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Re:  Release: 1400
Service Request: 14863
Error Reports: None
Programs:
PPEICUTL, PPEM001, PPEM004, PPEM101, PPEXERPT, PPEY001, PPEY101, PPEY200, PHDAUTL, PPEKEYCHD, PPNETCLC, PPNRARPT, PPCMCHG, PPCMFET, PPCMUDP, PPCMUTL, PPCMUTW, PPO10, PPO130, PPO400, PPO851, PPSTARPT, PPTAXEDB, USER12
CICS Programs: PPRCOPT1, PPRCOPT2, PPWIBAL, PPWETAX, PPWITAX
Copymembers: CPLNKGR, CPLNKGR1, CPLNKHDA, CPLNKNET, CPWSRPMC, CPWSXEIC, CPWSXFEA, CPWSXIC2
Include Members: PPPVHDA2, PPPVPCM1, PPPVPCM2, PPPVZEIC, PPPVZPCM
DDL Members: PPPVHDA2, PPPVPCM1, PPPVPCM2, PPPVZPCM, TBEIC00C, TBPCM00C, TBPCM18A (new)
Bind Members: None
CICS Maps: PPETAX0, PPIBAL0, PPITAX0
Forms: UPAY667, W-5 Form
Table Updates: System Messages Table, Data Element Table, Gross-to-Net, System Parameters Table, Earned Income Credit Table
Urgency: Urgent (See Timing of Installation)

This release addresses the following Service Request:

Service Request 14863

The Economic Growth and Tax Revenue Reconciliation Act of 2001 (EGTRRA) provided for an increase of the income levels for married couples filing jointly, beginning in 2002, who are eligible to claim the EIC advance payment. The Internal Revenue Service (IRS) issued the 2002 EIC tables in early December 2001. These tables are currently being utilized by the Payroll/Personnel System (PPS). However, the IRS subsequently withdrew the EIC tables and reissued them in a different format since the adjusted credit for a spouse not filing a Form W-5 certificate is to be applied through payroll.

This service request asks that the Payroll/Personnel System (PPS) be modified to include the following:

- A third set of rates on the existing EIC Table for employees who are married and whose spouses are not filing a W-5 Certificate.
• The EIC calculation process must be modified so that a cap is placed on the maximum amount that an employer can pay an employee for EIC (for 2002 this amount is $1503).

• The calculation process should utilize the employee's YTD Federal Taxable Withholding Gross (EDB 5502) and stop EIC payments when the YTD Federal Taxable Withholding Gross reaches or passes the annual maximum earnings amount (for 2002 these amounts are $29,201 - single, and $30,201 - married).

• In addition to the new third set of rates, the entry pertaining to “Percent of Excess” on the EIC Table must be increased to accommodate the IRS rate of 9.588. That is, the Percent of Excess rate must be modified to contain three digits to the right of the decimal (xx.xxx).

An addendum, dated February 27, 2002, addresses the issue of when an employee claims exempt status from federal tax withholding but continues to be eligible to receive advance Earned Income Credit (EIC) payments.

According to IRS Circular E, if an employee claims exempt from federal tax withholding and there is no gross to calculate the EIC payment, then the employer is to use the OASDI or Medicare gross to determine the payment amount. Currently, the Payroll/Personnel System (PPS) only invokes this process when an employee claims federal withholding allowances of “99”. This process should be changed such that the process is invoked when the federal withholding allowance is “999”, and the Medicare Gross should be used to calculate the EIC payment.

In addition to this, in order to determine whether the EIC earnings limit has been reached, the YTD Federal Withholding Gross (EDB 5502) cannot always be used because of the exempt status as mentioned above. To appropriately determine the EIC earnings limit of those employees who are or were exempt from federal withholding taxes during the calendar year, the following additional changes are requested on the PPS:

**New Data Element**

A new data element (YTD EIC Exempt Gross, EDB 5553) is required containing a year-to-date gross to accumulate the current Medicare Gross for use in determining the EIC earnings limit. See Attachment 1 in the Detail Design document for a sample data element definition.

**Compute Process**

The following process is only applicable to employees who have elected to receive earned income advance payment (where EDB 6099G = 1.00, 2.00, or 3.00), and who claim exempt (where EDB 0128 = ‘999’) from federal tax withholding.

If an employee is exempt (where the value of EDB 0128 = ‘999’) from federal tax withholding, the employee’s current Medicare Gross should be accumulated into the YTD EIC Exempt Gross. That is, If the employee’s federal withholding allowance is equal to ‘999’ (regardless whether the employee has or has not elected to receive earned income advance payment), the current pay Medicare Gross must be added to the YTD EIC Exempt Gross bucket in the event the employee enrolls in EIC.

During a compute process, if the employee's federal withholding allowance (EDB 0128) is equal to ‘999’ and the employee has elected to receive EIC advance payment (where EDB 6099G = 1.00, 2.00, or 3.00), then the current pay Medicare Gross must be used to calculate the EIC payment. Otherwise the current pay Federal Withholding Taxable Gross is used to calculate the EIC payment.

In addition, if the employee’s federal withholding allowance is equal to ‘999’, the current pay Medicare Gross must be accumulated into the new YTD EIC Exempt Gross bucket prior to determining the EIC earnings limit check. Otherwise the employee’s current pay Federal Withholding Taxable Gross must be accumulated into the YTD Federal Withholding Taxable Gross bucket prior to determining the EIC earnings limit check. That is, to determine whether the employee has reached the appropriate EIC Earnings Limit or not, the YTD Federal Withholding Taxable Gross (EDB 5502) and the YTD EIC Exempt Gross (EDB 5553) (regardless of the employee’s federal
withholding allowance value) are added together. If the sum of the two year-to-date grosses equals or is greater than the EIC Earnings Limit, then no EIC payment is to be calculated.

Programs

PPEICUTL

Currently, this utility module loads the EIC records from the DB2 EIC Table to an internal EIC Array. The first set of rates associated with employees who are single and head of household, and the second set of rates associated with employees who are married and with spouses also filing W-5 forms are loaded into the internal EIC Array.

The utility module has been modified such that the last entry position defined for the existing first set of rates (Single -Head of Household) are changed to 6, and the last entry position defined for the existing second set of rates (Married, both spouses filing W-5) are changed to 12.

The new third set of rates for employees with spouses not filing a W-5 form has been added to entries 13 through 18.

PPEXERTPT, PPEM001, PPEM004, PPEM101, PPNRARPT, PPSTARPT, PPEY001, PPEY101, PPEY200

The above programs have been modified to include the YTD EIC Exempt Gross in the COBOL “REPLACE BY” clause associated with the PPHDAUTL-INTERFACE field names.

PPHDATUL

PPHDATUL is a utility program which loads hour and dollar totals into linkage copymember CPLNKHD for use by various PPS programs.

It has been modified to select the new YTD EIC Exempt Gross field from the PPPPCM (Payroll Computation) table and move it into the YTD EIC Exempt Gross field defined in copymember CPLNKHD.

PPKEYCHD

PPKEYCHD is called to perform EDB Employee ID changes.

The DB2 SELECT statement associated with the PPPPCM table has been modified to include the new YTD EIC Exempt Gross column.

PNETCLC

Logic has been added to determine whether the employee has reached the maximum EIC earnings limit, or the EIC Payment Cap Limit. Any one of the following conditions will cause the calculated EIC payment to be set to zero:

- If the sum of the YTD FWT Gross (EDB 5502) (includes current FWT Gross) and YTD EIC Exempt Gross (EDB 5553) (includes current Medicare Gross) is equal to or greater than the maximum EIC earnings limit (from System Parameters Table), the calculated advance EIC payment is set to zero.

- If the calculated advance EIC Payment is over the maximum EIC Payment Cap Limit (from system Parameters Table), the calculated advance EIC Payments is set to zero.

Logic has been added to reference the third set of rates associated with employees whose spouses are not filing a W-5 form.

The reference made to the last entry position defined for the existing first set of rates (Single -Head of Household) has been changed to 6, and the reference made to the last entry position defined for the existing second set of rates (Married, both spouses filing W-5) has been changed to 12.
Currently, the OASDI Gross is used in the EIC calculation when the employee has a federal withholding allowance equal to 99. This has been changed such that the employee’s Medicare Gross is used in the calculation of the EIC payment when the employee has a federal withholding allowance equal to 999.

**PPPCMCHG, PPPCMFET, PPPCMUPD, PPPCMUTL, PPPCMUTW**

The above programs are the standard parts of the EDB Fetch/Update complex for the PPPPCM table.

The modules have been modified to process the new YTD EIC Exempt Gross field.

**PPP010**

The input record structure defined for the EIC transactions has been modified such that the length defined for the field associated with the Percent of Excess has been increased to 5 bytes. The display on the report of the right-most digits after the decimal associated with the Percent of Excess value has been increased to three.

The conditional statement which checks for a valid value of ‘M’ or ‘S’ associated with the Transaction Line Number has been changed to include the value of ‘N’.

The last entry position defined for the existing first set of rates (Single -Head of Household) has been changed to 6, and the last entry position defined for the existing second set of rates (Married, both spouses filing W-5) has been changed to 12.

The new third set of rates for employees with spouses not filing a W-5 form has been added to entries 13 through 18.

Logic has been added to report the third set of rates on the PPP0116 (Advance E.I.C. Payments) Report.

**PPP130**

PPP130 performs Periodic EDB Maintenance.

The COBOL “REPLACING” definition of data in the PPHDAUTL-INTERFACE linkage (copymember CPLNKHDA) has been modified to include the new YTD EIC Exempt Gross. Logic has been added to move the final value in that field in PPHDAUTL-INTERFACE to the appropriate column of the PCM-ROW prior to posting changes.

**PPP400**

The EIC Payment Cap (taken from System Parameter Entry 027), EIC Earnings Limit 1 (taken from System Parameter Entry 028), and EIC Earnings Limit 2/3 (taken from System Parameter Entry 029) is passed to the appropriate called PPNET** modules via linkage CPLNKNET.

The employee’s **YTD EIC Balance** (EDB 6099Y) is passed to the appropriate called PPNET** modules via linkage CPLNKNET.

The employee’s **YTD FWT Gross** (EDB 5502) and **YTD EIC Exempt Gross** (EDB 5553) is passed to the appropriate called PPNET** modules via linkage CPLNKNET.

If the employee is exempt from federal taxes (where federal exempt allowances = 999), the current Medicare Gross is added to the **YTD EIC Exempt Gross** (EDB 5553).

**PPP851**
This program has been modified such that the third set of EIC rates is included in the Earned Income Credit Table updates.

PPTAXEDB

This module has been modified such that the hard-coded EIC Payment Cap defined in the Working Storage section is removed. Instead the EIC Payment Cap will be taken from the System Parameters Table.

USER12

USER12 is the main dual use driver for EDB edit/update process. It references the CPLNKHDA fields, and moves them to the appropriate column of the PCM-ROW prior to posting changes for update and audit purposes.

It has been modified to include movement of the new YTD EIC Exempt Gross field (from CPLNKHDA) to the PCM-ROW.

CICS Programs

PPRCOPT1

The EIC Payment Cap (taken from System Parameter Entry 027), EIC Earnings Limit 1 (taken from System Parameter Entry 028), and EIC Earnings Limit 2/3 (taken from System Parameter Entry 029) is passed to the appropriate called PPNET** modules via linkage CPLNKNET.

The employee’s YTD EIC Balance (EDB 6099Y) is passed to the appropriate called PPNET** modules via linkage CPLNKNET.

The employee’s YTD FWT Gross (EDB 5502) and YTD EIC Exempt Gross (EDB 5553) is passed to the appropriate called PPNET** modules via linkage CPLNKNET.

If the employee is exempt from federal taxes (where federal exempt allowances = 999), the current Medicare Gross is added to the YTD EIC Exempt Gross (EDB 5553).

PPRCOPT2

The EIC Payment Cap (taken from System Parameter Entry 027), EIC Earnings Limit 1 (taken from System Parameter Entry 028), and EIC Earnings Limit 2/3 (taken from System Parameter Entry 029) is passed to the appropriate called PPNET** modules via linkage CPLNKNET.

The employee’s YTD EIC Balance (EDB 6099Y) is passed to the appropriate called PPNET** modules via linkage CPLNKNET.

The employee’s YTD FWT Gross (EDB 5502) and YTD EIC Exempt Gross (EDB 5553) is passed to the appropriate called PPNET** modules via linkage CPLNKNET.

If the employee is exempt from federal taxes (where federal exempt allowances = 999), the current Medicare Gross is added to the YTD EIC Exempt Gross (EDB 5553).

PPWETAX

This existing program is the screen detail processor for the ETAX screen.

This screen detail processor program has been modified such that logic is added to display the YTD EIC Payment Amount (EDB 6099-Y) and the appropriate EIC Earnings Limit (taken from one of the three System Parameter Entries 027, 028, or 029 which is depended upon the value of EDB 6099-G). That is, if the value of EDB 6099-G is
equal to 1.00, the EIC Earnings Limit is taken from System Parameter Entry 028. If the value of EDB 6099-G is equal to 2.00 or 3.00, the EIC Earnings Limit is taken from System Parameter Entry 029.

**PPWIBAL**

This existing program is the screen detail processor for the IBAL screen.

This screen detail processor program has been modified such that logic is added to display the YTD EIC Exempt Gross.

**PPWITAX**

This existing program is the screen detail processor for the ITAX screen.

This screen detail processor program has been modified such that logic is added to display the YTD EIC Payment Amount (EDB 6099-Y) and the appropriate EIC Earnings Limit (taken from one of the three System Parameter Entries 027, 028, or 029 which is depended upon the value of EDB 6099-G). That is, if the value of EDB 6099-G is equal to 1.00, the EIC Earnings Limit is taken from System Parameter Entry 028. If the value of EDB 6099-G is equal to 2.00 or 3.00, the EIC Earnings Limit is taken from System Parameter Entry 029.

**Copymember**

**CPLNKGRS, CPLNKGR1, CPLNKHDA, CPWSRPCM**

The above copymembers have been modified such that the YTD EIC Exempt Gross field is added to the copymembers.

**CPLNKNET**

This existing copymember defines the linkage between calling module PPP400 and PPNET*** modules.

- The EIC Payment Cap (from System Parameter entry 027), EIC Earnings Limit 1 (from System Parameter entry 028), and EIC Earnings Limit 2/3 (from System Parameter entry 029) fields have been added to this copymember.

- The YTD EIC Exempt Gross, used together with the YTD FWT Gross for calculating the advance EIC Payments, has been added to this copymember.

**CPWSXEIC**

Currently, this copymember contains the Earned Income Credit Array.

- The length of the Percent of Excess field has been increased to 5 bytes.

- The last entry position defined for the existing first set of rates (Single -Head of Household) has been modified such that the last entry for the first set of rates is set to 6.

- The last entry position defined for the existing second set of rates (Married, both spouses filing W-5) has been modified such that the last entry for the second set of rates is set to 12.

- The new third set of rates for entries 13 through 18 has been added for employees with spouses not filing a W-5 form.

**CPWSXFEA**
This copy member contains the Earned Income Credit Array in the linkage to communicate with utility program PPEICUTL.

- The length of the Percent of Excess field has been increased to 5 bytes.
- The last entry position defined for the existing first set of rates (Single -Head of Household) has been modified such that the last entry for the first set of rates is set to 6.
- The last entry position defined for the existing second set of rates (Married, both spouses filing W-5) has been modified such that the last entry for the second set of rates is set to 12.
- The new third set of rates for entries 13 through 18 has been added for employees with spouses not filing a W-5 form.

**CPWSXIC2**

This copy member CPWSXIC2 defines various PPS constants. It contains local campus specific values for some fields.

The FILLER defined as FILLER-5553 in the dollar balance array is replaced with the YTD EIC Exempt Gross.

**Include Members**

PPP VHDA2, PPPV PCM1, PPPV PCM2, PPPVZPCM

The following data element has been added to the above Include members:

- (EDB 5553) – YTD EIC Exempt Gross, DB2 column name of YTD_EIC_EXPT_GROSS

**PPP VZEIC**

The three-digit value defined for the EIC Percent of Excess has been increased to a five-digit value.

The length of the EIC Percent of Excess field defined in the COBOL portion has been changed to represent a 5-digit value in the form of PIC SV99999.

The length of the EIC Percent of Excess field defined in the DB2 portion has been changed to represent a 5-digit value in the form of (DECIMAL 5,5).

**DDL Members**

**TBEIC00C**

Currently, this DDL member creates the PPPEIC Table.

The three-digit value for the EIC Percent of Excess defined as (DECIMAL 3,3) has been increased to a five-digit value defined as (DECIMAL 5,5).

TBPCM00C, PPPV PCM1, PPPV PCM2, PPPVHDA2, PPPVZPCM

Currently, the above DDL members create the PPPPCM Table and the appropriate table views.

The YTD EIC Exempt Gross has been added to the PPPPCM table and its associated table views.

**TBPCM18A**
This DDL member contains the ALTER statements to add DB2 column name of YTD_EIC_EXPT_GROSS.

**CICS Maps**

**PPETAX0**

This map which defines the label fields and data fields for the ETAX screen has been modified such that the following label fields and associated data fields are included in this map.

EIC YTD Payments: (EDB 6099Y) – The data field will not be updateable.

Earnings Limit: (It is noted that the Earnings Limit amount is taken from the System Parameters Table, depending on the value in EDB 6099G). The data field is not updateable.

In addition, the label of “Other State Gross Name” (EDB 0186) is renamed for clarity to “Current Gross Name” (EDB 0186).

**PPIBAL0**

This map which defines the label fields and data fields for the IBAL screen has been modified such that the label field and data field for the YTD EIC Exempt Gross (EDB 5553) are included on the map.

**PPITAX0**

This map which defines the label fields and data fields for the ETAX screen has been modified such that the following label fields and associated data fields are included in this map.

EIC YTD Payments: (EDB 6099Y)

Earnings Limit: (It is noted that the Earnings Limit amount is taken from the System Parameters Table, depending on the value in EDB 6099G).

In addition, the label of “Other State Gross Name” (EDB 0186) is renamed for clarity to “Current Gross Name” (EDB 0186).

**Form Changes**

**UPAY667**

Currently, this form contains the line transaction formats for entering the EIC (Single/Head of Household) rate set, and for entering the EIC (Married/Both Spouses Filing W-5) rate set.

This form is changed to include the line formats for the EIC (Married/Spouse Not Filing W-5) rate set.

A sample form is available at http://www.ucop.edu/payroll/forms.htm.

**W-5 (Earned Income Credit Advance Payment Certificate)**

Currently, under section 3 of the W-5 form, the first check-off box containing a value of 1.00 is used to indicate that the employee is (Single, Head of Household, or qualifying widow(er)), and the next check-off box containing a value of 2.00 is used to indicate that the employee is (Married, both filing Form W-5).
A subsequent check-off box containing a value of 3.00 to indicate that the employee is (Married, Spouse Not Filing Form W-5) is added to the Form W-5.

**Table Updates**

**System Messages Table**

The texts for existing messages 01-176 and 60-128 have been modified.

The update transactions in release file CARDLIB(MSGPROD) and the completed facsimile form UPAY554 sent with this release are supplied for both Test and Production.

**Data Elements Table**

The following new data element has been added to this table:

- (EDB 5553) YTD EIC Exempt Gross

The update transactions in release file CARDLIB(DETPROD) and the completed facsimile form UPAY553 sent with this release are supplied for both Test and Production.

**Gross-to-Net Table**

The valid ending range value for GTN number 099 has been changed from ‘2’ to ‘3’.

Use the transactions in release file CARDLIB(GTNPROD), or key from the provided facsimile UPAY545 form after replacing the ‘?????’ with the appropriate GTN Priority Numbers. These transactions may be used both for testing and production, with the approval of your campus Payroll Manager. **Do not use the CARDLIB(GTNTEST) for production usage.**

**System Parameters Table**

The following entries have been added to the System Parameter Table:

- 027 – EIC Max Payment Amt (Current year 2002, $1,503.00)
- 028 – EIC Earnings Lim 1 (Single, head of household, widow(er)), (Current year 2002, $29,201.00)
- 029 – EIC Earnings Lim 2,3 (Married, filing jointly), (Current year 2002, $30,201.00)

The update transactions in release file CARDLIB(PRMPROD) and the completed facsimile form UPAY559 sent with this release are supplied for both Test and Production.

**Earned Income Credit Table**

The EIC Table is entirely reloaded using update transactions provided in this release. Refer to Installation Instructions.

The update transactions in release file CARDLIB(EICPROD) and the completed facsimile form UPAY667 sent with this release are supplied for both Test and Production.

**Test Plan**

A complete test plan is provided with this release.
Installation Instructions are provided as a separate document.

Timing of Installation

The installation of this release is Urgent. This release should be installed to prevent an employee from exceeding the EIC Cap Payment and/or the EIC Earnings Limit during the calendar year.

Campuses are encouraged to install this release in as timely a fashion as possible, and in the normal numeric sequence of releases.

If there are any questions, please send electronic mail to Jackson.Quan@ucop.edu, or call at (510) 987-0464.

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