



District Business & Advisory Services

Kolvira Chheng, Director - DBAS: 408-453-6510

Bulletin: 15-007

Date: August 12, 2014

To: District Chief Business Officers
District Fiscal Directors
Human Resource/Payroll Personnels

From: Nghia Do, Advisor

Re: Additional Federal Income Tax (FIT) and State Income Tax (SIT) Incorrectly Set-up in Employees' W-4 Screen

The purpose of this bulletin is to make you aware of an issue associated with setting up additional amounts for FIT and SIT to be taken out from employees' normal gross pay.

An employee who chooses to have additional amounts of FIT and SIT to be taken out of his/her normal gross pay should always be set up as deductions in the employee's PD screen using the following Vol Ded codes:

- 8600 (Excess State Tax)
- 8700 (Excess Federal Tax)

Ln	DS	Code	Code Name	Plan	Employee	Employer	T	RL	B	F	S	vb	Minimum	Maximum
1	12	8700	EXCESS FEDERAL TAX		50.00	0.00							0.00	0.00
2	12	8600	EXCESS STATE TAX		50.00	0.00							0.00	0.00

Please do not use the additional taxes field in the W-4 screen to set up for the additional amounts of FIT and SIT to be deducted. This causes the tax liability to be posted to different object codes other than the ones used for the state and federal taxes. As a result, there is a shortage in the payment to the Internal Revenue Services (IRS) and the California State Board of Equalization (BOE), which will result in penalties and interests (Please refer to page 22 of Payroll/Retirement Handout for more details).

Please note that Districts will be responsible for paying any penalty and interest assessed by the IRS and the BOE for incorrectly using the W-4 screen as illustrated below to deduct additional amounts of FIT and SIT from an employee's normal gross pay.

EXEMPT														
Status	Exemptions		Tax-CC	Y	A	N	Special Tax Rules	Additional	Hold/Ignore	Deduction Schedule				
Federal : S	02	00	00	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	0.00	50.00	<input type="text"/>					
State : S	02	00	05	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	0.00	50.00	<input type="text"/>					
County :				<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			<input type="text"/>					

Please distribute this information within your District as deemed appropriate.