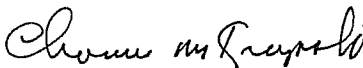





Dixon University Center | Office of the Chancellor | 2986 North Second Street
Harrisburg, PA 17110-1201 | 717-720-4000 | www.passhe.edu

Memorandum

TO: University Presidents

FROM: Mr. Thomas M. Krapsho 
Vice Chancellor for Human Resources
and Labor Relations

Mr. Jeffrey Cooper 
Chief Legal Counsel

DATE: November 12, 2007

RE: Reminder of Non-Resident Alien Taxation and Recordkeeping

Recently, we addressed an incident regarding non-compliance with the Internal Revenue Service (IRS) regulations for non-resident alien taxation, recordkeeping, and data maintained in the Human Capital Management System (SAP HR/Payroll). This incident highlighted the need for this reminder to ensure compliance with the appropriate regulations.

It is suggested that the following business practices be adopted to ensure the appropriate taxes are being deducted from the employee's (or student's) pay, all applicable data is maintained in the Human Capital Management (HCM) System, and the necessary documents are kept on file.

Each non-resident alien, staff or student, working at your campus should be required to attend an employment orientation in the Human Resource or Payroll office. This meeting will provide the non-resident alien the opportunity to complete the necessary forms, to present required documentation substantiating their approved working status, and to understand his or her tax status.

The Human Resource or Payroll office must keep a file for each non-resident alien's documentation. Documentation would include copies of their passport, visa, I-94, EAD, Form I-20 or IAP-66, Social Security card, Form W-4, Form I-9, Earned Income Questionnaire, and a completed substantial presence test.

Human Resources or Payroll are required to maintain non-resident alien information in the HCM System. Staff responsible for maintaining personnel, administration, or payroll infotypes in the

HCM System must ensure that all of the appropriate infotypes are maintained with the required information. These infotypes include IT0210, W-4 Withholding Information; IT0094, Residence Status; IT0048, Subtype US01, Visa Information; and IT0048, Subtype US02, I-94 Records.

At the beginning of each calendar year, require each non-resident alien to complete a new Form W-4, and to provide necessary information and documentation for a new substantial presence test. It is important that these two items are completed and on file as early in January as possible. The substantial presence test, along with the Form W-4, will determine the individual's tax status for the calendar year. After these two steps are completed, the HCM System should be updated, as applicable.

Ensure that the appropriate staff attends or has access to training sessions and documents provided by System Human Resources. System Human Resources will be coordinating a Non-Resident Alien Tax seminar later this fall. Training will be a three part session: 1) understanding a non-resident alien's visa, documentation, and work approval. How to apply federal, state, and local tax requirements for each individual based on their non-resident or resident alien standing for tax purposes status; 2) required input in the HCM System; 3) maintaining accurate and complete recordkeeping.

Three documents, previously distributed to HR/Payroll staff, are attached to this memorandum providing additional information on this issue: Nonresident Aliens Taxation – A Quick Guide; 2007 Nonresident Aliens Federal Withholding Calculation; and the Business Process Procedure providing HCM System processing requirements.

The System Human Resources office will conduct a random audit of non-resident alien documentation and tax information. You will be notified of records selected for audit, at which time all supporting documentation should be forwarded for review.

The System Human Resources staff members are also available to assist University staff members if there are any questions regarding this issue.

TMK/JC/JMS/tlh

Attachments

c: Dr. Judy G. Hample
Vice Presidents for Administration and Finance
Human Resource Directors
Payroll Directors

Understanding Non Resident Alien Taxation

Federal Withholding

Non resident alien federal taxation includes the following taxes:

- federal withholding (W-4)
- Social Security (FICA)
- Medicare

The level of taxation is determined by the following:

- type of visa
- results of substantial presence test (SPT).

The substantial presence test is a mathematical calculation to determine the length of time the alien was in the United States for a specific time period. Based on those findings, if the alien 'passes' the SPT, they are treated as a resident alien for tax purposes. Before applying the SPT the individual **MUST** be present in the U.S. for 31 days during the current calendar year.

Annual Requirements

- W-4 must be completed annually. If a new W-4 isn't completed, you are required to tax the non-resident alien as Single with 0 allowances.
- The SPT **MUST** be completed **ANNUALLY** during the exemption period and there after.

Student Visa F-1 or J-1

Documentation

It is the responsibility of each university payroll office to have copies of the following documents for each student worker:

- visa
- I-94 Departure Record
- I-20 Certificate of Eligibility for Nonimmigrant (F-1) Student. Students could have multiple I-20's issued from other school.
- I-688B Employment Authorization Document
- Social Security Card

Employment

On-campus employment must either be performed on the school's premises, (including on-location commercial firms which provide services for students on campus, such as the school bookstore or cafeteria), or at an off-campus location which is educationally affiliated with the school. Employment must not exceed 20 hours a week while school is in session, unless INS suspends the applicability of this limitation due to emergent circumstances, as determined by the INS. An F-1 student may, however, work on campus full-time when school is not in session or during the annual vacation.

Exemption Status

The term 'exempt ' does not pertain to the individual's requirement to have federal or FICA tax withheld or to file a U.S. income tax return. It is a tax term that refers only to an individual's requirement to not include days of presence in the U.S. when calculating the substantial presence test, based on their status as a student or teacher.

SPT Exemption Period

Students with F-1 or J-1 Visas are exempt from the SPT for 5 years. The five-year exemption period is a **ONCE in a LIFETIME exemption**. *Students* who have worked at another school, prior to coming to your campus, must provide the I-20 and copies of their W-2/1042 to verify tax status from prior employment. If they cannot provide tax documents, assume that they were tax exempt during those years, and apply them to the SPT.

The chart below is an example of a completed SPT.

	Entry Year	Date Entered U.S.	Date Departed U.S.	Number of Days In U.S.	Weighted Days	Computation of SPT
Current Year	2001	10/04/01	NA	88	x 1 =	0
1 st Preceding Year	2000	01/01/00 09/01/00	05/31/00 12/31/00	273	x 1/3 =	0
2 nd Preceding Year	1999	09/04/98	12/31/99	118	x 1/6 =	0
3 rd Preceding Year	1998	09/01/98	12/31/98	122		0
4 th Preceding Year	1997	01/01/97	06/30/97	181		0
					Total	0 Days Exempt based on visa type

Federal Withholding (W-4) During Exemption Period

During the 5-year exemption period, the student will be treated as a non resident alien for federal withholding purposes. The non resident alien is **REQUIRED** to complete the W-4 as **SINGLE**, regardless of their actual marital status, claim only **ONE** allowance and an addition \$15.30 biweekly. They may **NOT** claim **EXEMPT**. (See IRS Publication 15, page 14.) A statement must be attached to the W-4 indicating a U.S. Tax Return will be filed (IRS Publication 515, page 13).

Exceptions :

- Non resident alien students from India are not subject to the additional income tax withholding requirement (\$15.30).
- Non resident alien students from Canada, Mexico, Japan, South Korea or India may claim **MORE** than one allowance.
- Non resident alien students from India are entitled to claim one additional allowance for a spouse based upon the benefits set forth in the U.S. – India tax treaty.
- Non resident alien students from Canada and Mexico are entitled to claim the same personal allowances as U.S. Citizens.
- Non resident alien students from Japan and South Korea are entitled to claim an allowance for themselves, their spouse and dependent children who are present with them in the U.S.

A non resident alien **MUST** complete a new W-4 **ANNUALLY**. If the non resident alien fails to complete a W-4, the default is **SINGLE**, zero allowances and no additional withholding.

Social Security and Medicare Tax During Exemption Period

During this 5-year exemption period, the student will be exempt from FICA tax. After the 5-year exemption period, the student may continue to be exempt from FICA under the “218 Agreement”. This agreement exempts all students from FICA tax for on-campus employment during the academic year or for breaks lasting less than 6 weeks provided the student is registered (and attending class) at least part-time (as defined by each university).

W-2 Reporting During Exemption Period

The W-2 will still report federal wages and taxes during the 5-year exemption period. The W-2 will NOT report Social Security or Medicare wages or taxes.

SPT after the Exemption Period

Following the 5-year exemption from the SPT, count the days present in the U.S. for the current year and the past two years. At any point when the student equals or exceeds the 183-day SPT calculation, the student will be considered a resident alien for tax purposes (taxed just like a U.S. citizen) for the calendar year. See the chart below.

	Enter Year	Date Entered U.S.	Date Departed U.S.	Number of Days in U.S.	Weighted Days	Computation of SPT
Current Year	2004	10/04/00	NA	88	x 1 =	88
1 st Preceding Year	2003	01/01/99 09/01/99	05/31/99 12/31/99	273	x 1/3 =	91
2 nd Preceding Year	2002	09/04/98	12/31/98	118	x 1/6 =	20
Total						199 Days

Exception 1:

If the student is awarded permanent residency (green card), they will be considered a permanent resident for the entire calendar year and the federal tax will be retroactive to the beginning of the calendar year. If a student in the process of applying for permanent residency status is FICA exempt under the 5-year exemption period or the "218 Agreement," it is advisable to begin withholding from the beginning of the year in which the student anticipates receiving the green card. This will lessen the burden of catching up the taxes over the remaining pays. If consequently the green card is NOT awarded as anticipated, the taxes can be refunded prior to the last pay of the year.

Example: A student who received a green card on October 4, 2003, would be considered a resident alien as of January 1, 2003 and all income including wages received since the beginning of the calendar year must be taxed retroactively to January 1, 2003.

Exception 2: A non resident alien can ELECT to be treated as a U.S. citizen for income tax purposes. This election can be made as soon as s/he arrives in the United States. This will allow him/her to complete a W-4 like any U.S. citizen for federal withholding, and will make the subject to FICA/medicare taxes immediately.

Teaching Visa J-1

Documentation

It is the responsibility of each university payroll office to have copies of the following documents for each teaching worker:

- visa
- I-94 Departure Record
- IAP-66, Certificate of Eligibility for Exchange Visitor (J-1) Status
- Social Security Card

Exemption Status

The term 'exempt ' does not pertain to the individual's requirement to have federal or FICA tax withheld or to file a U.S. income tax return. It is a tax term that refers only to an individual's requirement to not include days of presence in the U.S. when calculating the substantial presence test, based on their status as a student or teacher.

STP Exemption Period

Employees with J-I Visas are exempt from the SPT for 2 years for a period that includes the past six calendar years and the current calendar year of presence in the U.S. as a teacher. When the SPT is completed at the beginning of each year, the period would be modified to add the new current calendar year and drop the 'oldest' year. This exemption eligibility is NOT a 'Once in a Lifetime' exemption. Teachers who have worked at another school, prior to coming to your campus, must provide the IAP-66 and copies of their W-2/1042 to verify tax status from prior employment. If they cannot provide tax documents, assume that they were tax exempt during those years, and apply them to the SPT. In the years when the teacher is subject to the SPT, count the days present in the US for the past 2 years and the current year. Reference the chart below.

Example: Seven-Year Look-Back Period and Tax Status (this chart includes information from 3 tax years):

Time in the U.S. as a Teacher	Tax Year 2002	Tax Year 2003	Tax Year 2004
Status	Non Resident Alien	Resident Alien	Non Resident Alien
11/15/2004 - 12/31/2004			These Days Count on SPT (46 days)
01/01/2003 - 12/31/2003		These Days Count on SPT (365 days)	One-third of the days (122)
11/01/2002 - 12/31/2002	These Days Count on SPT (61 days)	One-third of the days (21)	Exempt Individual Days
2001			
2000			
1999			
12/15/1998 - 12/31/1998	Exempt Individual Days	Exempt Individual Days	Exempt Individual Days
07/01/1997 - 12/31/1997	Exempt Individual Days	Exempt Individual Days	
1996			

In tax years 2002 and 2004 when the individual is a non resident alien no FICA tax needs to be withheld. In tax year 2003 the teacher is a resident alien, FICA tax MUST be withheld.

The SPT form MUST be completed ANNUALLY during the exemption period and thereafter.

Federal Withholding (W-4) During Exemption Period

During the years when the teacher is a non resident alien, he/she is required to complete the W-4 as SINGLE, regardless of their actual marital status, claim only ONE allowance and an addition \$15.30 biweekly. They may NOT claim EXEMPT. (See IRS Publication 15, page 14.) A statement must be attached to the W-4 indicating a U.S. Tax Return will be filed (IRS Publication 515, page 13).

Exceptions:

- If the non resident alien is a resident of Canada, Mexico, Japan or South Korea or India may claim MORE than one allowance.
- Canadians and Mexicans are entitled to claim the same personal allowances as U.S. Citizens.
- Japanese and South Koreans are entitled to claim an allowance for themselves, their spouse and dependent children who are present with them in the U.S.

A non resident alien MUST complete a new W-4 ANNUALLY. If the non resident alien fails to complete a W-4, the default is SINGLE, zero allowances and no additional withholding.

Social security and Medicare Tax During the Exemption Period

During this 2-year exemption periods the teacher will be exempt from FICA tax.

W-2 Reporting During the Exemption Period

The W-2 will still report federal wages and tax during the exemption period; however the W-2 will NOT report Social Security or Medicare wages or taxes when the teacher is exempt from FICA.

SPT After Exemption Period

	Enter Year	Date Entered U.S.	Date Departed U.S.	Number of Days in U.S.	Weighted Days	Computation of SPT
Current Year	2004	10/04/00	NA	88	x 1 =	88
1 st Preceding Year	2003	01/01/99 09/01/99	05/31/99 12/31/99	273	x 1/3 =	91
2 nd Preceding Year	2002	09/04/98	12/31/98	118	x 1/6 =	20
					Total	199 Days

At any point when the teacher equals or exceeds the 183 day SPT calculation, the teacher will be consider a resident alien for tax purposes (taxed just like a U.S. citizen). If a teacher reaches the 183 days during the current calendar year, FICA/medicare taxes are retroactive to January 1st. If you project that the teacher will reach this threshold mid year, begin deducting the taxes as of January 1st to eliminate retroactive deductions.

Exception 1: If the teacher is in the process of applying for permanent residency status (green card) the year the green card is awarded the individual will be consider a permanent resident for the entire calendar year and the federal tax AND FICA tax will be retroactive to the beginning of the calendar year. It is advisable to begin withholding from the beginning of the year the individual anticipates receiving the green card. This will lessen the burden of catching up the taxes over the remaining pays. If consequently the green card is NOT awarded as anticipated, the taxes can be refunded prior to the last pay of the year.

Example: An individual who received a green card on October 4, 2003, would be considered a resident alien as of January 1, 2003 and all income including wages received since the beginning of the calendar year must be taxed retroactively to January 1, 2003.

Exception 2: A non resident alien can ELECT to be treated as a U.S. citizen for income tax purposes. This election can be made as soon as s/he arrives in the United States. This will allow him/her to complete a W-4 like any U.S. citizen for federal withholding, and will make the subject to FICA/medicare taxes immediately.

H1-B and Green Card Holders

H1-B visa: There is NO exemption period from the SPT and all H1-Bs hired by the State System are required to pay FICA tax.

If the H1-B meets the 183 day substantial presence test, they are taxed like a U.S. Citizen. If the H1-B does NOT exceed the 183 day SPT then tax the individual as a non resident alien.

Exception 1: If the H1-B is in the process of applying for permanent residency status (green card) the year the green card is awarded the individual will be consider a permanent resident for the entire calendar year and the federal tax

AND FICA tax will be retroactive to the beginning of the calendar year. It is advisable to begin withholding from the beginning of the year the individual anticipates receiving the green card. This will lessen the burden of catching up the taxes over the remaining pays. If consequently the green card is NOT awarded as anticipated, the taxes can be refunded prior to the last pay of the year.

Example: An individual who received a green card on October 4, 2003, would be considered a resident alien as of January 1, 2003 and all income including wages received since the beginning of the calendar year must be taxed retroactively to January 1, 2003.

Exception 2: A non resident alien can ELECT to be treated as a U.S. citizen for income tax purposes. This election can be made as soon as s/he arrives in the United States. This will allow him/her to complete a W-4 like any U.S. citizen for federal withholding, and will make the subject to FICA/medicare taxes immediately.

Federal Withholding (W-4)

Complete the W-4 as SINGLE, regardless of their actual marital status, claim only ONE allowance and an addition \$15.30 biweekly. They may NOT claim EXEMPT. (See IRS Publication 15, page 14.) A statement must be attached to the W-4 indicating a U.S. Tax Return will be filed (IRS Publication 515, page 13).

A non resident alien MUST complete a new W-4 ANNUALLY.

If the non resident alien fails to complete a W-4, the default is SINGLE, zero allowances and no additional withholding.

Exception 1: Non resident alien students from India are not subject to the additional income tax withholding requirement (\$15.30).

Exception 2:

- If the non resident alien is a resident of Canada, Mexico, Japan or South Korea or India may claim MORE than one allowance.
- Canadians and Mexicans are entitled to claim the same personal allowances as U.S. Citizens.
- Japanese and South Koreans are entitled to claim an allowance for themselves, their spouse and dependent children who are present with them in the U.S.

Green Card Holders

The year the green card is awarded the individual will be consider a permanent resident for the entire calendar year and the federal tax AND FICA tax will be retroactive to the beginning of the calendar year. It is advisable to begin withholding from the beginning of the year the individual anticipates receiving the green card. This will lessen the burden of catching up the taxes over the remaining pays. If consequently the green card is NOT awarded as anticipated, the taxes can be refunded prior to the last pay of the year.

Example: An individual who received a green card on October 4, 2003, would be considered a resident alien as of January 1, 2003 and all income including wages received since the beginning of the calendar year must be taxed retroactively to January 1, 2003.

ALL Visa Types

State and Local Withholding (including OPT): The Commonwealth of Pennsylvania and the all localities do NOT recognize any exemption, therefore all non resident aliens will be required to state and local taxes.

Retirement: All eligible non resident (regardless of visa status) are required to participate in the mandatory retirement (SERS, PSERS or the alternative retirement plan).

NOTE: this document assumes the State System will NOT honor tax treaties.

I:\Elr\PAYROLL\HR Payroll Services\NRA Taxation - Quick Guide (2).doc

NRA Federal Withholding Calculation – REVISED

The IRS announced in Notice 2005-76 a revised method to withhold Federal Withholding for Nonresident Aliens (NRA) to more closely withhold to their Federal Tax liability. In prior years many NRAs would be over-withheld during the year and receive a large refund when they filed their tax return. The new method of withholding is expected more closely match their liability at the end of the year thus eliminating the large refund.

NOTES

- NRA students from India and business apprentices from India are NOT subject to this procedure.
- This procedure does NOT apply to a supplemental wage payment if the 25% flat rate withholding is being used to calculate income tax withholding on the supplemental wage payment.
- This procedure has NO impact on social security or Medicare wages or taxes.

The new procedure eliminates the additional biweekly amount of \$15.30. Instead under this procedure, add an amount set forth in the chart below to the NRA's wages solely for the calculating the income tax for each pay period. Determine the amount to be withheld by applying the income withholding tables to the amount of wages paid plus the additional chart amount. **For biweekly the amount is \$102.00.**

Amount to Add to Nonresident Alien Employee's Wages for Calculating Income Tax Withholding Only

<u>Payroll Period</u>	<u>Add Additional</u>
Weekly	\$ 51.00
Biweekly	102.00
Semimonthly	110.00
Monthly	221.00
Quarterly	663.00
Semiannually	1,325.00
Annually	2,650.00
Daily or Miscellaneous (each day of the payroll period)	10.20

Each NRA will need to **complete a NEW W-4** as follows:

- Not claim exemption from income tax withholding,
- Request withholding as if they were single, regardless of their actual marital status,
- Claim only one allowance (if the nonresident alien is a resident of Canada, Mexico or Korea, he or she may claim more than one allowance), and
- Write "Nonresident Alien" or "NRA" above the dotted line on line 6 of Form W-4.

Form W-4		Employee's Withholding Allowance Certificate		OMB No. 1545-0074 2006	
<p>Department of the Treasury Internal Revenue Service</p> <p>► Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</p>					
1 Type or print your first name and middle initial. Mary		Last name Smith		2 Your social security number 999 77 6666	
Home address (number and street or rural route) 1 Main Street		3 <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.			
City or town, state, and ZIP code Any Town, PA 17011		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a new card. <input type="checkbox"/>			
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)				5	1
6 Additional amount, if any, you want withheld from each paycheck				6	\$ NRA
7 I claim exemption from withholding for 2006, and I certify that I meet both of the following conditions for exemption.					
<ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. 					
If you meet both conditions, write "Exempt" here <input type="checkbox"/> 7					
Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.					
Employee's signature (Form is not valid unless you sign it.) ►					
Date ►					
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)				9 Office code (optional)	10 Employer identification number (EIN)

SAP Master Data Requirements

IT210 – copy the original IT210 FED

Original IT210 FED

EE group	P	Permanent	Pers.area	0025	Clarion University		
EE subgrp	U3	Salary FT 26 Pay	Pers. sub	0316	Faculty	Cost Ct	2511210200
Start	09/04/2004	to	11/09/2006	Chg.	09/09/2004	25JLYTLE	

Status

Tax authority	FED	Federal	Tax level	A	Federal
Filing Status	01	Single			

Exemptions

Allowances	1		
Tax Exempt Indicator	<input type="checkbox"/>	IRS mandates	

Withholding adjustments

Add.withholding	15.30	USD	<input type="checkbox"/>	Non-resident tax calculation
Default formula	1	PERCENTAGE M...	Alternative formula	0

New IT210 FED

EE group	P	Permanent	Pers.area	0025	Clarion University		
EE subgrp	U3	Salary FT 26 Pay	Pers. sub	0316	Faculty	Cost Ct	2511210200
Start	11/10/2006	to	12/31/9999	Chg.	11/02/2006	DMCCORMICK	

Status

Tax authority	FED	Federal	Tax level	A	Federal
Filing Status	01	Single			

Exemptions

Allowances	1		
Tax Exempt Indicator	<input type="checkbox"/>	IRS mandates	

Withholding adjustments

Add.withholding		USD	<input checked="" type="checkbox"/>	Non-resident tax calculation
Default formula	1	PERCENTAGE M...	Alternative formula	

Notice the additional amount is now blank and the new “checkbox for Non-resident tax calculation” is checked.

W-2 before the change to IT210 FED

Taxes			Earnings		
Jurisdiction	Wage Base	Tax Amount	Box	Description	Amount
FIT	46072.38	7655.14	7	Soc. Security Tips	0.00
Social Security	0.00		8	Allocated Tips	0.00
Medicare	0.00		9	Advance EIC	0.00
PA	48515.80	1489.39	10	Dependent Care	0.00
Clarion Boroug	48515.80	485.13	11	Non-Qualified Plans	0.00
			14	RETIRE EE	2,443.42
			14	UNION	488.68
			14	MED PREM / FSA	353.36

Run Payroll and verify the withholding and taxable wages.

IRS Publication 15 for 2006

Allowance Table

Table 5. Percentage Method—2006 Amount for One Withholding Allowance

Payroll Period	One Withholding Allowance
Weekly	\$ 63.46
Biweekly	126.92
Semimonthly	137.50
Monthly	275.00
Quarterly	825.00
Semiannually	1,650.00
Annually	3,300.00
Daily or miscellaneous (each day of the payroll period)	12.69

For **biweekly** the value for **one allowance** is **\$126.92**

Percentage Table

TABLE 2—BIWEEKLY Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:		If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$102		\$0		Not over \$308		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$102	—\$385	10%	—\$102	\$308	—\$881	10%	—\$308
\$385	—\$1,240	\$28.30 plus 15%	—\$385	\$881	—\$2,617	\$57.30 plus 15%	—\$881
\$1,240	—\$2,817	\$156.55 plus 25%	—\$1,240	\$2,617	—\$4,881	\$317.70 plus 25%	—\$2,617
\$2,817	—\$6,025	\$550.80 plus 28%	—\$2,817	\$4,881	—\$7,517	\$883.70 plus 28%	—\$4,881
\$6,025	—\$13,015	\$1,449.04 plus 33%	—\$6,025	\$7,517	—\$13,213	\$1,621.78 plus 33%	—\$7,517
\$13,015	\$3,755.74 plus 35%	—\$13,015	\$13,213	\$3,501.46 plus 35%	—\$13,213

Example: Verification Federal Withholding

NRA - Mary Smith

	Wage Type	Amount	
		Fed Tax Calc	Tax Withheld
Earnings			
1	0110	1,898.06	
Deductions Exempt from Federal Withholding			
2	7234 - EE Health Ins	(15.68)	
3	7AR1 - EE Retirement	(94.90)	
4	Fed Wages on W-2	1,787.48	
5	Additional NRA Amount - from chart	102.00	
	Subtotal	1,889.48	
6	Less One Allowance - from table	(126.92)	
	Subtotal	1,762.56	
7	Base Tax Wages - % Table	(1,240.00)	156.55 given from % Table
	Subtotal	522.56	
8	Additional Tax - % Table	25.00%	
9	Tax on Amount in Excess of base	130.65	130.65
10	Total Federal Withholding		287.20

W-2 after the change to IT210 FED

Taxes			Earnings	
Jurisdiction	Wage Base	Tax Amount	Box Description	Amount
FIT	47859.86	7942.34	7 Soc. Security Tips	0.00
Social Security	0.00		8 Allocated Tips	0.00
Medicare	0.00		9 Advance EIC	0.00
PA	50398.18	1547.18	10 Dependent Care	0.00
Clarion Boroug	50398.18	503.95	11 Non-Qualified Plans	0.00
			14 RETIRE EE	2,538.32
			14 UNION	507.66
			14 MED PREM / FSA	369.04

The Federal Wages on the W-2 only increased by the taxable wages (\$1787.48) from line 4 of the manual calculation of Federal Withholding. The Federal Withholding increased by \$287.20 (line 10).

Note: This change in withholding has NO impact on State or Local Withholding.

NRA - Mary Smith

	Wage Type	Amount
	Earnings	PA State
1	0110	1,898.06

**Deductions Exempt from
Federal Withholding**

2	7234 - EE Health Ins	(15.68)
3	PA Wages on W-2	1,882.38
4	Tax Rate	3.07%
	PA Tax Withheld	57.79

NRA - Mary Smith

	Wage Type	Amount
	Earnings	Local
1	0110	1,898.06

**Deductions Exempt from
Federal Withholding**

2	7234 - EE Health Ins	(15.68)
3	PA Wages on W-2	1,882.38
4	Tax Rate	1.00%
	PA Tax Withheld	18.82

20 Pay Calculation – the salary must be annualized and the annual withholding table must be used.

EE group	T	Temporary	Pers.area	0040	Indiana University		
EE subgrp	U5	Salary PT 20 P...	Pers. sub	0316	Faculty	Cost Ct	4004255401
Start	11/25/2006	to	12/31/9999	Chg.	11/10/2006	90DKLEMAN	

Status			
Tax authority	FED	Federal	Tax level
Filing Status	01	Single	A Federal

Exemptions			
Allowances	1		
Tax Exempt Indicator	<input type="checkbox"/>		<input type="checkbox"/> IRS mandates

Withholding adjustments			
Add.withholding	0.00	USD	<input checked="" type="checkbox"/> Non-resident tax calculation
Default formula	1	PERCENTAGE M...	Alternative formula
			0

TABLE 7—ANNUAL Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:		If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$2,650		\$0		Not over \$8,000		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$2,650	—\$10,000 .	10%	—\$2,650	\$8,000	—\$22,900 .	10%	—\$8,000
\$10,000	—\$32,240 .	\$735.00 plus 15%	—\$10,000	\$22,900	—\$68,040 .	\$1,490.00 plus 15%	—\$22,900
\$32,240	—\$73,250 .	\$4,071.00 plus 25%	—\$32,240	\$68,040	—\$126,900 .	\$8,261.00 plus 25%	—\$68,040
\$73,250	—\$156,650 .	\$14,323.50 plus 28%	—\$73,250	\$126,900	—\$195,450 .	\$22,976.00 plus 28%	—\$126,900
\$156,650	—\$338,400 .	\$37,675.50 plus 33%	—\$156,650	\$195,450	—\$343,550 .	\$42,170.00 plus 33%	—\$195,450
\$338,400		\$97,653.00 plus 35%	—\$338,400	\$343,550		\$91,043.00 plus 35%	—\$343,550

NRA - 20 Pay

Wage Type		Amount		
Earnings		Fed Tax Calc	Tax Withheld	
1	105 - Reg Sal 20	599.49		
2	Multiple By 20 pays	20.00		
	Annualized Salary	11,989.80		
	Additional NRA Amount - from			
5	chart	2,650.00		
	Subtotal	14,639.80		
6	Less One Allowance - from table	(3,300.00)		
	Subtotal	11,339.80		
7	Base Tax Wages - % Table	(10,000.00)	735.00	from the chart
	Subtotal	1,339.80		
8	Additional Tax - % Table	0.15		from the chart
9	Tax on Amount in Excess of base		200.97	
	Subtotal		935.97	
10	Convert to 20 pay amount		20.00	
11	Federal Withholding		46.80	

<i>Pennsylvania State System of Higher Education</i> Accelerated SAP		Title: Organization/Area: EUP Category:	BUSINESS PROCESS PROCEDURE Enter Non Resident Alien Master Data HR/Personnel Administration	
File Name:	BPP Enter NRA data No Treaties (3)	Release:	R/3 4.6C	
Responsibility:	Human Resources Department	Status:		

Overview

Trigger:

- Campuses are required to track Non Resident Aliens, (faculty, staff, and students), for reporting purposes only. This procedure does not address payroll taxes or tax treaties, which are not being honored at this time.

Procedure:

- Enter the applicable data into the Infotypes using transaction PA30 as indicated below

Procedural Steps

1.1 Access Personnel Action transaction by:

Via Menus	Human resources → Personnel Management → Administration → HR Master Data → Maintain
Via Transaction Code	PA30

Pennsylvania State System of Higher Education Accelerated SAP	Title: Organization/Area: EUP Category:	BUSINESS PROCESS PROCEDURE Enter Non Resident Alien Master Data HR/Personnel Administration	
File Name:	BPP Enter NRA data No Treaties (3)	Release:	R/3 4.6C
Responsibility:	Human Resources Department	Status:	

1.2 On screen "Maintain Master Data", enter the Personnel Number of the employee and select the "Residence Status" Infotype (0094), click "Change" if a Residence Status record already exists. (If this is a new employee without a current record, "Create" this Infotype as part of the new hire action):

Maintain HR Master Data

Personnel No.	31567	Pers.Assgn	00031567		
Name	NRA Test , Shanna R				
EE group	S Student	Pers.area	0010 Bloomsburg University		
EE subgroup	US Student	Subarea	STUD Students		

Basic Personal Data | Addtl. Personal Data | Labor Relations | Career Management

Infotype text	E..	<input type="checkbox"/>
Actions (0000)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Organizational Assignment (0001)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Basic Pay (0008)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Residence Status (0094)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Additional Personal Data (0077)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Personal Data (0002)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Addresses (0006)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Family/Related Person (0021)	<input type="checkbox"/>	<input type="checkbox"/>

Period	
<input checked="" type="radio"/> Period	
Fr.	To
<input type="radio"/> Today	<input type="radio"/> Curr.week
<input type="radio"/> All	<input type="radio"/> Current month
<input type="radio"/> From curr.date	<input type="radio"/> Last week
<input type="radio"/> Up to Today	<input type="radio"/> Last month
<input type="radio"/> Current Period	<input type="radio"/> Current Year
Choose	

Direct selection

Infotype	Residence Status (0094)	STy
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Pennsylvania State System of Higher Education Accelerated SAP		BUSINESS PROCESS PROCEDURE Enter Non Resident Alien Master Data HR/Personnel Administration	
Title: Organization/Area: EUP Category:			
File Name:	BPP Enter NRA data No Treaties (3)	Release:	R/3 4.6C
Responsibility:	Human Resources Department	Status:	

1.2 On screen "Change" or "Create" Residence Status", enter information in the fields as specified in the table below, using the NRA's Form I-9 information:

Change Residence Status (0094)

Pers.No.	31567	Name	NRA Test , Shanna R
EE group	S Student	Pers.area	0010 Bloomsburg University
EE subgrp	US Student	Pers. sub	STUD Students
Start	12/10/2003 to	12/31/9999	Changed on 04/22/2005 JW

Personal identification	
Residence status	Non-resident alien
ID type	Unexp. Temporary Resident Card
Issuing Authority	France
ID number	8348838383
Issuing date	02/28/2003
Expiry date	

Employment verification	
Work Permit	Certificate of Birth Abroad
Issuing Authority	France
Work permit number	83838383
Issuing date	02/28/2003
Expiry of WP	


Pennsylvania State System of Higher Education Accelerated SAP		Title: Organization/Area: EUP Category:		BUSINESS PROCESS PROCEDURE Enter Non Resident Alien Master Data HR/Personnel Administration	
File Name:	BPP Enter NRA data No Treaties (3)	Release:	R/3 4.6C		
Responsibility:	Human Resources Department	Status:			

Field Name	Description	R/O/C	User Action and Values
Valid From	Validity Dates of Infotype Record	R	Enter start and end dates in MM/DD/YYYY format. Start date will usually be the hire date while the end date will usually be 12/31/9999.
Residence Status	Residence Status Code	R	Enter the employee's residence status. Valid statuses are: Citizen, Permanent Resident Alien (green card) or Non-Resident Alien
ID Type	Form submitted from I-9 column 'A' or column 'B'	O	From the employee's form I-9, enter the type of document submitted either from column 'A' or column 'B'.
Issuing Authority	Organization that issued ID Type from above	O	Type the agency that issued the abovereferenced document. Examples: --Department of Motor Vehicles (driver's license) --Secretary of State or Passport Agency (US passport)
ID Number	ID Number of ID Type from above	O	If applicable, enter the identification number noted on the document. Examples: --Drivers License Number -- Passport Number of unexpired passport
Issuing Date	Issuing date of the form described in ID Type above (if applicable)	O	Enter the date the document was issued. Enter date in MM/DD/YYYY format
Validity End Date	Expiration date of ID Type listed above (if applicable)	O	Enter the expiration date of the document. Enter date in MM/DD/YYYY format.
Work Permit	Document from Column 'C' of form I-9	O	Enter the document submitted from column 'C' of form I-9. Select from drop-down list
Issuing Authority	Organization/Agency that issued Work Permit	O	Type the agency that issued the above-referenced document. Free-Form Text Field.
Work Permit Number	ID Number of Work Permit	O	If applicable, enter the identification number noted on the document. Free-Form Text Field.
Issuing Date	Issue date of Work Permit	O	Enter the date the document was issued. Enter date in MM/DD/YYYY format
Expiry of Work Perm.	Expiration Date of Work Permit.	O	Enter the expiration date of the document. Enter date in MM/DD/YYYY format

(**Note:** On above table, in column "R/O/C"; "R" = Required, "O" = Optional, "C" = Conditional)

****NOTE:** Click the  button to save the changes.**

Pennsylvania State System of Higher Education Accelerated SAP		BUSINESS PROCESS PROCEDURE Title: Organization/Area: EUP Category:		Enter Non Resident Alien Master Data HR/Personnel Administration	
File Name:	BPP Enter NRA data No Treaties (3)	Release:	R/3 4.6C		
Responsibility:	Human Resources Department	Status:			

- 1.3** *Campuses are required to track the Visa Status of all non resident aliens, (faculty, staff, and students), on the "Maintain HR Master Data" screen.,-u Use the "Direct selection" option at the bottom of the screen and enter "48"(Visa Status) in the Infotype field and "US01"(Visa Information) in the Subtype (Sty) field and click "Create"* 

Direct selection		
Infotype	Visa Status (0048)	Sty US01 Visa Information (US)

- 1.4** *On the "Create Visa Status", "Subtype US01", screen, enter information in the fields as specified in the table below:*

Note: NRA Source Documents for entry are Visa and I-20 or IAP-66/DS-2019 or I797/I-797A

EE group	S	Student	Pers.area	0010	Bloomsbur
EE subgrp	US	Student	Pers. sub	STUD	Students
Start	04/10/2005		to	12/31/9999	

Visa Information	
Record Type	US01 Visa Information (US)
Visa type	F - 1 Student
Visa subtype	1 F1 or J1: Student
Date of issue	04/10/2005
Expiration Date	06/01/2008
Issuing auth.	ZUSA United States of America
Passport number	94949949
Permission number	


Resident Status Override		
<input checked="" type="radio"/> No Override	<input type="radio"/> Immigrant	<input type="radio"/> Non-Res

Pennsylvania State System of Higher Education Accelerated SAP		BUSINESS PROCESS PROCEDURE Enter Non Resident Alien Master Data HR/Personnel Administration	
Title: Organization/Area: EUP Category:			
File Name:	BPP Enter NRA data No Treaties (3)	Release:	R/3 4.6C
Responsibility:	Human Resources Department	Status:	

Field Name	Description	R/O/C	User Action and Values
Start / To	Validity dates of the current record	R	For NRA processing, the Start date should be based upon the issue date of visa. If visa type changes, a new IT0048– US01 must be created using the new visa's information.
Record Type	Type of information to be processed.	R	"US01" for Visa Information will default.
Visa Type	Visa Type Issued	R	Use the drop-down menu to select type of visa that the employee holds.
Visa Subtype	Reason for visiting country.	O	NRA examples: 1 – F1 or J1: Student 2 - F1: Trainee 3 – J1: Teacher (Faculty Professor) 4 – (NOT for HR/Payroll Use) Scholar 5 - H1B: Business
Date of Issue	Visa Issue Date	R	Date must match IT0048/ US01 "Start" Validity Date (above) Issue date of visa Enter date in MM/DD/YYYY format.
Expiry Date	Visa Expiration Date	R	Date visa expires. Enter date in MM/DD/YYYY format.
Issuing Authority	Agency issuing Visa	O	Example: US Immigration Office
Passport Number	Passport Number	O	Enter ID number of passport.
Permission Number	Permission Number	O	Enter Permission Number if applicable.

(Note: On above table, in column "R/O/C"; "R" = Required, "O" = Optional, "C" = Conditional)

****NOTE:** Click the  button to save the changes.**

- 1.5 **Campuses are required to track the arrival and departure dates of all non resident aliens, (faculty, staff, and students), On the "Maintain HR Master Data" screen use the "Direct selection" option at the bottom of the screen and enter "48"(Visa Status) in the Infotype field and "US02" (I-94 records) in the Subtype (Sty) field and click "Create" .**

NOTE: The US01 must be created before creating multiple US02's for the same visa type. If the visa type changes, create IT0048, US01 and then create the appropriate US02 as it relates to the new visa type.

Direct selection		
Infotype	Visa Status (0048)	STy US02 I-94 records (US)

Pennsylvania State System of Higher Education Accelerated SAP		Title: Organization/Area: EUP Category:		BUSINESS PROCESS PROCEDURE Enter Non Resident Alien Master Data HR/Personnel Administration	
File Name:	BPP Enter NRA data No Treaties (3)	Release:	R/3 4.6C		
Responsibility:	Human Resources Department	Status:			

1.6 On screen "Create Visa Status", "Subtype US02", enter information in the fields as specified in the table below:

Create Visa Status (0048)



Pers.No.	31567	Name	NRA Test , Shanna R		
EE group	S Student	Pers.area	0010	Bloomsburg University	
EE subgrp	US Student	Pers. sub	STUD	Students	Cost Ct 1011030506

I-94 Record	
Record Type	US02 I-94 records (US)
Arrival Date	12/10/2003
Departure Date	12/31/9999
Permission number	
Expiration Date	

Substantial Presence Test Date	
SPT Date	02/19/2005

Note: NRA Source Document is Form I-94 with INS date stamp. In addition, all form I-94 extensions are entered as changes. Delimit IT0048 only when the visa type changes.

Field Name	Description	R/O/C	User Action and Values
Record Type	Type of information to be processed.	R	"US02" for Visa Information will default.
Arrival Date	US Arrival Date (from INS date stamp)	R	<p>From INS date. Date must be on or later than IT0048/US-01 Validity Date (Visa issue date)</p> <p>Enter date in MM/DD/YYYY format.</p> <p>Note: Each arrival date requires a separate IT0048 – US02, including arrival dates from prior employers. This is the date that should be used to compute Substantial Presence Test</p> <p>You do not need to have multiple IT0041–US01's with arrival/departure date if the visa type has not changed. The only time a new</p>

Pennsylvania State System of Higher Education Accelerated SAP	Title: Organization/Area: EUP Category:	BUSINESS PROCESS PROCEDURE Enter Non Resident Alien Master Data HR/Personnel Administration	
File Name:	BPP Enter NRA data No Treaties (3)	Release:	R/3 4.6C
Responsibility:	Human Resources Department	Status:	

Field Name	Description	R/O/C	User Action and Values
			IT0048 – US01 is required is when a visa type changes. A single US01 can have multiple US02's.
Departure Date	US Departure Date	R	<i>Defaults to 12/31/9999. No change required if I-94 is marked "D/S" (Duration of Status) or expiration date as indicated by INS.</i> Note: When creating a new IT0048 for additional arrival dates, the correct departure date must be manually added to the prior infotype.
Permission Number	Permission Number	O	Enter Permission Number if applicable. (Switzerland only)
Expiry Date	Expiry Date	O	Enter Expiry Date (Switzerland only)

(Note: On above table, in column "R/O/C"; "**R**" = Required, "**O**" = Optional, "**C**" = Conditional)

****NOTE:** Click the  button to save the changes.**