

STATE CONTROLLER'S OFFICE
PERSONNEL AND PAYROLL SERVICES DIVISION
P.O. BOX 942850
SACRAMENTO, CA 94250-5878

DATE: January 19, 2023 PERSONNEL LETTER #23-002
TO: All Agencies/Campuses in the Uniform State Payroll System
FROM: Jil Barraza, Chief
Personnel and Payroll Services Division
RE: **VERIFICATION OF EMPLOYEES IDENTIFIED AS NONRESIDENT ALIENS**

The State Controller's Office (SCO) maintains a database of all Nonresident Alien (NRA) employees. As of **January 10, 2023**, all employees identified as NRA, per federal tax withholding rules determined by the Internal Revenue Service (IRS), are on the NRA report, including those who are active, on leave or separated. The report is sorted by agency code and then by social security number. The report also includes tax exemptions and an 'X' if the person has separated. For more information on this process, please see [Payroll Letter #06-029](#) (CSU only) or [Payroll Letter #06-030](#) (Civil Service only). **All agencies and campuses are required to comply even if no Nonresidents are currently employed.**

VIEWING THE NONRESIDENT REPORT:

This report is now available on ViewDirect and Mobius and will remain available until March 31, 2023. You can access the report under ID PDW7170, report name "Employees Identified as Nonresident."

Only personnel authorized to access ViewDirect can view and print the report. For more information on accessing and printing the reports, please refer to the ViewDirect and Mobius View on the SCO website at https://sco.ca.gov/ppsd_viewdirect.html. **(SCO will not provide a hard copy version of the report).**

If your agency does not have the "Employees Identified as Nonresident" (PDW7170) in the report directory, then there are no Nonresident individuals employed at your agency or there was no reporting to the SCO to add to the database.

VERIFYING THE REPORT:

Please review each record on the report and verify the employee is still a Nonresident per the rules indicated in the IRS Notice 2005-76 located at <http://www.irs.gov/pub/irs-drop/n-05-76.pdf>. Use the attached form to indicate any employee changes and complete the department name, contact person, contact number/email and authorizing signature.

If an employee separated or changed status and is no longer a Nonresident subject to the federal tax withholding rules, complete his/her name, social security number and enter '**DELETE**' in the type of change field. If there are any Nonresident employees missing from the report, add the employee's name, social security number and enter '**ADD**' in the type of change field. If there are no changes, please mark the box '**No Changes**' at the bottom of the form. If you do not have any Nonresident employees, mark the box '**No Nonresident Employees**' at the bottom of the form.

Return the completed form through the ConnectHR upload feature. In the dropdown menu, select **Tax Support Unit – Nonresident Add or Delete**.

All responses are due by **March 15, 2023** to update our Nonresident database and comply with the IRS.

EMPLOYEE ACTION REQUEST (EAR), FORM STD. 686 OR STUDENT PAYROLL ACTION REQUEST (SPAR), FORM STD. 457:

Departments and campuses should verify that the employees on the report are claiming the appropriate federal marital status. Per IRS Notice 2005-76, the listed Nonresident employees must claim a federal marital status of “S” for single, regardless of their actual marital status. The IRS eliminated the federal personal and dependent exemptions because of the 2017 Federal Tax Cuts and Jobs Act (TCJA). The State of California does not conform to the elimination of federal tax exemptions. Nonresident employees must indicate Y or N for the Higher Withholding (E04) field. Nonresident employees are not required to complete Claimed Dependents (E05) with exceptions made for residents of Canada, Mexico, South Korea or a student from India, or a business apprentice from India. The completion of the new fields Other Income (E06) and Deductions (E07) are optional (see [Notice 1392](#), Supplemental Form W-4 Instructions for Non-Resident Aliens). A Nonresident employee cannot claim exempt from federal taxes unless covered under a tax treaty.

Verify that employees complete their EAR, Form STD. 686 or Student Payroll Action Request, Form STD. 457 correctly. Do not accept documents that request a federal marital status or state tax exemption other than allowed by the IRS. For employees on the report with incorrect federal marital status/state tax exemptions, have the employees complete and submit a Form STD. 686 or STD. 457 with the appropriate information. Nonresident employees whom fail to file, or file an invalid Form STD. 686 or STD. 457 form, as required by IRS regulations shall have federal income taxes withheld at the rates pertaining to single status with no other adjustments for the federal and zero exemptions for the state.

If you have questions, please contact the Statewide Tax Support Program at PPSDSTSP@sco.ca.gov.

For additional questions regarding this letter, please use the following contact information:

- Affordable Care Act (ACA) Email acasupport@sco.ca.gov
- Cal Employee Connect Email connecthelp@sco.ca.gov
- Cal Employee Connect Feedback Email connectfeedback@sco.ca.gov
- California Leave Accounting System (CLAS) Email Clas@sco.ca.gov
- ConnectHR Email (All HR Staff) connecthrhelp@sco.ca.gov
- ConnectHR Feedback Email (All HR Staff) connecthrhelp@sco.ca.gov
- CS Escalation Email (HR Supervisors and Managers) PPSDOps@sco.ca.gov
- CSU Inquiry Email (HR Supervisors and Managers) ppsdcsuinquiry@sco.ca.gov
- HR Suggestions Email (All HR Staff) PPSDHRSuggestions@sco.ca.gov
- Management Information Retrieval System (MIRS) Email ppsdmir@sco.ca.gov
- [Statewide Customer Contact Center](#) (916) 372-7200

SCO Key Initiatives:

- [Cal Employee Connect Project](#)
- [California State Payroll System Project](#)

JEB:AR:JO:STSP

Attachment

Listing of Nonresidents Subject to IRS Notice 2005-76

Department: _____

Contact Person: _____

Contact Number/Email: _____

Authorizing Signature*: _____

*Must be a person authorized to sign Employment History documents.

Social Security Number	Employee Name	Type of Change (Add or Delete)	Non-Citizen (Code B)

Note: Complete all columns that apply to the employee.

No Changes No Nonresident Employees

****Forms are due by March 15, 2023****

Return via **ConnectHR:** In the drop-down menu, select **Tax Support Unit – Nonresident Add or Delete**