

Department of Accounts

Payroll Bulletin

Calendar Year 2020

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2020 Calendar Year Payroll Operations and Leave Processing

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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 this bulletin, please send an email to payroll@doa.virginia.gov

State Payroll Operations

Director **Cathy McGill**

Assistant Director Carmelita Holmes

Introduction

This Payroll Bulletin addresses key **2020** calendar year payroll and leave processing issues. This bulletin should be distributed to and carefully reviewed by appropriate payroll, human resource and fiscal personnel within your agency.

Payroll Accounting

2020 Withholding Changes

The IRS recently finalized major changes to the Form W-4, Employee's Withholding Allowance Certificate. The changes are so significant that the name of the document has also been changed and it is now called the Form W-4, Employee's Withholding Certificate. Our software company is working on completing the necessary programming changes for CIPPS. A payroll bulletin with guidance and instructions will be distributed once the changes have been received, tested and implemented in CIPPS. In the meantime, please hold all new federal withholding forms for 2020 until further guidance is provided.

EXISTING employees are not required to submit new forms; however, they are encouraged to use the tools available at IRS.Gov to ensure the accuracy of their withholding. NEW employees in 2020 and employees requesting federal withholding CHANGES effective in 2020 will be required to use the new form, as will employees who wish to continue their "exempt" status.

If the system changes have not been implemented before certification for NEW employee's first pay in 2020, please use the appropriate filing status of single **or** married **and** zero exemptions on HOBAD. Once changes have been implemented, information will need to be updated accordingly but is not retroactive; that is to say, you will not be required to recalculate taxes previously withheld. THE PAYROLL BULLETIN WILL BE DISTRIBUTED AS SOON AS THE INFORMATION IS AVAILABLE.

Payroll Accounting, continued

Exempt Status Employees who claim exempt from withholding on their W-4 during the prior year must complete a new W-4 form by February 16th to maintain their exempt status. If a newly completed W-4 form is not received by February 15th, immediately begin to withhold Federal income tax as if they are single, with zero withholding allowances (until further information is provided regarding 2020 W-4 changes). Agencies can request CIPPS report #823, **Employees with FIT Status Not Equal to 4, 5, or 6**, to identify employees with current exempt W-4s (FIT status "A").

IRS regulations stipulate which employees are eligible to file a W-4 Form with exempt status. Refer to Section 9 of Publication 15 (Circular E) for more information.

The IRS web site address is <http://www.irs.gov/>

If you do not have internet access, IRS publications and forms can be ordered by calling 1-800-TAX-FORM (1-800-829-3676).

Social Security Tax Withholding The maximum wage base for 2020 withholding will increase to **\$137,700** for OASDI (Old Age, Survivors, and Disability Insurance). The wage base for HI (Hospital Insurance) remains unlimited (i.e., all wages are HI taxable). Wages paid in excess of \$200,000 in 2020 will be subject to an extra 0.9% HI tax that will only be withheld from employees' wages. Employers will not pay the extra tax.

The OASDI tax rate will remain 6.2% each for employees and employers. For HI, the rate is 1.45% each for employees and employers, with the additional 0.9% for employees only on wages in excess of \$200,000.

When the maximum has been reached for an individual Employee Id Number within an agency, OASDI taxes will cease to be calculated and withheld. No agency action is required since CIPPS recognizes the OASDI maximum.

DOA monitors totals for employees with records at more than one CIPPS agency and will change the FICA status to "6" once the OASDI max has been reached. **Don't forget to change the FICA status from "6" back to a "4" for the new calendar year.** Report #825, FICA Status not Equal to 4 and Employee Status Equal 1 or 2, may be requested on HSRUT for review.

North Carolina Residents The Virginia Department of Taxation *Income Tax Withholding Guide for Employers* states that payments to nonresidents not covered under reciprocity for services performed in Virginia are subject to Virginia withholding.

North Carolina's *Income Tax Withholding Tables and Instructions for Employers* states "An employee who is a resident of this State is subject to North Carolina withholding on all of his wages, whether he works within or outside the State; except that, to prevent double withholding and to anticipate any allowable tax credit, North Carolina withholding is not required from wages paid to a resident for services performed in another state if that state requires the employer to withhold. Withholding does not relieve the employee of the obligation to file a North Carolina individual income tax return and pay any balance due after tax credit."

Therefore, North Carolina residents working in Virginia must pay employment taxes to Virginia and must complete a Virginia income tax return. Only those North Carolina resident employees who are physically working in North Carolina can be excluded from Virginia reporting and withholding.

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Payroll Accounting, continued

Name Changes Employees requesting name changes in CIPPS should be reminded to notify the Social Security Administration (SSA) of the change immediately. Name changes for existing employees are part of the PMIS/CIPPS interface and changes to employee names should not be entered in PMIS until the employee provides a new SS card showing the changed name or documentation proving SSA notification. If the employee's name is changed in CIPPS but not with the SSA, the name will not match SSA records when DOA remits the W-2 tape, possibly resulting in agency penalties that may be as much as \$250 per return. Refer to section 4 of Publication 15 (Circular E) for more information.

You can verify up to 10 names/SSNs online and find out immediately if there is a mismatch. Go to www.ssa.gov/bsowelcome.htm and register for a PIN and password. Your activation code will be sent to your supervisor. Input the activation code to turn on SSNVS. Log into Business Services Online with your PIN and password and enter the SSNs for verification. <http://www.socialsecurity.gov/employer/critical.htm>

Reminder: Maximum Annual Leave Carryover Calendar Year End Leave jobs will process on January 15th. The maximum carryover is applied to the January 9th leave balance and then the leave accrual for the final pay period (12/25 through 1/9) is credited and available for use on the first day of the new leave year. This means that employees' Jan. 10th balances may exceed the maximum carryover limit.

Helpful Reminders

Some items that should be considered when beginning a new calendar year:

- Ensure all garnishments that have been satisfied due to a goal being reached are deactivated (frequency changed to 00).
 - **Review the pending file reports and delete transactions no longer required. Do not delete manual paysets.**
 - When entering a certification or edit request in 2020 with a pay period begin date with a 2019 value, you will receive a warning message stating "YEAR NOT SAME AS CURRENT YEAR." This is an informational message. You must hit the enter button again for the data on PYCTF/PYEDT to be accepted in the system.
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Payroll Deductions

Flex Reimbursement Accounts Flex accounts set up through the interface with BES use an end date instead of a goal as the means of turning off the deduction. DOA will **NOT** process any mass transactions at calendar year-end to change any fields related to the flex accounts on H0ZDC. If you manually set up accounts using a goal, you must review the deduction to ensure that the correct amount will be withheld for the remainder of the plan year (January through June deductions).

CVC Deduction #62 DOA processed a mass transaction at year-end to turn-off Deduction #062 (changes frequency from '09' to '00') and to change the Deduction #062 AMT/PCT and GOAL fields on H0ZDC **to all zeros.**

DHRM will provide a file the week of January 10th that will be used to establish CVC deductions for calendar year 2020. This file will be processed during the first week of January. Reports will be provided by DHRM and some manual entry may be required as well.

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Payroll Deductions, continued

Optional Life Update Reports U024 - Optional Group Life Premium Listing and U025 - Optional Group Life Errors were produced on December 30. CIPPS was updated on January 2 with the new Optional Group Life rates. For questions regarding OGL, contact Joe Chang in the Richmond Branch Office of Securian Financial at 1-800-441-2258 x101 or via email at joseph.chang@securian.com or FAX 804-644-2460.

Qualified Benefit Plans Employees of the Commonwealth who are employed by a college or university may use both the 457 Deferred Compensation/Roth Plan and a 403(b) Tax Deferred/Roth Account. The maximum limits on 457 and 403(b) plan elective deferrals have been increased for calendar year 2020:

Goals for the 457 Deferred Compensation Plan are no longer established per individual deduction in employee records since those who participate in the Hybrid plan may also have an additional voluntary deduction that is considered part of the 457 Plan (deduction 016). The Employee Voluntary Hybrid Contribution is linked with the existing 457 Deferred Comp contribution (deduction 038) and 457 Roth contribution (deduction 052) to ensure that the combined total does not exceed the annual maximum.*

Deferral Category	457 Deferred Compensation Plan	403(b) Tax-Deferred Account
Normal Annual Limit	\$19,500 (1)(5)	\$19,500 (1)(5)
Age 50 Catch-Up	\$6,500 (2)	\$6,500 (2)(5)
457 Standard Catch-Up	\$19,500 (3)(5)	N/A
403(b) 15-Year Catch-Up	N/A	\$3,000 (4)(5)

- (1) Eligible participants may contribute the normal annual limit to both plans.
- (2) Eligible participants may contribute the Age 50 Catch-Up to both plans.
- (3) The 457 Standard Catch-Up may not be used in the same year that the 457 Age 50 Catch-Up is used. The 457 Standard Catch-Up can only be used in the three years preceding “normal retirement age” as designated on the Normal Retirement Age Election Form. The Standard Catch-Up plus the Normal Annual Limit results in a total possible deferral to the 457 Plan of **\$39,000 for 2020**.
- (4) The 403(b) 15-Year Catch-Up, the 403(b) age 50 Catch-Up and the 403(b) Normal Annual Limit can all be used in the same year for a total deferral of **\$29,000 in 2020**. (Note: there is a lifetime limit of \$15,000 on the 15-yr catch up.)
- (5) The 457 Standard Catch-Up and the 403(b) 15-Year Catch-Up may both be used in the same year. A participant in both plans could potentially defer **\$68,000 in 2020** if eligible for the full 403(b) 15-Year Catch-Up, 403(b) age 50 Catch-Up and the full 457 Standard Catch-Up.

Note: Questions concerning eligibility for Catch-Up contributions should be directed to the applicable Plan provider.

* The “Goal” field will only contain an amount that equates to any limit above the standard limit for under age 50 in the lowest numbered active applicable deduction (See Bulletin #2016-14). Therefore only those 50 or over or in catch-up will have an amount in the Goal field.

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Payroll Deductions, continued

Misc. Deduction TPA Processing Schedule The calendar year 2020 cut-off date schedule governing new enrollment and change processing for the miscellaneous insurance and annuity third party administrator (FBMC) can be found on the website at

<https://www.doa.virginia.gov/reference/payroll/pdf/2020-TPA-Calendar.pdf>

Payroll and Leave Contact Personnel

Communication Guidance Address all processing questions to the individuals listed. Contact the appropriate DOA personnel to ensure accurate and consistent responses. Use E-mail and FAX to avoid “telephone tag” and provide all necessary relevant information. This will significantly reduce the amount of time it takes DOA personnel to address questions or concerns. **Review your CIPPS broadcast screen (MCIP) throughout the day for important messages.**

Payroll Operations – CIPPS Assistance

Name	Functional Area	E-mail	Phone (804 Area Code)
Valerie Dunmars Hurdle	Payroll Accounting; Employee Masterfile Maintenance; Compliance Assurance	Valerie.dunmars@doa.virginia.gov	786-0227

Payroll Operations – PR/Benefits Accounting

Name	Functional Area	E-mail	Phone (804 Area Code)
Tiffany Harris	941s; 941-X; W-2Cs; Employee Masterfile Maintenance; CIPPS Adjustments; OGL; TIAA	Tiffany.harris@doa.virginia.gov	225-2386
Cathy Royal	CIPPS/PMIS Audit; DSS; CVC; VPEP; VEST; Misc Ins & Annuities/Annuity Cash Match; CIPPS Security	catherine.royal@doa.virginia.gov	225-2390
Trenika Satterwhite	Healthcare Reconciliations; Deferred Compensation/Deferred Compensation Cash Match; Hybrid Retirement; ICMA ORPPA & ORPHE	Trenika.satterwhite@doa.virginia.gov	225-2246

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Payroll and Leave Contact Personnel, continued

Payroll Operations - Production

Name	Functional Area	E-mail	Phone (804 Area Code)
Marvin Simon	Direct Deposit & Stop Payments; Void Checks; Deposit Certificates; Report Distribution/Recovery; AD-HOC Reports/U1's; Stop Payments-Void Earnings Notices; Gross Pay Differences	Marvin.simon@doa.virginia.gov	371-4883
Cathy Gravatt	Direct Deposit & Stop Payments; Void Checks; Deposit Certificates; Report Distribution/Recovery; AD-HOC Reports/U1's; Stop Payments-Void Earnings Notices; Gross Pay Differences	Cathy.gravatt@doa.virginia.gov	371-8385

Payroll Operations - Management

Name	Functional Area	E-mail	Phone (804 Area Code)
Carmelita Holmes	General Information, Benefit Accounting Support	Carmelita.holmes@doa.virginia.gov	371-7800
Cathy McGill	General Information, Production and Benefit Accounting Support	cathy.mcgill@doa.virginia.gov	225-2245

**Payroll
Operations
General**

- FAX (804) 225-3499
- payroll@doa.virginia.gov

January 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		Dec 31 Wage certs entered	1 State Holiday: New Year's Day (Wage payroll processed)	2 New Hire Report	3 Payday for bi- weekly wage employees VNAV/CIPPS Update	4 CIPPS files open – no edits or payruns
5 CIPPS files open - no edits or payruns	6 Deferred Comp Transaction Upload TPA Upload	7	8	9	10 CYE Cert Due Semi-monthly salaried certification Period #1 (12/25-01/09)	11 CIPPS files open – no edits or payruns
12 CIPPS files open – no edits or payruns	13 Bi-weekly wage certification deadline Period #2 (PE: 01/02, 01/04 01/05)	14	15 CIPPS CYE Leave processing Leave keying deadline (12/25 - 01/09) New Hire Report	16 TPA Upload Shared Savings Incentive Upload Payday for semi-monthly salaried employees	17 State Holiday: Lee-Jackson Day Payday for bi- weekly wage employees CIPPS files open – no edits or payruns	18 CIPPS files open - no edits or payruns
19 CIPPS files open - no edits or payruns	20 State Holiday: M L King, Jr. Day CIPPS files open – no edits or payruns	21 VNAV- ORPHHE Upload	22	23	24	25 CIPPS files open - no edits or payruns
26 CIPPS files open - no edits or payruns	27 Semi-monthly salaried certification deadline Period #2 (01/10-01/24)	28 Bi-weekly wage certification deadline Period #0 (PE: 01/16, 01/18, 01/19)	29 New Hire Report	30 All W2s to Agencies Leave keying Deadline (01/10-01/24)	31 All W-2's to employees Payday for bi- weekly wage employees Payday for semi-monthly salaried employees December 2019 Healthcare Cert Due	

February 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 CIPPS files open - no edits or payruns
2 CIPPS files open - no edits or payruns	3	4 VNAV/CIPPS Update	5 Deferred Comp Transaction Upload TPA Upload	6	7	8 CIPPS files open - no edits or payruns
9 CIPPS files open - no edits or payruns	10 Semimonthly salaried certification Period #1 (01/25- 02/09)	11 Bi-weekly wage certification Period #1 (01/30, 02/01, 02/02)	12 New Hire Center Report	13 Leave keying deadline (01/25-02/09)	14 Payday for bi- weekly wage employees Payday for semi-monthly salaried employees TPA Upload Shared Savings Incentive Upload	15 CIPPS files open - no edits or payruns
16 9AM - CIPPS files open - no edits or payruns	17 State Holiday GEORGE WASHINGTON DAY	18	19 VNAV/CIPPS Update-ORPHE	20	21	22 CIPPS files open - no edits or payruns
23 CIPPS files open - no edits or payruns	24 Semimonthly salaried certification Period #2 (02/10- 02/24)	25 Bi-weekly wage certification Period #2 (02/13, 02/15, 02/16)	26 New Hire Center Report	27 Leave keying deadline (02/10-02/24)	28 Payday for bi- weekly wage employees Payday for semi-monthly salaried employees January 2020 Healthcare certification due	29

March 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 CIPPS files open - no edits or payruns	2	3 VNAV/CIPPS Update	4 Deferred Comp Transaction Upload TPA Upload	5	6	7 CIPPS files open - no edits or payruns
8 CIPPS files open - no edits or payruns	9	10 Bi-weekly wage certification Period 1 (02/27, 02/29, 03/01) Semimonthly salaried certification Period 1-(02/25- 03/09)	11 New Hire Center Report	12	13 Payday for bi- weekly wage employees Leave keying deadline (02/25-03/09)	14 CIPPS files open - no edits or payruns
15 CIPPS files open - no edits or payruns	16 Payday for semi-monthly salaried employees Shared Savings Incentive Upload	17 VNAV/CIPPS Update-ORPHE	18 TPA Upload	19	20	21 CIPPS files open - no edits or payruns
22 CIPPS files open - no edits or payruns	23	24 Bi-weekly wage certification Period 2 (03/12, 03/14, 03/15)	25 New Hire Center Report Semi-monthly salaried certification Period 2-(03/10- 03/24)	26	27 Payday for bi- weekly wage employees	28 CIPPS files open - no edits or payruns
29 CIPPS files open - no edits or payruns	30 Leave keying deadline (03/10-03/24)	31 Payday for semi-monthly salaried employees February 2020 Healthcare certification due				

April 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2 VNAV/CIPPS Update	3 TPA Upload Deferred Comp Transaction Upload	4 CIPPS files open - no edits or payruns
5 CIPPS files open - no edits or payruns	6	7 Bi-weekly wage certification Period 1 (03/26, 03/28, 03/29)	8 New Hire Center Report	9	10 Payday for bi- weekly wage employees QTR 1 Cert Due to DOA Semi-monthly salaried certification Period 1 (03/25- 04/09)	11 CIPPS files open - no edits or payruns
12 CIPPS files open - no edits or payruns	13	14	15 Leave keying deadline (03/25-04/09)	16 Payday for semimonthly salaried employees Shared Savings Incentive Upload	17 VNAV/CIPPS Update - ORPHE	18 CIPPS files open - no edits or payruns
19 CIPPS files open - no edits or payruns	20 TPA Upload	21 Bi-weekly wage certification period 2 (04/09, 04/11, 04/12)	22 New Hire Center Report	23	24 Payday for bi- weekly wage employees	25 CIPPS files open - no edits or payruns
26 CIPPS files open - no edits or payruns	27 Semimonthly salaried certification Period 2- (04/10-04/24)	28	29	30 Leave keying deadline (04/10-04/24) March 2020 Healthcare certification due		

May 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Payday for semi-monthly salaried employees	2 CIPPS files open - no edits or payruns
3 CIPPS files open - no edits or payruns	4 VNAV/CIPPS Update	5 Bi-weekly wage certification Period 1 (04/23, 04/25, 04/26) Deferred Comp Transaction Upload TPA Upload	6 New Hire Center Report	7	8 Payday for bi-weekly wage employees	9 CIPPS files open - no edits or payruns
10 CIPPS files open - no edits or payruns	11 Semi-monthly salaried certification Period 1- (04/25-05/09)	12	13	14 Leave keying deadline (04/25-05/09)	15 Payday for semimonthly salaried employees Shared Savings Incentive Upload	16 CIPPS files open - no edits or payruns
17 CIPPS files open - no edits or payruns	18 TPA Upload	19 Bi-weekly wage certification Period 2 (05/07, 05/09, 05/10) VNAV/CIPPS Update-ORPHE	20 New Hire Center Report	21	22 Payday for bi-weekly wage employees	23 CIPPS files open - no edits or payruns
24 CIPPS files open - no edits or payruns	25 State Holiday Memorial Day 9AM - CIPPS files open - no edits or payruns	26 Semi-monthly salaried certification Period 2 (05/10 – 05/24)	27	28	29 Leave keying deadline (05/10-05/24) April 2020 Healthcare certification due	30
31 CIPPS files open - no edits or payruns						

Certification Schedule

The CIPPS Payroll Operations Calendar for the period June through November 2020 will be issued in May. The calendar for December 2020 will be issued in November. For agency planning purposes, the certification dates and paydays for this period are listed below. Salary and Wage Certification calendars are available on the DOA State Payroll Operations website.

Month and Period	Salary Certification Date	Pay Date
June <i>1st pay period 05/25 - 06/09</i> <i>2nd pay period 6/10 - 06/24</i>	06/10 06/25	06/16 07/01
July <i>1st pay period 06/25 - 07/09</i> <i>2nd pay period 07/10 - 07/24</i>	07/10 07/27	07/16 07/31
August <i>1st pay period 07/25 - 08/09</i> <i>2nd pay period 08/10 - 08/24</i>	08/10 08/26	08/14 09/01
September <i>1st pay period 08/25 - 09/09</i> <i>2nd pay period 09/10 - 09/24</i>	09/10 09/24	09/16 09/30
October <i>1st pay period 09/25 - 10/09</i> <i>2nd pay period 10/10 - 10/24</i>	10/09 10/26	10/16 10/30
November <i>1st pay period 10/25 - 11/09</i> <i>2nd pay period 11/10 - 11/24</i>	11/09 11/23	11/16 12/01
December <i>1st pay period 11/25 - 12/09</i> <i>2nd pay period 12/10 - 12/24</i>	12/10 12/23	12/16 12/31