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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Changes to SUI Gross and SUI Taxable Calculations

Changes Applied to SUI Gross and SUI Taxable Accumulations

By order of the Governor, and as permitted by Section 501 (c)(3) of the Internal Revenue Code, state agencies are considered "Reimbursable" employers for purposes of State Unemployment Insurance (SUI). This means that instead of paying taxes quarterly, state agencies pay the Virginia Employment Commission (VEC) dollar-for-dollar for a proportionate share of benefits paid and liability is based on the employer's share of wages used to compute the claim. (https://www.vec.virginia.gov/sites/default/files/documents/employerhandbook20160103.pdf).

Even though agencies are not required to pay SUI taxes, they are required to report the SUI Taxable, Excess Wages and Total Wages to the Virginia Employment Commission on a quarterly basis. Previously SUI Gross and SUI Taxable amounts were computed as the gross wages (less non-taxable special pay codes) minus imputed life. However, the calculation should also take into account the effect of deductions for IRS Section 132 (qualified transportation fringe benefits) and Section 125 (Cafeteria Plan) benefits. Cafeteria Plan benefits are made pursuant to salary reduction agreements between the employer and the employee. The employee agrees to reduce their wages by the amount of the deduction, thereby making the deduction non-taxable or "pre-tax". Because the "salary reduction" amounts are never constructively received by the participant they are no longer considered wages. (https://www.irs.gov/government-entities/federal-state-local-governments/faqs-for-government-entities-regarding-cafeteria-plans)

SUI Gross and SUI taxable calculations in CIPPS have been changed to reflect taxable gross wages minus imputed life minus Cafeteria Plan deductions minus qualified transportation plan deductions. Effectively, the amount should be the same as HI Taxable wages minus imputed life.

The U092 and U093 reports have been updated as of November to reflect the new calculations. Reports for October will not be reproduced.

Please send any questions you have to payroll@doa.virginia.gov.