# Table of Contents

# Overview

**Introduction**     Several CIPPS payroll deductions are available to help agencies collect parking and other transportation program fees using pre- or post-tax deductions.  In accordance with IRC 132(f)(4) and Public Law 105-178, as of 2014, parking expenses up to $250 and transit/vanpool expenses up to $130 per month can be deducted on a pre-tax basis.  Limits may change.  Be sure to verify maximum rates with applicable code sections.  Deducted funds are then used to pay for benefits.  Pre-tax deductions reduce employees' federal, state, and FICA taxable income for withholding and W-2 reporting purposes.  Employees must authorize pre-tax deductions by submitting salary reduction agreement forms.

# DGS Parking Services Program

**DGS Policy**     DGS Directive 14 establishes policies and procedures governing state-owned or leased parking facilities.  This Directive is supplemented by the policies contained in the DGS Pre-tax Parking Fee Program document.  Employees must follow DGS procedures for obtaining, completing, and submitting the required enrollment and DGS Salary Reduction Agreement forms to their agency's human resources or payroll office.  Agencies are charged for all allocated parking spaces.  Costs are typically collected from employees through payroll deduction.  Agencies must reconcile the Parking Fee Suspense Account monthly.

**Pre-Tax Parking**     Fees for DGS parking can be collected through payroll deduction pre or post-tax.  DGS Salary reduction agreement forms must be completed in advance of participation in the pre-tax program.  Retroactive participation and adjustments are not permitted.

| Forms that are submitted between: | Reflected on payday: |
|---|---|
| 1st-15th of month | The 1st of the following month |
| 16th-31st of month | The 16th of the following month |

## DGS Parking Services Program, Continued

**CIPPS Processing and CARS Reporting**

CIPPS deductions 028 (post-tax) and 037 (pre-tax) are used to collect parking fees. Third party checks are not generated for these deductions. The deductions are recorded in Cardinal as credits to fund 02700, account 111220 (Parking Fee Suspense Account). Agency totals of deduction 028 and 037 amounts are added together and displayed under transaction code 228 on the Report U058, CARS Payroll Transaction Recap Report.

**DGS Parking Charges and Agency Parking Reconciliation**

Each month DGS processes an IAT in CARS charging a program and fund pre-defined by the agency and object code 1545 for the total amount due for all parking spaces allocated to the agency. This transaction is processed with transaction code 380. In order to replicate this charge in Cardinal, Wave 1 agencies will need to manually create a 'do not send to CARS' General Ledger Journal that debits the program and fund pre-defined by the agency and account 5015450, and credits account 101010. The GL Journal should be recorded in Cardinal prior to the close of the same accounting period as was used in CARS. This will be an ongoing activity for Wave 1 agencies until Wave 2 implementation takes place in February 2016.

DGS requires agencies to reconcile the Parking Fee Suspense Account. Agencies must charge agency funds for spaces occupied by agency-owned vehicles or for unassigned spaces; however, agency funds cannot be used to pay parking fees for spaces assigned to employees. A monthly transfer of funds collected in the Parking Fee Suspense Account to offset the expenditure processed by DGS should be processed by GL Journal, with a debit entry to fund 02700, account 111220 to reduce the suspense account, and a credit entry to reduce the expenditure. If the agency did not collect enough through payroll deduction, the difference remains charged as an expenditure to account 5015450.

## Agency Parking and Transportation Programs

**Agency Programs**

Agencies may also sponsor employee parking programs in non-DGS facilities. Such programs are supported in CIPPS through pre or post-tax payroll deductions. Other transportation programs (i.e., mass transit pass, van pooling) sponsored by agencies are supported through pre-tax payroll deduction only.

# Agency Parking and Transportation Programs, Continued

**Pre-tax Programs**

Although agency parking and transportation programs can be designed to provide direct employee reimbursement for actual expenses, benefits are typically paid through one central bill administered by the agency. If direct employee reimbursement is provided, employees must provide proper certification and documentation of actual expenses. Salary reduction agreement forms must be completed in advance of participation in each pre-tax deduction program. Agencies must also prohibit:

- Retroactive application of salary reduction agreements
- Cash pay-outs of excess deducted amounts
- Carryover of excess deducted amounts to future months

**CIPPS Processing**

CIPPS deductions 032 (post-tax parking), 050 (pre-tax parking), and 051 (pre-tax transportation) support agency parking and transportation programs. CIPPS generates one check per agency per pay frequency per pay-run, in the aggregate amount of the deduction within the agency and pay frequency, to a payee of the agency's choice. If your agency has more than one agency parking facility program, or more than one transportation program, the agency must deposit the third party check generated by CIPPS and disburse the appropriate amount to each parking and transportation company.
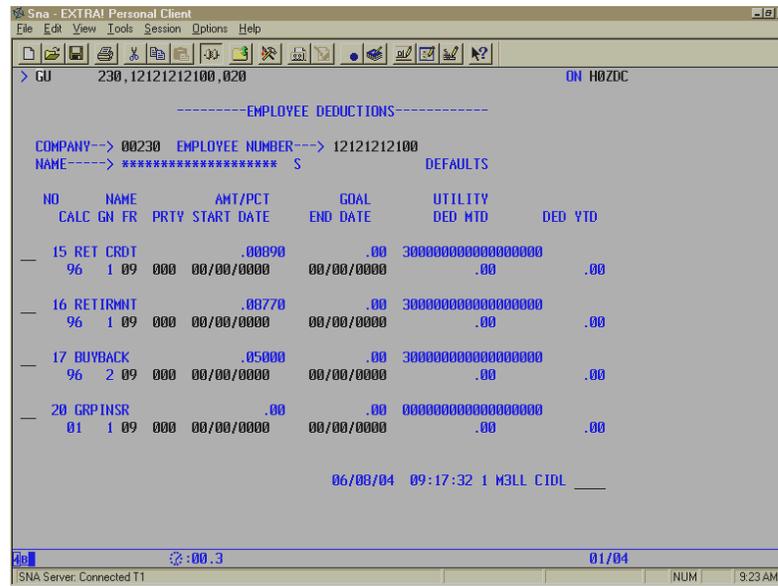
You must notify DOA anytime you establish a new program or change the third party payee.

# CIPPS Data Entry

**Deduction Processing**

CIPPS deductions to process DGS and agency parking and transportation program fees are established on H0ZDC as follows:



*NO*

Enter the appropriate 3 position deduction number.

| DGS Parking | | Agency Parking & Transportation | |
|---|---|---|---|
| 028 | post tax parking | 032 | post tax parking |
| 037 | pre tax parking | 050 | pre tax parking |
| | | 051 | pre tax transportation |

*NAME, CALC GN*

These fields are displayed by the system when the screen is complete and the Enter key is pressed.

*FR*

Enter frequency '09'.

*AMT/PCT*

Enter the deduction amount.

*GOAL*

Enter the maximum amount to be withheld, if applicable.

## CIPPS Data Entry, Continued

*UTILITY*    No data entry is required.  The field is automatically populated with the appropriate setup when establishing pre-tax deductions.  The utility field is zero filled for post tax deductions.  (See Local Tax Exemption note below.)

*PRTY*    Not Used.

*START DATE*    Optional.  Enter the top of the period in which the deduction is to start.

*END DATE*    Optional.  Enter the last day of the period in which the deduction is to end.

**Local Tax Exemption**    Deductions that are tax sensitive (i.e., exempt from FIT, SIT, FICA) may also be exempt from local taxes, if the employee is paying other than Virginia taxes.  If the locality does not recognize the tax exemption, change the '2' in position thirteen (13) of the utility field to a "0".

# Internal Control

**Internal Control**    Agencies must ensure employees pay for assigned parking spaces and obtain appropriate salary reduction agreements for pre-tax deductions.

# Records Retention

**Time Period**    Supporting payroll documents should be retained for a period of 5 years or until audited whichever is later.

# Contacts

**DOA Contact**    Director, State Payroll Operations
Voice:   (804) 225-2245
E-mail:   Payroll@doa.virginia.gov

Payroll Support Analyst/Trainer
Voice:  (804) 786-1083
E-mail: Payroll@doa.virginia.gov

# Subject Cross References

**References**    None

# CARS to Cardinal Transition

**Cardinal Transition**    CIPPS interfaces to both CARS and Cardinal. No additional action needs to be taken by agencies in order to record CIPPS entries. After CARS has been decommissioned, agencies will no longer use NSSA to establish programmatic data in CIPPS.  Instructions on how to load this information to CIPPS will be distributed at a later time.