

# 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](mailto:cathy.mcgill@doa.virginia.gov)

State Payroll Operations

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## HIRE Act – New FICA Status for HIGHER EDUCATION ONLY

**New FICA Status  
Value**

As first mentioned in Payroll Bulletin 2010-10 issued on May 7<sup>th</sup>, the HIRE Act provides for an exemption for the employer portion of OASDI (Social Security) for qualifying employees hired under this Act. Higher educational institutions (HEIs) are advised to obtain Form W-11, HIRE Act Employee Affidavit, from all eligible new hires retroactive to February 4, 2010 and continuing through the end of this year. Form W-11 can be found at: <http://www.irs.gov/pub/irs-pdf/fw11.pdf>

**Each HEI should incorporate the Form W-11 review into the new hire/employee orientation process for the remainder of calendar year 2010.**

CIPPS will be enhanced to include new FICA status codes to accommodate the appropriate tax calculations accordingly. Once the change has been implemented, there will be an announcement on the Broadcast screen and an automated email will also be distributed. A FICA status code of 9 must be used to eliminate the employer-paid OASDI. You must begin using a value of '9' for Hire Act-eligible employees beginning immediately for payments made with check dates **on and after 7/1/10**. Failure to use a value of '9' with the very *first* eligible payment will result in manual adjustments to the Form 941. While other new codes (2, 7, and 8) are available in the system, *they are not to be used*.

For students that are normally FICA-exempt during the academic year, you should continue to use the FICA status of 1 to continue the employee and employer exemption. However, if you have eligible students that complete the Form W-11 and are not eligible for the student FICA exemption (such as in the summer months when not enrolled half-time or more), you should use a value of '9' in the FICA Status field.

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## Employer OASDI refunds

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### Employer OASDI Refunds

Retroactive refunds of the employer-paid OASDI taxes for the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2010 will be achieved through the Form 941 reporting performed by DOA. In order to accomplish this, a spreadsheet detailing qualifying payments with check dates between March 19, 2010 and June 30, 2010 is required to be completed by each HEI. The spreadsheet can be found on DOA's website on the Payroll Operations page under New Information. The credit applies to wages **PAID** on and after March 19<sup>th</sup> (regardless of the pay period in which it was earned) to eligible employees for whom you have a properly completed Form W-11. All HEIs must complete the spreadsheet and submit it along with their 2<sup>nd</sup> Quarter Reconciliations which are due no later than July 13, 2010. A hard copy should be printed and submitted with the quarterly certification and a soft copy emailed to Denise Halderman at [denise.halderman@doa.virginia.gov](mailto:denise.halderman@doa.virginia.gov).

It is imperative that each HEI identify all applicable wages during this quarter-end process as this will be the only opportunity to request a refund of qualifying taxes for the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2010. The result of your effort will be in savings (money back) to your agency! More information about the Hire Act can be found on the IRS web site: [www.irs.gov](http://www.irs.gov). Questions regarding this new legislation can be found at: <http://www.irs.gov/businesses/small/article/0,,id=220745,00.html> If you need additional assistance regarding eligibility, please contact your assigned local IRS representative.

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### Employer OASDI Refunds in 3rd and 4th Quarters

If each HEI follows procedures and establishes eligible employee records with a FICA Status code value of '9' timely, there should be no requirement to obtain refunds for employer-paid OASDI taxes in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2010. However, should an administrative error occur and employer-OASDI taxes be calculated for HIRE Act-eligible employees contact Denise Halderman at [denise.halderman@doa.virginia.gov](mailto:denise.halderman@doa.virginia.gov) for instructions.