February 13, 2002

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2002-44

TO:     All ISIS HR Paid Agencies

FROM:   Jena W. Cary
         Director

SUBJECT: Federal/State Tax Exempt Status and Completion of Forms W4/L4

2001 Forms W-4 claiming exempt expire February 15, 2002. If you have employees who claimed federal exempt status in 2001 and you have not received a new withholding form for 2002 from the employee, you must change their federal filing status to “single” with “zero” withholding allowances. See below for the situations that exist. For employees who are claiming exempt in 2002, you must forward a copy of the 2002 Form W-4 to OSUP. The state tax rules mirror the federal requirements; therefore, you should follow the same guidelines above for anyone who claimed state exempt status in 2001.

Responsibilities of OSUP and the agency regarding Forms W-4 were noted in OSUP Memorandum #2001-69 dated June 22, 2001. Refer to this memorandum for information that needs to be completed prior to forwarding forms to OSUP. A second memorandum, #2002-02 dated July 13, 2001, was also issued advising agencies of action needed for incomplete forms. Agencies must review these forms to be sure they are complete and the information is legible.

Currently, there are three (3) scenarios that need to be addressed:

**Scenario 1**: Employees with exempt records that have an end date of 02/16/2002 and have no subsequent record. If no action is taken, these employees will fail payroll and will not receive payment for period 04/2002. To prevent this, OIS will programmatically create a new IT210 record that will withhold the maximum taxes—single and zero allowances. The FROM date on the new record will be 02/17/2002 and the TO date will be 12/31/9999. We anticipate that a list of employees affected will be distributed no later than Friday morning, 2/15/02.

If you have received a new W-4 form for any of these employees, the active IT210 record must be maintained prior to 6:00 p.m. on Monday, 02/18/2002, since retroactive tax changes are not allowed. Refer to online help (Maintain Withholding Information) for further information.

**Scenario 2**: Employees with exempt records that have an end date of 02/16/2003 or 12/31/9999. These employees must be researched by Employee Administration. A list of these employees can be produced by running ZP65 (Employee Tax Report) specifying an “Other Date” of 02/17/2002, your specific Personnel Areas and then selecting Reporting Criteria: Claiming Federal Exemption and Claiming State Exemption.
If a new 2002 W-4 form claiming exempt status has been received, leave the employee’s active IT210 record as is. If the new form received claims something other than exempt, the active IT210 must be copied and the new information entered. If no new 2002 W-4 is received, the active record must still be copied, however the new IT210 record must reflect single and zero allowances. Refer to online help (Maintain Withholding Information).

**Scenario 3: Employees that have a non-exempt record with an end date of 02/16/2002 and have no subsequent record.** These employees had an exempt indicator with a TO date of 02/16/2002 at some point. When this record was copied and the exempt indicator was removed, the TO date was not extended to 12/31/9999. Employees in this situation will appear on ZP45. Agencies must run this report and correct the record prior to payroll calc for Period 04/2002. Follow online help to create a new IT210 record with a TO date of 12/31/9999. If this is not corrected, these employees will fail payroll and will not be paid.

Questions on ZP65 and how to set up IT210 records should be directed to the ISIS HR Help Desk at (225) 342-2677. Any other questions should be directed to a member of the OSUP Wage and Tax Administration Unit at (225):

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<tr>
<th>Name</th>
<th>Phone</th>
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<tbody>
<tr>
<td>Lawanna Green</td>
<td>342-0714</td>
<td>Rhonda Dessel</td>
<td>342-8928</td>
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<tr>
<td>Rachel Bryant</td>
<td>342-1651</td>
<td>Dorothy Piazza</td>
<td>342-1652</td>
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</tbody>
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JWC:LMG/kmb