

Release 1882

Service Request 82649

HCRA Imputed Income Taxation in 2009

Detail Design

October 02, 2009
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Introduction

Service Request 82649

Service Request 82649 provides the following background information:

“Under the 2007 HCRA Plan, employees could set aside a portion of their income on a pre-tax basis for qualifying medical expenses. Employees used a special debit card to charge medical expenses, which were then verified as qualifying expenses by the third party administrator, SHPS. There were a number of unsubstantiated claims from the HCRA 2007 plan year and these must be taken into income by the employee in tax year 2009.

In preparation for the current request, Release 1874 (08/09) established data element EDB5561 for storing the HCRA unsubstantiated claim dollar amount for applicable employees.”

Service Request 82649 asks that a mechanism be developed in the Payroll/Personnel System (PPS) for taxation of OASDI and Medicare taxes on HCRA imputed income for those applicable employees currently on the EDB. HCRA Imputed Income for purged employees will be handled manually by the campus.

For the Taxation of HCRA Imputed Income for Tax Year 2009, a one-time PPS program should be developed to process the campus-specific fixed length HCRA input file provided by Payroll Coordination or HR.

In addition, the one-time program should produce the following output files:

1. For all the employees found on the EDB with the minimum employee details, the following 2 output files should be produced:
 - Dollar Adjustment (DA) transactions to apply the input HCRA imputed income amount to the data elements 5503, 5510, and 5561
 - Tab delimited file with the employee details accessed from the EDB.
2. For those employees not found on the EDB with minimum employee details, produce a tab delimited file with the employee details from the HCRA input file

Overview of PPS Modifications

A one-time process will be developed to process a fixed-length HCRA input file containing identifying employee information and the HCRA imputed income amount. Payroll Coordination or HR will provide campus-specific files to the locations for this purpose.

The one-time program will perform the following steps:

1. Read the input HCRA imputed income file and get the employee information including the HCRA amount.
2. Check the EDB database for the existence of this employee with minimum employee details.
3. Create a tab-delimited file using the employee details gathered from the input HCRA file read, if the employee is not found on the EDB with the minimum employee details (Minimum Record Flag of "1").
4. Create a tab-delimited file, using the employee details selected from the EDB database, for all employees who are on the EDB with the minimum employee details..
5. In addition, for all employees who are on the EDB with the minimum employee details, create the Dollar Adjustment (DA) transactions in addition to the tab-delimited file, in order to add the HCRA imputed amount to the following 55xx data elements depending on the FICA Eligibility Code:
 - FICA Year-To-Date Gross (DE# 5503)
 - Medicare Year-To-Date Gross (DE# 5510)
 - HCRA Unsubstantiated Claims (DE# 5561)

Programs

One Time Programs

PPOT1882

This one-time program will be developed to process the input HCRA imputed income file (layout is in Attachment A) and create separate tab-delimited files for:

- Employees found on the EDB with minimum record details
- Employees not found on the EDB or found on the EDB but without minimum record details.

In addition, it will create the Dollar Adjustment (DA) transactions file in the format of UPAY 649, for applying the input HCRA imputed income amount to the FICA YTD Gross, Medicare YTD Gross, and HCRA Unsubstantiated Claims depending on the FICA Eligibility Code of the employee.

This program will contain the following logic:

1. Open the input HCRA input file and the following output files:
 - DA transactions file,
 - EDB found tab-delimited file,
 - EDB not found tab-delimited file, and
 - Report file.
2. Write the batch header ' BAA095PAY0950000000000' into the DA transactions file.
3. Read the input HCRA imputed income file and get the employee information including the HCRA amount. If no record found in the HCRA input file at the first read (input file is empty), then skip all the steps below and perform step 11 before exiting the program.
4. Write the column headers for the EDB **found** tab-delimited and EDB **not found** tab-delimited files.
5. If the HCRA amount is less than or equal to zero (process only records with positive HCRA amount), then skip steps 6 through 9 and go to **step 10** to read the next input record.
6. Check the EDB database for the existence of this employee with minimum employee details. If the employee ID is not found on the EDB or found on the EDB with the Minimum Record Flag of "1", then the employee is considered as not found on the EDB.
7. If the employee is not found on the EDB with the minimum employee details, then do as below:
 - a. Populate a tab-delimited record using the employee details gathered from the input HCRA file read.
 - b. Write the tab-delimited record into the EDB not found tab-delimited file.
 - c. Skip performing steps 8 through 9 and go to step 10 to read the next input record.

8. If the employee is found on the EDB, then populate a tab-delimited record using the employee details selected from the EDB database and write the tab-delimited record into the EDB found tab-delimited file.
9. Populate the Dollar Adjustment (DA) transactions to add the HCRA imputed income amount to the data elements 5503, 5510, and 5561 depending on the FICA Eligibility Code as described below:
 - a. If the FICA Eligibility Code is 'E', then create a DA transaction for FICA Year-To-Date Gross (DE# 5503)
 - b. If the FICA Eligibility Code is 'E' or 'M', then create a DA transaction for Medicare Year-To-Date Gross (DE# 5510).
 - c. If the FICA Eligibility Code is 'E', 'M', or 'N', then create a DA transaction for HCRA Unsubstantiated Claims (DE# 5561).
10. Read the input HCRA imputed income file and get the next employee information. If the next record is found, then repeat steps 5 through 10 until no more input records are found.
11. Print the output report file with record count totals of the HCRA input and all the output files. In addition, close all the opened files: HCRA input file and the output files listed: DA transactions file, EDB found tab-delimited file, EDB not found tab-delimited file, and report file.

Bind Members

One-Time Binds

PPOT1882

This plan bind will be created for one-time program PPOT1882.

JCL Changes

PPOT1882

Sample JCL will be provided for one-time program PPOT1882.

Attachments

Attachment A: Layout of the HCRA Imputed Income input file

Position	Length	Description
1-9	9	Employee ID
10-39	30	Employee First Name
40- 69	30	Employee Last Name
70-99	30	Employee Address (permanent Line 1)
100-129	30	Employee Address (permanent Line 2)
130-159	30	Employee City
160-161	2	Employee State
162-166	5	Employee Zip
167	1	Employment Status Code
168-174	7	HCRA imputed income dollar amount (9999.99)