

Release 1755

**New Federal Tax Withholding Rules for
Nonresident Aliens, Phase II
Service Request 81561**

Detail Design

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Introduction

The requirements in Service Request 81561 ask that the Payroll/Personnel System (PPS) be modified to eliminate the current method of establishing a special NRA Federal Withholding Tax (FWT) deduction (currently \$33.10 per month) for employees with Citizenship Status Code of “N” or “A”. This special NRA FWT deduction is deducted in the compute in addition to the regular FWT deduction from the Federal Tax Table. Instead, PPS should use the new method prescribed by the IRS to calculate the appropriate FWT for nonresident alien employees. This method involves basing the lookup in the Federal Tax Table on a calculated amount that is equal to the employee’s Federal Taxable Gross plus a fixed amount determined by primary pay cycle. Currently, these amounts are:

\$221.00 – Monthly
\$102.00 – Biweekly
\$110.00 – Semi-monthly

The requirements specify that the new calculation method must be put in place with the first pay cycle with a 2007 check date.

Processing Overview

Two Phase Implementation

The calculation of the FWT for employees had to be done using the previous method for all pay cycles with a 2006 check date, and had to be done using the new method starting with the first pay cycle with a 2007 check date. This resulted in a very narrow window for implementation of the required system changes, at calendar year end when many other critical processes take place in a narrow time span. In recognition of the year-end time constraints, it was decided to release the modifications in two phases.

Phase I – Release 1721

Listed below are the changes that were released as part of phase I of the project:

- The assignment of three System Parameter numbers to hold the additional dollar amounts used in the calculation of the FWT for NRA employees.
- Modifications were made to several modules of the compute process to pass the appropriate additional dollar amount, from the System Parameters Table.
- Modifications were made to the logic to apply the correct additional dollar amount to the employee’s Federal Withholding Taxable Gross, and then

- determine the appropriate Federal Tax based on the updated Taxable Gross amount.
- The Rush Check and Overpayment processes were modified to mirror the modifications made to the compute process to calculate the FWT for NRA employees.
- Calendar Year End maintenance process was modified to initialize the G-balance for existing NRA deduction balances contained in GTN 301.

Phase II

The second phase of the project will include the following changes:

- Modification of the EDB Calendar Year End maintenance process to remove logic that establishes GTN 301 G-balance when the Citizenship Status Code (EDB 0109) is reset.
- Modification of the Monthly EDB maintenance process to remove logic that establishes the GTN 301 G-balance when the Citizenship Status Code (EDB 0109) is reset when either the Tax Treaty limit is met or the Tax Treaty End date is surpassed.
- Modification to the Special Student Process #1 to remove logic that establishes a GTN 301 G-balance record.
- Modification to the Special Student Process #1 to remove logic that resets existing GTN 301 G-balance records.
- Modification to the Special Student Process #3 to remove logic that establishes a GTN 301 G-balance record.
- Modification to the Special Student Process #3 to remove logic that resets existing GTN 301 G-balance records.
- Modifications of three CICS screens to remove the Nonresident Alien label.
- Modifications of three CICS programs to remove the logic to display Nonresident Alien Tax amount.
- Modification of the web "Tax Information" inquiry screen to remove the Nonresident Alien label and display of the NRA tax amount.
- Removal of five obsolete error messages.
- The IVR process will be modified to remove the reporting of GTN 301 G-balance. This program will be modified as part of a separate project.

PPS Modifications

Program Changes

PPEC110

PPEC110 performs Marital Status, Federal Tax Exemption, 8233 Form Indicator and Citizenship Status Code consistency edits for nonresident alien employees.

As part of the consistency edit process, the program checks for a change in the Citizenship Status Code (EDB0109). When a change in the Citizenship Status Code (EDB0109) is found, the program determines if the value of the original Citizenship Status Code was either an “A” or “N” and determines if the new Citizenship Status Code value is either an “A” or “N”.

If both conditions are met, nothing occurs. Otherwise, the program retrieves the GTN 301 record from the GTN table. With this information, the program creates an entry for GTN 301 on the Deduction Segment array (EDSA) and an entry on the Balance Segment Array (BRSC) for GTN 301.

The program will be modified to disable all logic responsible for creating the entry on the Deduction Segment Array (EDSA) and a corresponding entry on the Balance Segment Array (BRSC) for GTN 301. The logic that retrieves the GTN 301 record from the GTN table will also be disabled. Five error messages are now obsolete and will also be removed from the program.

PPEM001

Program PPEM001 handles nonresident alien tax related monthly consistency edits.

When a nonresident alien employee matches or exceeds their Tax Treaty Limit (EDB1174) or matches or exceeds their Tax Treaty End Date (EDB1172), the program resets the employee’s Citizenship Status Code (EDB0109) depending upon the employee’s original Citizenship Status Code and Country of Residency (EDB 0143).

When an employee Citizenship Status Code (EDB0109) value is changed to either an “N” or “A”, the program retrieves the GTN 301 record from the GTN table. Using this information, the program creates an entry for GTN 301 on the Deduction Segment Array (EDSA) and a corresponding entry on the Balance Segment Array (BRSC) for GTN 301.

The program will be modified to disable all logic responsible for creating the entry on the Deduction Segment Array (EDSA) and a corresponding entry on the Balance Segment Array (BRSC) for GTN 301. The logic that retrieves the GTN 301 record from the GTN table will also be disabled.

PPES101

PPES101 is responsible for updating the EDB during Special Process 1 using SIS table records created from the Student Information System input file (SISFILE). The program compares incoming data from the Student Information System to existing data on the EDB to enforce nonresident alien student consistency edits.

Currently, if the Student Status Code from the SISFILE is different from the existing Student Status Code (EDB 0119) on the EDB, the value of the Citizenship Status Code on the EDB is "S", and the value of the Student Status Code coming from the Student Information System is "1", "2", or "5", the program sets the Citizenship Status Code to "N" and creates a new entry for GTN 301.

If the Student Status Code from the SISFILE is different from the existing Student Status Code on the EDB, the value of the Citizenship Status Code is not "S", the EDB Student Status Code is "3", "4", "6", or "7", the Student Status Code from the Student Information System is "1", "2", or "5", and the Country of Residency Code (EDB 0143) is "IN", the program sets the Citizenship Status Code to "S" and creates a new entry for GTN 301.

The program will be modified to disable the logic responsible for creating the entry on the Deduction Segment Array (EDSA) for GTN 301 and the Balance Segment Array (BRSC) for GTN 301. In addition, the logic responsible for setting the existing entries on the Deduction Segment Array (EDSA) and the Balance Segment Array to default values will also be disabled. The logic that retrieves the GTN 301 record from the GTN table will also be disabled.

PPES103

PPES103 is responsible for updating the EDB during Special Process 3, the Student Information System (SIS) at the beginning of Academic Year processing. The program is responsible for enforcing nonresident alien student consistency edits.

For EDB records where the Student Status Code value is "6" or "7", the program sets the Student Status Code to "1". For these records where the Student Status Code has been re-derived, if the Citizenship Status Code is "S", and the value of the Student Status Code is "1", "2", or "5", then the program sets the Citizenship Status Code to "N" and creates a new entry for GTN 301.

The program also contains logic to set the Citizenship Status Code to "S" and clear out existing GTN 301 entries when the Student Status Code changes to "3", "4", "6", or "7", and the Country of Residency Code (EDB0143) is "IN". However this logic can never be executed. A comment will be added to the program about the un-executable code.

The program will be modified to disable the logic responsible for creating the entry on the Deduction Segment Array (EDSA) for GTN 301 and the Balance Segment Array (BRSC) for GTN 301.

Even though it can never be executed, the logic responsible for setting the existing entries on the Deduction Segment Array (EDSA) and the Balance Segment Array (BRSC) to a default values will also be disabled.

The logic to retrieve GTN 301 record from the GTN table will also be disabled.

PPEY001

Program PPEY001 handles nonresident alien tax related calendar year-end processing.

When a nonresident alien employee matches or exceeds their Tax Treaty Limit (EDB1174) or their Tax Treaty End Date (EDB1172), the program will reset the employee's Citizenship Status Code (EDB0109) depending upon the employee's original Citizenship Status Code and Country of Residency (EDB 0143).

When an employee's Citizenship Status Code (EDB0109) value is changed to either an "N" or "A", the program retrieves the GTN 301 record from the GTN table. Using this information, the program creates an entry on the Deduction Segment Array (EDSA) for GTN 301 and a corresponding entry on the Balance Segment Array (BRSC) for GTN 301.

The program will be modified to disable all logic responsible that creates an entry on the Deduction Segment Array (EDSA) and an entry on the Balance Segment Array (BRSC) for GTN 301. The logic to retrieve the GTN 301 record from the GTN table will also be disabled.

PPEY101

Program PPEY101 is responsible for year-end processing for nonresident alien employees.

In Phase I of this project, Release 1721, program PPEY101 was modified to set the values of the existing entries on the Deduction Segment Array (EDSA) for GTN 301 and the corresponding entry on the Balance Segment Array (BRSC) for GTN 301 to default values for all employees who are nonresident aliens. The program was also modified to disable all logic responsible for creating the entries on the Deduction Segment Array (EDSA) and the Balance Segment Array (BRSC) for GTN 301.

In phase two, the logic to retrieve the GTN 301 record from the GTN table will be disabled. In addition, the logic previously added in Release 1721 to set existing GTN301 entries to default values will be removed.

PPWEALN

This is the screen processor program responsible for the formatting of the data for the “Alien Information” (EALN) edit screen. The program currently accesses the System Parameters table to retrieve the nonresident alien tax amount. At the end of 2006, the nonresident alien tax amount was removed from the System Parameters table. In this phase of the project, the program will be modified to disable all logic associated with displaying of the nonresident alien tax amount. This includes removing the logic to access the System Parameters table.

PPWETAX

This is the screen processor program responsible for the formatting of data for the “Tax Information” (ETAX) edit screen. The program currently accesses the System Parameters table to retrieve the nonresident alien tax amount. At the end of 2006, the nonresident alien tax amount was removed from the System Parameters table. In this phase of the project, the program will be modified to disable all logic associated with displaying of the nonresident alien tax amount. This includes removing the logic to access the System Parameters table.

PPWITAX

This is the screen processor program responsible for the formatting of data for the “W-4/DE4 Tax Withholding” (ITAX) inquiry screen. The program currently accesses the System Parameters table to retrieve the nonresident alien tax amount. At the end of 2006, the nonresident alien tax amount was removed from the System Parameters table. In this phase of the project, the program will be modified to disable all logic associated with displaying of the nonresident alien tax amount. This includes removing the logic to access the System Parameters table.

Plan Binds

The following Bind control cards will be updated:

PPP080

Called program PPEC110 no longer uses DB2.

PPP120

Called program PPEC110 no longer uses DB2.

PPP130

Programs PPEM001, PPEY001, PPEY101, PPES101 and PPES103 no longer use DB2.

Control Table Changes

System Messages Table

The following message numbers are obsolete and will be removed from the System Messages Table:

00-935 ENTRY FOR GTN 301 NRA TAX NOT ON GTN TABLE.

08-219 ADDITIONAL NONRES ALIEN TAX NOT REQUIRED: WILL BE SET TO BLANK

08-222 ADDITIONAL NONRESIDENT ALIEN TAX WILL BE ESTABLISHED

12-199 ADDITIONAL NONRES ALIEN TAX NOT REQUIRED: HAS BEEN SET TO BLANK

12-200 ADDITIONAL NONRESIDENT ALIEN TAX HAS BEEN SET

System Parameters Table

The description field for System Parameter 74 will be changed to “Reserved – Base” from “NRA FED TAX”.

CICS Maps

PPEALN0

PPEALN0 is the map used by screen processor program PPWEALN for the “Alien Information” edit screen. The map will be updated to remove the label and the associated data field for “**Addl Fed Nonres Alien Tax :**”.

PPETAX0

PPETAX0 is the map used by screen processor program PPWETAX for the “Tax Information” edit screen. The map will be updated to remove the label and the associated data field for “**Addl Fed Nonres Alien Tax :**”.

PPITAX0

PPITAX0 is the map used by screen processor program PPWITAX for the “W-4/DE4 Tax Withholding” inquiry screen. The map will be updated to remove the label and the associated data field for “**Addl Fed Nonres Alien Tax :**”.

CICS Help

EDB6301

EDB6301 is associated with the screen tag of “**Addl Fed Nonres Alien Tax :**”. Because the field and the screen label are being removed from several screens, the help text of the field is obsolete and will be removed.

Web Include Member

ppwwitax.d2w

This program is responsible for controlling the formatting of data for the Tax Information screen. The program will be modified to disable all logic associated with displaying of the nonresident alien tax information. This includes removing logic that accesses the System Parameters table. In addition to the program logic change, the “Nonresident Alien Tax:” field label will also be removed from the screen.