This release addresses the following Service Request:

**Service Request 82831**

Service Request 82831 asks for a new tax rate set in the Federal Tax Withholding Table in PPS to be used in calculating additional federal income tax withholding for Non Resident Alien (“NRA”) employees only. This rate set does not replace the current federal withholding tax data in PPS nor does it eliminate the current procedure in PPS for calculating federal withholding for NRAs. The federal tax calculated using the additional rate set should be added to the NRA federal withholding tax currently calculated in PPS, the sum of the two tax amounts equaling the total federal withholding for NRAs.

Service Request 82831 provides the following background information:

Non-Resident Alien employees who earn compensation for services are subject to federal income tax withholding which the employer is obligated to withhold. The standard federal withholding tax table incorporates two benefits for which the non-resident alien is not eligible: the standard deduction and the Making Work Pay Credit (MWPC) created by the American Recovery and Reinvestment Act of 2009. The additional NRA tax mitigates the impact of the MWPC in the standard federal tax table and was announced by the IRS in Notice 2009-91. The additional tax is effective for wages paid on or after January 1, 2010.
Programs

PPCTR03

PPCTR03 is the report module and it reports the federal tax table PPPFED in the Federal Tax Table report PPP0403.

The following changes were done in the report PPP0403 to report the new rate set type ‘N’ for Non Resident Aliens:

- Reported the new rate set type ‘N’ for Non Resident Aliens under the label ‘NON RESIDENT ALIEN’.
- Added a negative sign (‘-’) after the percent of excess value, if the percent of excess for the NRA federal tax rate step is negative.
- Changed the heading ‘MARITAL STATUS’ to ‘MARITAL STATUS / TAX RATE SET’ to group all the possible descriptions of SINGLE, MARRIED, EXEMPTION AMOUNT, and NON RESIDENT ALIEN.

PPCTT03

PPCTT03 is the transaction handler for the control table PPPFED (Federal Tax Table).

In the transaction assembly module PPCTT03, added the new CPCTFEDI field that indicates negative sign for the percent of excess for the new set of NRA federal tax rates to the transaction assembly processing.

In addition, program PPCTT03 was changed to pass the new percent of excess sign value to the edit module PPCTFEDE for further editing of the federal tax rates.

PPCTFEDE

PPCTFEDE is the edit module for the batch transactions that update the Federal Tax Table PPPFED.

In the Federal Tax Table edit module PPCTFEDE, the following new edits were added to edit the new rate set type ‘N’ for Non Resident Aliens (NRA):

- Allowed the new rate set type of ‘N’ for NRAs.
- Logic added to display the existing message 01-186, if the tax rate type is not one of ‘M’ (Married), ‘S’ (Single), ‘E’ (Exemption), or ‘N’ (NRA).
- If the new sign field contains a value other than “+”, “-”, or blank, then displayed a new message M01165.
- Only for NRA federal tax rate type ‘N’, allowed negative sign in the new sign field that indicates the sign of percent of excess value (for tax types other than ‘N’, a new message 01-179 issued).
- Multiply the percent of excess value by -1, if the new sign field has a value of ‘-’ to ensure that correct % excess value passed down to the PPPFED update program PPCTFEDU.

PPCTC05

PPCTC05 is the control table consistency edit module 05, used for the Federal Tax Table PPPFED consistency edit.

In the program PPCTC05, consistency edits were added to verify that at least 1 set of rates for NRA is present for each period type of ‘S’ (Semi-monthly), ‘M’ (Monthly), and ‘B’ (Bi-weekly). If no valid NRA rate set found, then displayed the new message 01-169 (description "FED TAX: NON RESIDENT ALIEN PORTION OF TABLE IS MISSING.").
PPP400

PPP400 performs Gross-to-Net processing within the compute and creates a PAR file from the EDB and the preliminary PAR file with gross-to-net activity.

It was modified to initialize the expanded CPWSXFTA table array and the array to hold the total number of NRA rate steps, before calling the PPFEDUTL program to load the Federal Tax table rates.

PPFEDUTL

PPFEDUTL program loads the federal tax (Single / Married / Exemption) rates from PPPFED table for each period type (Semi-monthly / Monthly / Bi-weekly) into the copy CPWSXFTA table array. In addition, it stores the total #steps in each tax type of the pay period into their respective hold fields array of the CPWSXFTA for further use by the compute.

In the Federal Tax table load program PPFEDUTL, the following changes were added:

- Loaded the NRA rates for each period type into the expanded CPWSXFTA table array.
- Stored the total number of NRA rate steps for each period type into the new hold field array.
- Displayed existing message P0-548, if there are no rates found for any of the tax rate types in each period type.

PPFEDTAX

Program PPFEDTAX calculates the federal withholding tax amount for an employee using the following input details passed from the calling programs:

1. Single / Married / Exemption / Non Resident Alien federal tax table rates for all the period types (CPWSXFTA).
2. Copybook CPLNKFED that contains employee personnel data related to federal tax computation.

The following logic was added after the regular federal tax computation, if the employee is a NRA (Citizenship ‘N’ or ‘A’):

- Using the same Base Salary (taxable wages) of the employee used for the regular federal tax calculation, search through the NRA tax rate sets that are in ascending Salary Limit, for the following range (2 NRA tax rate sets):
  a. Select the current NRA tax rate set (Begin Range), if the next NRA tax rate set is the first set that has the Salary Limit greater than the Base Salary (taxable wages).
  b. The first NRA rate step (End Range) that has the Salary Limit greater than the Base Salary (taxable wages).
- Calculated the NRA additional tax, using the begin NRA rate step found above, by adding the following 2 amounts:
  a. Base Tax amount of the NRA rate step
  b. The Excess Tax amount that will be calculated by multiplying the Percent of Excess with the Excess Base Salary above the Salary Limit.
- Added the additional NRA tax calculated with the regular federal tax computed.

Copy Members

CPCTFEDI

Copy book CPCTFEDI is used in the programs that edit Federal Tax Rate input transactions and update them into the PPPFED DB2 control table.

In the copy book CPCTFEDI, a new field was added to indicate negative sign for percent of excess for the new set of NRA federal tax rates.
CPWSXFTA
Copy book CPWSXFTA is used by the PPFEDUTL program to store the Single / Married / Exemption Federal Tax table data. The loaded CPWSXFTA data is passed between the calling programs and the federal taxes computation module PPFEDTAX. The following changes were done in the CPWSXFTA copybook layout structure for the new NRA tax rate set type ‘N’:

- Increased the size of the Federal Tax holding array from 22 to 33 (NRA rate set steps held from 23 to 33)
- Added a new field to hold the total number of NRA rate steps currently loaded.

FORMS
UPAY547 Federal Tax Table
UPAY547 is used to input the batch transactions to update the standard PPS Federal Tax Rate table (Control Table 03) for the Monthly, Semi-monthly, and Bi-weekly pay periods.
The following were the changes to the Federal Tax Table update form UPAY547:

- Renamed UPAY547 to UPAY547A
- Added a comment of submitting the UPAY547A together with the new UPAY547B form for NRA rates.

UPAY547B Federal Tax Table - NRA
UPAY547B is the new UPAY form created to update the PPS Federal Tax Rate table (Control Table 03) for the Monthly, Semi-monthly, and Bi-weekly pay periods for the additional NRA tax.
The NRA table in the form UPAY547B has the following differences from the Single/Married tables of UPAY547A:

- Position 5 of the ‘LINE ID’ is ‘N’ for the NRA tax rate type.
- A new column at position 23 for indicating the negative (‘-‘) sign for the % excess field.

In addition, a comment of submitting UPAY547A together with UPAY547B is added in the UPAY547B form.

Table Updates
Federal Tax Rate Table
SR82831 has provided the NRA tax rate transactions for the control table 03 (Federal Tax Rate Table). Locations will use these transactions to update the federal tax table.

System Messages Table
The following three new messages were added to the System Messages Table:

<table>
<thead>
<tr>
<th>Message#</th>
<th>Severity</th>
<th>Message Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-165</td>
<td>5</td>
<td>FED TAX: % EXCESS SIGN MUST BE &quot;+&quot;, &quot;,&quot;, OR BLANK (IMPLIES &quot;+&quot;)</td>
</tr>
<tr>
<td>01-169</td>
<td>3</td>
<td>FED TAX: NON RESIDENT ALIEN PORTION OF TABLE IS MISSING</td>
</tr>
<tr>
<td>01-179</td>
<td>5</td>
<td>FED TAX: NEGATIVE TAX PERCENT ALLOWED FOR ONLY NRA TAX RATE SET</td>
</tr>
</tbody>
</table>

For the existing message 01-186, the description was changed as below:

Current description of message# 01-186
FED TAX: INVALID MARITAL STATUS

Changed Description of message# 01-186
FED TAX: INVALID MARITAL STATUS OR TAX RATE SET
Installation Instructions
A separate Installation Instructions document is provided for this release.

Test Plan
A separate Test Plan document is provided for this release.

Timing of Installation
The timing of this release is Urgent. The NRA federal tax rates apply to earnings paid on or after January 1, 2010. Therefore, in order to minimize the employees’ federal tax liability for tax year 2010, this release should be implemented as soon as possible.

As usual, campuses are encouraged to install this release in as timely a fashion as possible and in the normal numeric sequence.

If there are any questions, please send electronic mail to baskar.chitravel@ucop.edu, or call 510-987-0692.

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