**Current Process**

Currently two edits are performed in the Payroll/Personnel System to limit the tax exemptions the employee can claim when a government-ordered limit has been placed on the number of allowable exemptions for the employee.

Message 12-133, 'Maximum Fed Exemption Exceeded – Input Rejected' is issued when the Federal Tax Withholding Allowances (EDB 0128) value is changed and the new value is greater than the value of the Federal Tax Maximum Withholding Allowances (EDB 0320) data element. The change to EDB 0128 is blocked and the old value is retained.

Message 12-134, 'Maximum State Exemptions Exceeded – Input Rejected' is issued when either the State Tax Personal Withholding Allowances (EDB 0131) value or the State Tax Itemized Deduction Withholding Allowances (EDB 0132) value is changed and the total of EDB 0131 and EDB 0132 is greater than the value of the State Tax Maximum Withholding Allowances (EDB 0321) data element. The change to EDB 0131 and/or EDB 0132 is blocked and the old values retained.

**Issues with Current Process**

Several issues with the current process were noted during testing of a recent system modification. It should be noted that the setting of a limit on withholding allowances is a fairly uncommon occurrence, so these issues have not created major problems to date.

1. Because the messages are only issued in the update process (USER12) and not the edit process (USER08), the on-line user is not notified on the ECON screen that an error has occurred and input has been rejected.

2. The messages have severity levels of Employee Reject, which implies that all activity for the employee is blocked. However, because there is no corresponding USER08 message, any other updates are accepted. In effect, the edits and message perform more like a ‘Data Override’ level message.

3. The edits only take place if one of the withholding allowances fields (EDB 0128, 0131, 0132) is changed, and not if one of the maximum withholding allowances fields (EDB 0320, 0321) is changed. Therefore, it is possible for the user to change the Federal Maximum Withholding Allowances or State Maximum Withholding Allowances value and not trigger the appropriate edit. For example, if the existing value of Federal Tax Withholding Allowances is ‘11’, and the Maximum Withholding Allowances is changed from 999 to ‘10’, the edit is not triggered and therefore the employee is allowed to claim deductions greater than the limit.

4. The sequence of the edit for the state tax fields tests the State Tax Personal Withholding Allowances (EDB 0131) first, and then the State Tax Itemized Deduction Withholding Allowances (EDB 0132). Because of this, the change to State Tax Personal Withholding Allowances may be rejected while the change to the State Tax Itemized Deduction Withholding Allowances made at the same time will be accepted. The chart below illustrates one possible result of this sequence.

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Change</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Personal</td>
<td>000</td>
<td>009</td>
<td>000</td>
</tr>
<tr>
<td>State Itemized</td>
<td>000</td>
<td>002</td>
<td>002</td>
</tr>
<tr>
<td>State Maximum</td>
<td>010</td>
<td>N/A</td>
<td>010</td>
</tr>
</tbody>
</table>
In this case, the State Tax Personal Withholding Allowances value was under the maximum, but the change was rejected because the total of Personal and Itemized Allowances was more than the maximum. Because the State Tax Personal Withholding Allowances was set back to the original value (000), the total deductions at the time the next edit was performed was ‘002’, and therefore passed the edit. And again, because no USER08 message is issued, the user may be unaware of this result.

5. A change to the Social Security Number (EDB 0111) causes the W4 Form Processed Indicator (EDB 0164) to be set to ‘1’. In the past, employees used the W4 form to indicate change to the Social Security Number. Since the Social Security Number is typically entered into the EDB based on non-W4 form sources, setting the W4 Form Processed Indicator based on a change to SSN is misleading.

Proposed Modifications

It is suggested that adding corresponding messages in the edit process (USER08), and triggering the edits on all the fields used in the edit, will address issues one through four, above.

1. Change the edit associated with message 12-133 so that it is performed both in the edit (USER08) and the update (USER12) processes. The edit should be triggered whenever a change is made to the Federal Tax Withholding Allowances (EDB 0128) or the Federal Tax Maximum Withholding Allowances (EDB 0320) values. A USER08 message should be added with the message text ‘Federal Tax Allowances May Not Exceed Maximum Allowances’. The new message should have a severity of ‘Employee Reject’ in both on-line and batch. The text of the existing 12-133 message should be changed to ‘Federal Tax Allowances May Not Exceed Maximum Allowances’.

2. Change the edit associated with message 12-134 so that it is performed both in the edit (USER08) and the update (USER12) processes. The edit should be triggered whenever a change is made to the State Tax Personal Withholding Allowances (EDB 0131), the State Tax Itemized Deduction Withholding Allowances (EDB 0132), or the State Tax Maximum Withholding Allowances (EDB 0321) values. A USER08 message should be added with the message text ‘State Tax Allowances May Not Exceed Maximum Allowances’. The new message should have a severity of ‘Employee Reject’ in both on-line and batch. The text of the existing 12-134 message should be changed to ‘State Tax Allowances May Not Exceed Maximum Allowances’.

The following change should be made to address issue five, above.

The EDB Maintenance process should be modified so that the W4 Form Processed Indicator (EDB 0164) is NOT derived when the Social Security Number (EDB 0111) is changed.