

STATE CONTROLLER'S OFFICE
PERSONNEL AND PAYROLL SERVICES DIVISION
P.O. BOX 942850
SACRAMENTO, CA 94250-5878

DATE: July 17, 2023

PERSONNEL LETTER #23-016

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Jil Barraza, Chief
Personnel and Payroll Services Division

RE: VERIFICATION OF EMPLOYEES IDENTIFIED AS NONRESIDENT ALIENS

The State Controller's Office (SCO) maintains a database of all Nonresident Alien (NRA) employees. As of July 1, 2023, all employees identified as NRA, per federal tax withholding rules determined by the Internal Revenue Service (IRS), are on the NRA report, including those who are active, on leave, or separated. The report is sorted by agency code and then by social security number. The report also includes tax exemptions for 2022, prior years, and an 'X' if the person has separated. For more information on this process, please see [Payroll Letter #06-029](#) (CSU only) or [Payroll Letter #06-030](#) (Civil Service only). **All agencies and campuses are required to comply even if no NRAs are currently employed.**

VIEWING THE NONRESIDENT ALIEN REPORT:

This report is now available on ViewDirect and Mobius View and will remain available until December 31, 2023. Any addition or deletion requests submitted to SCO after July 1, 2023 will not be included on the report. You can access the report under ID PDW7170, report name "Employees Identified as Nonresident Alien."

Only personnel authorized to access ViewDirect can view and print the report. For more information on accessing and printing the reports, please refer to the ViewDirect User Guide on the SCO website at https://www.sco.ca.gov/Files-PPSD/viewdirect_user_manual.pdf (**SCO will not provide a hard copy version of the report**).

If your agency does not have the "Employees Identified as Nonresident Alien" report (PDW7170) in the report directory, then there are no NRA individuals employed at your agency or there was no reporting to SCO to add to the Nonresident Alien database.

VERIFYING THE REPORT:

Please review each record on the report and verify the employee is still a NRA per the rules indicated in the IRS Notice 2005-76 located at <http://www.irs.gov/pub/irs-drop/n-05-76.pdf>. Use the attached form to indicate any employee changes and complete the department name, contact person, contact number/email and authorizing signature.

If an employee separated or changed status and is no longer a NRA subject to the federal tax withholding rules, complete his/her name, social security number and enter **'DELETE'** in the type of change field. If there are any NRA employees missing from the report, add the employee's name, social security number and enter **'ADD'** in the type of change field. If there are no changes, please mark the box **'No Changes'** at the bottom of the form. If you do not have any NRA employees, mark the box **'No Nonresident Alien Employees'** at the bottom of the form.

Return the completed form through the [ConnectHR](#) upload feature. In the dropdown menu, select **Tax Support Unit – NRA Add or Delete**.

All responses are due **by September 15, 2023** to update our NRA database and comply with the IRS.

EMPLOYEE ACTION REQUEST (EAR), FORM STD. 686 OR STUDENT PAYROLL ACTION REQUEST (SPAR), FORM STD. 457:

Departments and campuses should verify that the employees on the report are claiming the appropriate federal marital status. Per [IRS Notice 2005-76](#), the listed NRA employees must claim a federal marital status of "S" for single, regardless of their actual marital status. The IRS eliminated the federal personal and dependent exemptions because of the 2017 Federal Tax Cuts and Jobs Act (TCJA). The State of California does not conform to the elimination of federal tax exemptions. NRA employees must indicate Y or N for the Higher Withholding (E04) field. NRA employees are not required to complete Claimed Dependents (E05) with exceptions made for residents of Canada, Mexico, South Korea or a student from India, or a business apprentice from India. The completion of the new fields Other Income (E06) and Deductions (E07) is optional (see [Notice 1392](#), Supplemental Form W-4 Instructions for Non-Resident Aliens). A NRA employee cannot claim exempt from federal taxes unless covered under a tax treaty.

Verify that employees complete their EAR, Form [STD. 686](#) or Student Payroll Action Request, Form [STD. 457](#) correctly. Do not accept documents that request a federal marital status or state tax exemption other than allowed by the IRS. For employees on the report with incorrect federal marital status/state tax exemptions, have the employees complete and submit a Form STD. 686 or STD. 457 with the appropriate information. NRA employees whom fail to file, or file an invalid Form STD. 686 or STD. 457 form, as required by IRS regulations shall have federal income taxes withheld at the rates pertaining to single status with no other adjustments for the federal and zero exemptions for the state.

If you have questions, please contact the Statewide Tax Support Program at PPSDSTSP@sco.ca.gov.

For additional questions regarding this letter, please use the following contact information:

Contacts:

- Affordable Care Act (ACA) Email acasupport@sco.ca.gov
- Cal Employee Connect Email connecthelp@sco.ca.gov
- Cal Employee Connect Feedback Email connectfeedback@sco.ca.gov
- California Leave Accounting System (CLAS) Email Clas@sco.ca.gov
- CS Escalation Email (HR Supervisors and Managers) PPSDOps@sco.ca.gov
- Decentralized Security & ViewDirect Access - (916) 619-7234 or DSA@sco.ca.gov
- CSU Inquiry Email (HR Supervisors and Managers) ppsdcsuinquiry@sco.ca.gov

- HR Suggestions Email (All HR Staff) PPSDHRSuggestions@sco.ca.gov
- Management Information Retrieval System (MIRS) Email ppsdmir@sco.ca.gov
- [Statewide Customer Contact Center](#) (916) 372-7200

SCO Key Initiatives:

- [Cal Employee Connect Project](#)
- [California State Payroll System Project](#)

Websites:

- [HR](#)
- [State Employees](#)

JEB:AR:EO:STSP

Attachment

Listing of Nonresident Aliens Subject to IRS Notice 2005-76

Department: _____

Contact Person: _____

Contact Number/Email: _____

Authorizing Signature*: _____

*Must be a person authorized to sign Employment History documents.

Social Security Number	Employee Name	Type of Change (Add or Delete)	Non-Citizen (Code B)

Note: Complete all columns that apply to the employee.

☐ No changes

☐ Nonresident Alien Employees

☐ No NRA Employees Hired

****Forms are due by September 15, 2023****

Return via [ConnectHR](#): In the drop-down menu, select **Tax Support Unit – NRA Add or Delete**