

Table Updates

System Messages Table

New messages 73-116, 73-117, and 73-118 have been added to the System Messages Table.

The update transactions in release file CARDLIB (MSGPROD) provided with this release are supplied for both Test and Production.

Data Element Table

Income Code value of '17' is added to the list of valid Income Codes for data elements 1170 and 1171.

The update transactions in release file CARDLIB (DETPROD) provided with this release are supplied for both Test and Production.

CICS Help

Income Code value of '17' (Compensation for student dependent personal services) has been added to the Code Interpretation section of the on-line CICS Help (EDB 1170 and EDB 1171) as well as the Data Dictionary Entries for EDB 1170 and EDB 1171.

JCL Changes

PPP730

- The coded length associated with DD name of **S1042FL** has been changed to 373.

PPP722

- The coded length associated with DD name of **O1042FL** has been changed to 373.

Test Plan

An installation Test Plan is provided as a separate document.

Installation Instructions

Installation Instructions are provided as a separate document.

Timing of Installation

The installation of this release is *Date Mandated*.

This release must be installed in time for the distribution of the Form 1042-S, whether filed on paper, magnetic media, or electronically, to the IRS by March 15, 2007. The laser Form 1042-S must also be furnished to the recipient on or before March 15, 2007.

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

If there are any questions, please send electronic mail to Jackson.Quan@ucop.edu, or call (510) 987-0464.

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