



OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
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December 13, 2001

IN REPLY REFER TO:
DBFBP 01-41

TO: Agencies/University Personnel Offices Addressed

FROM: Diana Flagg, Chief
Bureau of State Payrolls

SUBJECT: Excluded Employment Forms Expiration and
1042-S Distribution

Certain types of income are excluded from withholding under the Internal Revenue Code or income tax treaty on a calendar year basis. The Internal Revenue Service requires most of these exemptions from withholding be reapplied for each year.

Agency payroll report PW4JYX05 (RDS Form ID Q**X) provides a listing of employees within your agency that have an *Excluded Employment Withholding Exemption* (Form DBF-BP-5) that will expire on December 31, 2001. This report only lists employees that have been paid since July 1, 2001. This report can be printed or viewed by your agency using RDS. If you need assistance accessing the report, please contact your agency RDS administrator. The Bureau of State Payrolls will not be mailing a hard copy of the report.

In order to continue uninterrupted exemption from withholding, eligible employees must submit to their agency or university a new *Reduction or Exemption From Withholding*, Form DBF-BP-5 (revised August 1998), prior to January 4, 2002. This form is available on the web at http://www.dbf.state.fl.us/bosp/nra_a.html.

Agencies and universities are responsible for monitoring the residency status of employees and the time limitations under income tax treaties. When an employee is no longer eligible for an exemption from withholding, the Bureau of State Payrolls must be notified in writing as soon as possible.

Also, agencies and universities should review the records of employees that are exempt from Social Security and Medicare to ensure that they still meet the eligibility requirements under the Internal Revenue Code. These employees should be coded with a non-contributory retirement code.

1042-S Distribution

Original 1042-S forms will be delivered to the agencies and universities by March 8, 2002 for distribution.

If you have any questions regarding these instructions or would like training, please contact Vickie Morgan-Gates at (850)410-9458, SUNCOM 210-9458, or email vmorgang@mail.dbf.state.fl.us.

DF/VMG:kw