

# *Department of Accounts*

## *Payroll Bulletin*

Calendar Year 2021

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Volume 2021-02

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the 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 [email payroll@doa.virginia.gov](mailto:payroll@doa.virginia.gov)

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## CARDINAL HCM CLEAN-UP DRESS REHEARSAL 2

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**Dress Rehearsal 2** In preparation for the next set of files that will be used in testing for conversion to Cardinal HCM, please pay careful attention to the items in the following list. **All corrections MUST be made no later than March 16 by Release 1 agencies.** Release 2 agencies should also concentrate on cleaning up the data, but are not subject to the March 16 deadline.

To reduce the risk of data being rejected during conversion, it is critical that agencies provide Cardinal with a job record for all employees with a “Last Check Date” in the year 2021, whether they are active or not as of 03/25/2021. Agencies should also terminate all employees who were not paid during 2020 (Report 861 as of 12/31/2020); otherwise, you must provide job records for them as well. Finally, agencies should pay particular attention to the impact on conversion files of data keyed into agency systems between the first “as of” date (03/17) and the final “as of date” (03/25). New hires that will be certified (check dates 03/26 or 03/31) prior to 03/25/2021 should be entered no later than the dates provided in the PMIS/CIPPS (Non-PMIS) columns.

EE Type	PPE	Cert Date	PMIS	CIPPS (Non_PMIS)
Wage	3/11/2021	3/23/2021	3/15/2021	3/17/2021
Wage	3/13/2021	3/23/2021	3/15/2021	3/17/2021
Wage	3/14/2021	3/23/2021	3/15/2021	3/17/2021
Salary	3/24/2021	3/25/2021	3/15/2021	3/17/2021

It is imperative that particular care is taken to ensure data entry is correct and complete. It is always a good idea to have the data reviewed by another individual after entry.

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## CARDINAL HCM CLEAN-UP, continued

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### Employee Demographic Information

#### Names

- LName - if suffix, MUST have “,” then space then suffix - no periods or punctuation on suffix
- FName - can't be blank
- MI - must match SSN card
- Names/Social - must pass Social Security Verification (SSNVS system)

#### Addresses:

- 5 digit zip code is mandatory
- Do not include “-” if not providing the additional 4 digits
- Make sure 5 digits and 4 digits are separated by “-”
- Zip code must be either the full five digits or the full 10 digits, including “-”
- Do not use USVI as abbreviation for US Virgin Islands
- Must have Box Apt or Street Address
- State must be 2 character and proper state abbreviation
- City - no commas or punctuation
- Use the USPS link if you have questions about the zip or if one is not provided:  
[https://tools.usps.com/go/ZipLookupAction\\_input](https://tools.usps.com/go/ZipLookupAction_input)

#### Birthdates

- Verify all Birthdates that indicate employee is less than 13 years of age (greater than 2008)
- Birthdate > than State Begin Date (employment) date

#### State Begin Date > Date of Conversion

- new hires entered prior to the date conversion files are created with State Begin Dates that are after the date the conversion files are created will error out on conversion files

The Employee Masterfile Inquiry in PAT provides an Excel spreadsheet that can be used to quickly review accuracy and completeness of employee data. Data can be sorted and filtered for easier evaluation.

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### Deductions

#### Garnishments/Child Support

- **MUST** have the appropriate record type value entered in the **PRTY** field (see page 5 of Bulletin 2017-06 <https://www.doa.virginia.gov/reference/payroll/bulletins/2017/2017-06.pdf> for a list of codes and additional instructions)
  - This code is not part of the interface to CIPPS. It must be established manually on H0ZDC as described in the section in that same bulletin entitled “**Add the Involuntary Deduction to H0ZDC**”.
  - You will need to search on each record type in the Payline Garnishment application to find the records that should have had a value added to the PRTY field in CIPPS. You don't need to do this for the regular creditor garnishments or Virginia child support since the conversion program defaults to “000” for those records.
  - Garnishments and Child Supports must be entered as stated in CAPP Topic (utility fields must show the percentage for child supports)
  - Child Support Deductions should have the \$5 Garn Fee
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**CARDINAL HCM CLEAN-UP**, continued

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- Deductions, cont.** VSELP (Deduction 158)
- Must be deactivated if loan has been paid off (goal amount should be zero)
  - Change the frequency to 00 to deactivate. If message says goals must be entered to turn off, enter an amount (.01) and turn it off.
- Direct Deposits (Deductions 159 through 170)
- Do not use 169 AND 170 at the same time (even if one is fixed).
  - The “2” must be at the start of the net direct deposit deduction (169, 170)
  - Active (Frequency “09”) fixed direct deposit deduction with zero in amount field - either change frequency to “00” or add an amount
- Post Tax Supplemental Insurance Deduction (041)
- Must have the miscellaneous insurance fee (054)
- Inactive Deductions
- Deactivate deductions with frequency “09” but deduction is inactive because the end date has passed or the goal amount has been reached or is zero
  - To search for inactive deductions look for deductions that have no YTD, but they have frequency not equal to “00”
- The Employee Masterfile Deductions Inquiry in PAT provides an Excel spreadsheet that can be used to quickly review accuracy and completeness of employee data. Data can be sorted and filtered for easier evaluation.
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**Taxes**

- Federal Income Tax
- W-4s received prior to 2020
    - Number of exemptions claimed for W-4s prior to 2020 should not exceed 999 (happens because a number is entered but End of Field is not cleared)
    - If FIT Status is “4” there should **not** be an additional amount in FIT Extra AMT
    - *Agencies may wish to use FIT Status “6” for all employees with pre-2020 W-4s as a way of distinguishing between records for pre-2020 and 2020. If the employee has not requested an additional amount, leave the additional amount field blank.*
  - W-4s received in 2020
    - All employees with hire dates on or after 01/01/2020 must have an HJT01 screen established for EIN
    - FIT Status should be “4” or “A” only
    - FIT Marital Status “3” is allowed only if HJT01 screen is established
  - Employees with H0BUO/PMIS Citizenship = “N” must have a FIT Resident Country = “901” and FICA Status = “1”
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**CARDINAL HCM CLEAN-UP**, continued**Taxes, cont.**

## FICA

- FICA Status “1” is restricted to use for employees exempt from employment taxes (OASDI and HI). See Table 15 beginning on page 39 in IRS Publication 15 for a list of allowable exemptions <https://www.irs.gov/pub/irs-pdf/p15.pdf>
- Students receiving payments for participation in federal work study programs with FICA Status “1” must have a student role code on H0BUO.
- FICA Status “6” is restricted to use by DOA for those employees working for more than one agency who reach the OASDI maximum during the year. FICA Status “6” is also permitted for use for elected officials eligible for MQGE status.
- Employees with H0BUO/PMIS Citizenship = “N” must have a FIT Resident Country = “901” and FICA Status = “1”

## Out of State Taxes

- Kentucky, Maryland and Pennsylvania have localities that must be included on the H0ATX and H0BAD
- Pennsylvania - there must two H0ATX records for PA that match the information on H0BAD; H0ATX for 039 with no locality and another H0ATX for 039 with the PSD locality
- All out-of-state tax accounts must have an account number in CIPPS (included on W-2s)
- Correct records with out of state FIPS Code (51998 on H0BUO), but SUI State and Work State on H0BAD are “47”
- If State code is MD (21) and the MW507 includes a number of exemptions, enter the number in both the State and Local “Number of Exemptions” fields
- State Status must be “A”, “1”, “4”, “6” or “9” (“1” is reserved for a state with no tax withholding, i.e., Florida and Texas. Use “A” to report exemption from State Withholding)

The Employee Masterfile Inquiry in PAT provides an Excel spreadsheet that can be used to quickly review accuracy and completeness of employee data. Data can be sorted and filtered for easier evaluation.

**Leave**

Birth date must be entered on HPIUS if there is a balance in Parental Leave

If a classified employee exceeds 90 days of continuous leave, the annual leave indicator should be an “N” and the 90 day leave indicator should be a “Y”. Failure to do so will cause the hours to convert as “faculty” leave types.

To report balances for employees in a “faculty” leave program, the annual leave indicator and the 90 day leave indicator must be “N”.

If an employee transfers from a classified to a wage position, the process indicator on HPIUS should be changed to an “N”. This will clear the leave balances overnight.

When an employee is in LWOP status, do not turn the annual leave indicator to “N”. Leave transactions for “XX” leave type automatically update the annual leave indicator to “U” as necessary to prevent the accrual for that pay period. Failure to follow these instructions will cause the leave balances to convert as a “faculty” leave type.

When an employee is terminated, the leave balances will clear overnight. Please be sure to clear the leave balances of separated employees that remain active in CIPPS while awaiting leave payout.

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## Department of Education Federal Student Loan Garnishments

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**Forbearance Date Extended** The Department of Education has extended the suspension of payments on federal student loan garnishments through September 30, 2021.

<https://studentaid.gov/announcements-events/coronavirus>

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## Change in Taxability of Student Loan Repayment Sign-On Bonus

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**Student Loan Assistance** The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act was signed into law on March 27, 2020. It permits employer-provided student loan repayment up to \$5,250 as a tax-free benefit to employees under Section 127 of the Internal Revenue Code on most student loans. The Consolidated Appropriations Act, 2021 (CAA), signed into law on Dec. 27, 2020, extends this provision for five years.

Prior to March 27, 2020, the \$5,250 limit was the maximum amount that employers could provide as tax-free tuition assistance (tuition and related expenses such as fees and books) under Section 127. Through the end of 2025 it becomes the combined limit for loan repayment assistance or other education-assistance payments provided to employees.

- The payments must be for a student loan incurred for the education of the employee (i.e., they cannot be for an employee's child's or spouse's student loans).
  - The rules for education-assistance programs under Section 127 will apply. For instance, an employer must adopt a written plan describing the benefit and communicate the terms of the program to eligible employees, and the program cannot favor highly compensated employees.
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**Impact on Taxable Wages**

The maximum amount allowed for payment to loan providers under the Commonwealth's Student Loan Repayment Sign-On Bonus is \$10,000. Under the provisions of the CARES act, the first \$5,250 paid by agencies to loan providers on behalf of employees between March 27, 2020, and December 31, 2020, should be treated as non-taxable wages for tax year 2020 (through 2025). Please review all non-cash bonuses processed in 2020 to determine if it is necessary to submit a request for a revised W-2 based on this tax-law change.

Beginning in 2021, only amounts that exceed the maximum of \$5,250 should be included in special pay 057, Non-Cash Recruitment Bonus. The total taxable amount of the non-cash sign-on bonus (up to \$4,250) must be added to the employee's taxable wages during the year in which the loan payment was made to the provider. (This is different from previous guidance provided.) To minimize the tax burden on the employee, the amount may be spread over several pay periods; however, the full taxable amount must be included in taxable wages no later than the final pay period in December.

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