

Department of Accounts

Payroll Bulletin

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The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy McGill at (804) 371-7800 or Email at cathy.mcgill@doa.virginia.gov

State Payroll Operations

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VRS Rates for FY 07

**VRS Rate
Schedule**

Effective with the June 25 - July 9 pay period (July 14, 2006 payday), contribution rates for VRS administered programs were changed to the rates listed below :

Benefit Name	Rate	Expenditure Code
Retirement-		
• State employees	10.74%	1111
• State Police	21.71%	1111
• Judicial	41.47%	1111
• VaLORS	19.96%	1111
Group Insurance	1.13%	1114
Retiree Health Insurance Credit	1.07%	1116
Long-Term Disability	1.78%	1117

Processing Multiple Child Support Orders

**Proration of
Multiple Child
Support Orders**

Virginia law regarding the manner in which multiple child support orders are calculated was changed to comply with federal regulations effective March 30, 2006. The new law applies to all existing (as of March 30, 2006) and future income withholding notices.

Income withholding orders from child support orders are no longer handled on a first-come, first-served basis, but are now allocated among all orders for current support. After current support is satisfied, any remaining available funds must be allocated to arrears balances in the same manner.

Continued on next page

Processing Multiple Child Support Orders, continued

Calculating the percentage allocation

A percentage is allocated to each order based on the total amount of current support orders:

- 1) Add total current support due on all withholding orders.
- 2) Divide each order's current support due by the total of all orders to figure each order's percentage total.
- 3) Withhold the percentage of allowable disposable income for each order.

Example: An employer receives three child support orders for an employee:

Order A	\$250
Order B	\$170
Order C	<u>\$220</u>
Total Current Support Due	\$640

For this example, the maximum amount that can be withheld from the employee's wages is \$550 so the employer must find the percentage of each order:

Order A	$\$250 / 640 = 39\%$
Order B	$\$170 / 640 = 27\%$
Order C	$\$220 / 640 = 34\%$

The amount that should be withheld for each order is:

Order A	$\$550 * 39\% = \214.50
Order B	$\$550 * 27\% = \148.50
Order C	$\$550 * 34\% = \187.00

Additional Information

The Division of Child Support Enforcement has a publication available from their website that provides explanations and examples: Basic Income-Withholding Order Guidelines on Allocation for Multiple Orders for Private Employers at www.dss.virginia.gov/family/dcse/income_withholding.pdf

You may also call their Employer Inquiry Hotline at 800-257-9986

New Federal Withholding Regulations for Nonresident Aliens (NRAs)

Federal Withholding for NRAs

CIPPS has now been modified to accommodate the new federally mandated procedure in calculating the amount of federal withholding income taxes on the wages of nonresident alien (NRA) employees (except for students and business apprentices from India). The new rules are designed to more closely approximate the income tax liability of the nonresident alien employee. In general, nonresident aliens will no longer be required to request an additional withholding amount. Details of this new withholding procedure can be found in Circular E, page 14: <http://www.irs.gov/pub/irs-pdf/p15.pdf>

Form W-4 Requirements

Generally, when completing Form W-4, nonresident aliens must:

- Not claim exemption from withholding
 - Request withholding as if they are single, regardless of their actual marital status
 - Claim only one allowance (unless a resident of Canada, Mexico, or South Korea)
 - Write “Nonresident Alien” or “NRA” above the dotted line on Line 6 of Form W-4
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CIPPS H0BAD

To invoke the new withholding procedure in CIPPS, enter the following information on the H0BAD screen;

1. change the resident country to 901
2. enter a FIT marital status of 1 (as per the W4)
3. enter the exemptions claimed on the new W4 (usually a 1)

When you run your first edit, you may want to manually check the withholding to ensure the proper federal tax is being withheld.

Please note that certain non US citizens are considered Resident Aliens (RAs) for tax purposes and these new rules would not apply to them. See Payroll Bulletin 2006-02 for additional information regarding the hiring and taxing of non US citizens.

http://www.doa.virginia.gov/Payroll/Payroll_Bulletins/2006/2006_02.pdf

Social Security and Medicare (FICA) taxes

Please also note from page 16 of Circular E that most non US citizens must pay FICA. Certain nonresident aliens that have been in the US less than 5 years **and** have a F1, J1 or M1 visa **might** be exempt from FICA taxes. Before you exempt them from FICA, you should have a NRA tax expert review each situation.

Need more help?

Martha Laster at DOA is available to assist you with questions about non US citizens. She can be reached at 804-225-2382 or Martha.laster@doa.virginia.gov.
