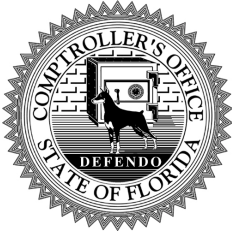


DBF-BP 1997

<u>DATE</u>	<u>NUMBER</u>	<u>SUBJECT</u>
1/3/97	97-1	Form W-2 Online Tax Reporting
2/7/97	97-2	Income Tax Withholding on Supplemental Payments
3/12/97	97-3	Payroll Processing Changes
3/26/97	97-4	Taxability of Tuition Free Courses for State Employees
6/5/97	97-5	Taxable Tuition Waivers Spring Semester 1997
06/16/97		Salary Overpayments
8/22/97	97-6	Taxable Tuition Waivers 1997 Taxpayer Relief Act
9/8/97	97-7	Change in Paper Stock for W-4 Forms
9/22/97	97-8	Revised Social Security and Medicare Calculation Process
09/19/97	97-9	Employee Travel Update of Departmental Records and Printing of Vouchers
09/22/97	97-10	Reporting of Vehicle Fringe Benefits
10/02/97	97-11	Taxable Tuition Waivers Summer Semester 1997
10/15/97	97-12	Worker's Compensation (WC) Report - Retirement Liability
10/30/97	97-13	Taxable Tuition Waivers Fall Semester 1997
11/03/97	97-14	Correct Mailing Address and Telephone Numbers

11/13/97	97-15	Excluded Employment Expiration
11/18/97	97-16	Miscellaneous Deduction Code 0343
11/20/97	97-17	Earned Income Credit Advance Payment Certificate - Expiration
11/26/97	97-18	Calendar Year End Information
12/31/97	97-19	Expiration of Exempt Status on Form W-4; 1998 Federal Tax Law Changes



OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

January 3, 1997

IN REPLY REFER TO:
DBFBP 97-1

TO: Agencies Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

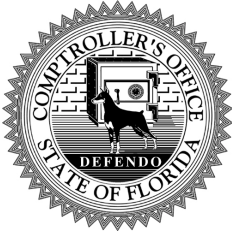
SUBJECT: Form W-2 Online Tax Reporting

A new feature called Tax Reporting (TR) will be added to the Payroll Main Menu, effective January 15, 1997.

This new feature will assist you in querying employee W-2 tax reporting information. Agencies may not make inquiries regarding employees of other OLO entities except their own. The W-2 records for inquiring employee's OLO can be displayed in alphabetical order or by social security number. Agency staff with EI update security clearance will be able to request W-2 duplicates online. The Form W-2 Tax Reporting Online Procedure is in the Payroll Preparation Manual Updates dates December 30, 1996.

Should you have any questions concerning these enhancements, please call Tony Parrish at 904/488-6416 or SUNCOM 278-6416.

RAR/tsp



OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

February 7, 1997

IN REPLY REFER TO:
DBFBP 97-2

TO: Agencies Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

Subject: INCOME TAX WITHHOLDING ON SUPPLEMENTAL PAYMENTS

Internal Revenue Service, Publication 15, Circular E, Employer's Tax Guide, provides employers two methods for calculating income tax withholding on supplemental payments. One method is to withhold at a flat rate, currently 28%. This is the method we have been using up to now. The other method is described in the Circular E as follows:

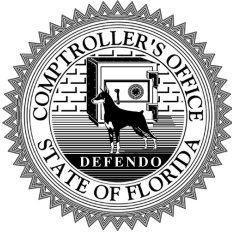
"Add the supplemental and regular wages for the most recent payroll period this year. Then figure the income tax withholding as if the total were a single payment. Subtract the tax already withheld from the regular wages. Withhold the remaining tax from the supplemental wages."

Effective February 20, 1997 the payroll system will be revised to include both methods of calculation in the payroll process. The method producing the lowest income tax withholding is the method that will be used in the payment.

To verify the computations, first determine if the flat rate was used by dividing the withholding tax by the W-2 gross. If the result is less than 28%, it will be necessary to locate the regular salary warrant used in the computation; it will be the regular salary with a warrant number closest to but less than the supplemental payment in question. Add the W-2 gross for this payment and any supplemental payments with warrant numbers between and including the regular salary and supplemental payment in question. The accumulated W-2 gross determined in this manner should be reduced by the exemption allowance (see table in Volume III, Section I, Page 19 of the Payroll Manual) and withholding tax computed based on the appropriate tax table (see table in Volume III, Section I, Page 18 of the Payroll Manual). The computed tax should equal the sum of the withholding tax deducted on all of the payments included in this exercise.

We will be including more detailed explanations including examples in a revision to the Payroll Manual in the near future. If you have any questions, please call Asheema Vemuri or Zadok Coxwell at (904) 488-7762 or Suncom 278-7762.

RAR/nn



OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

March 12, 1997

IN REPLY REFER TO:
DBFBP 97-3

TO: Agencies and Universities Addressed

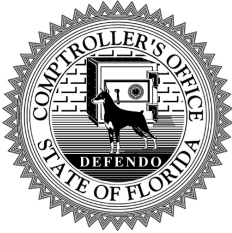
FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: PAYROLL PROCESSING CHANGES

Effective April 1, 1997 the Bureau of State Payrolls will implement the following changes for Payroll Processing:

- The cutoff time for accepting Paper Requisitions will be changed from 10:00 a.m. the day of Payroll Processing to 5:00 p.m. the last business day **before** Payroll Processing. Only in emergency situations, when justification in writing is provided for each submission, will paper requisitions be accepted after the revised cutoff date.
- Agencies and Universities submitting tapes and cartridges for Payroll Processing must submit them directly to the Bureau of Production Control, in Room B-53, Fletcher Building before 9:00 a.m. All tapes and cartridges should be clearly labeled displaying tape numbers and submitting Agency. However, the tape numbers and record count must be submitted to the Bureau of State Payrolls by Fax (904) 922-5181 or SUNCOM 292-5181, by electronic mail or, by contacting Becky Johnson at (904) 488-7762 or SUNCOM 278-7762.
- The Payroll Authorization documentation can be submitted by mail or fax on or before the day of Payroll Processing.

Should you have any questions, please call Zadok Coxwell at (904) 488-7762 or SUNCOM 278-7762.



OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

March 26, 1997

IN REPLY REFER TO:
DBFBP 97-4

TO: AGENCIES ADDRESSED

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: Taxability of Tuition Free Courses for State Employees

As addressed in Department of Banking & Finance, Bureau of State Payrolls Memorandum 96-9, dated November 7, 1996, the value of tuition-free courses under Internal Revenue Code (IRC) Section 127 for graduate courses became taxable for undergraduate courses beginning after June 30, 1997. However, employer provided education assistance, even amounts in excess of \$5,250, may be treated as a non-taxable working condition fringe benefit as described below.

IRC Section 132 and 162 provides that employers may exclude from an employee's taxable wages certain working condition fringe benefits, including employer payments for job-related education assistance.

Section 132 IRC exempts certain fringe benefits including working condition fringe benefits. IRC Section 132 (d) defines "working condition fringe" as property or services provided to an employee of the employer to the extent that, if the employee paid for such property or services, such payment would be allowable as a deduction under IRC Section 162. Internal Revenue Service (IRS) Regulation 1.132-1 (f) provides that "if the amounts paid by the employer for education relating to the employee's trade or business of being an employee of the employer so that, if the employee paid for the education, the amount paid could be deducted under section 162, the costs of the education may be eligible for exclusion as a working condition fringe".

IRC Section 162 (a) provides for the deduction of ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business. Expressly included in IRS Regulation 1.162-5 are employment related education expenses, even if the education leads to a degree, when the education (1) maintains or improves skills required by the individual in the individual's employment or other trade or business, or (2) meets the express requirements of the individual's employer, or the requirements of applicable law or regulations, imposed as a condition to the retention by the individual of an established employment relationship, status or rate of compensation.

Educational expenses that are personal expenditures are not deductible as ordinary and necessary business expenses even though the education may maintain or improve skills required by the individual in his employment or other trade or business or may meet the express requirements of the individual. Nondeductible personal education expenditures include cases when the education: (1) is to meet the minimum educational requirements for qualifying for existing employment or other trade or business or (2) education that qualifies the employee for a new trade or business.

Nontaxable state employee educational assistance may include undergraduate or graduate course work if it will enhance the employee's current position. For those persons who have obtained state employment through substituted experience as an alternate minimum job qualification, the university degree requirement would no longer be a minimum requirement. Once the employee has been legally hired for a position with the personnel office certifying the employee's qualification for the position, then he or she has met the minimal job requirements for that position.

As an example, a recent state job notice read:

Minimum Job Qualifications: A bachelor's degree from an accredited college or university and three years of professional experience in health, social, or rehabilitative sciences, health care or social services administration or planning---Professional or nonprofessional experience as described above can substitute on a year-for-year basis for the required college education.

In this case, the employee who fills this job could at some point decide to enhance his or her skills in this position. The employee could then proceed to undertake courses which fulfill the degree requirements. Those courses may not be taxable if in the judgement of the employing agency they will enhance the employee's current position.

Because the various departments and agencies employing individuals are in the positions to be the most informed about the unique characteristics of their employee positions, the employing departments or agencies should determine what courses or courses of study are required, or enhance the employee's skills in the individual employee positions.

Agencies should notify employees of tax liabilities for tuition free courses during the eligibility for enrollment approval process and, where applicable, provide employees an opportunity to request a tax exemption for job-related education. Documentation supporting courses determined by the agency to be tax exempt shall be retained by the agency.

Each semester agencies will receive from the Bureau of State Payrolls a listing of employees enrolled in tuition free courses that might be taxable under IRC Section 127. The listing will include the tuition values as reported to the Bureau by the universities. Currently only

graduate courses are taxable under Section 127. Undergraduate courses are scheduled to become taxable July 1, 1997. However, it should be noted that Congress is considering a proposal to extend the current exclusion for undergraduate courses until December 31, 2000, and retroactively extending the exclusion for graduate studies from June 30, 1996 to December 31, 2000.

Agencies shall report to the Bureau of State Payrolls only those courses determined by the agency to be taxable. Taxable tuition values will be added to the employees' wages and are subject to income and FICA taxes. Due to processing systems limitations we cannot include taxable non-cash values with the employee's regular salary payment and therefore cannot withhold income and FICA taxes programmatically. These taxable values will be included with the employee earnings through the adjustment process. This process collects the FICA taxes on the next salary payment after the record update but does not collect income taxes. Agencies should notify employees having taxable tuition of this additional tax liability so that they may adjust their Form W-4, Employee's Withholding Allowance Certificate, as needed.

SPRING SEMESTER 1997

A listing of tuition values for employees enrolled in spring semester 1997 graduate courses will be sent to the agencies by the Bureau of State Payrolls during the semester with a cover letter explaining reporting procedures. Agencies will be requested to review the listings and report to the Bureau only those courses determined by the agency to be taxable. In order to minimize the impact of FICA withholding on employee salary payments taxable values may be reported over more than one pay period. However, taxable values may not be carried over into the next calendar year.

FALL SEMESTER 1996

For those affected agencies, attached is a listing of employees enrolled in fall semester 1996 graduate courses and the taxable values included with the employee earnings records for 1996. Agencies are requested to review with the affected employees the courses taken during this semester and determine those courses qualifying for a working condition fringe benefit tax exclusion as being job-related. Agencies may request a refund of FICA taxes and corrected Form W-2 for courses determined by the agency to be tax exempt. Requests should be directed to the Bureau of State Payrolls, giving the employee name, social security number and course identification. FICA tax refunds will be paid by expense warrant and mailed directly to the employee. A corrected Form W-2 will be sent to the agency for delivery to the employee.

If you have any questions concerning this matter please call Ernest Thompson or Steve Isted at SUNCOM 278-6416 or (904) 488-6416.

Attachments

§1.132-1 Exclusion From Gross Income For Certain Fringe Benefits.

(a) In General.

Gross income does not include any fringe benefit which qualifies as a-

- (1) No-additional-cost Service,
- (2) Qualified Employee Discount,
- (3) Working Condition Fringe, Or
- (4) De Minimus Fringe.

Special rules apply with respect to certain on-premises gyms and other athletic facilities (§ 1.132-1 (e)), demonstration use of employer-provided automobiles by full-time automobile salesmen (§ 1.132-5 (o)), parking provided to an employee on or near the business premises of the employer (§1.132-5 (p)), and on-premises eating facilities (§1.132-7).

(b) Definition of Employee

- (1) No-additional-cost Services And Qualified Employee Discounts.

For purposes of section 132(a) (1) (relating to no-additional-cost services) and section 132 (a) (2) (relating to qualified employee discounts), the term "employee" (with respect to a line of business of an employer means

- (i) Any individual who is currently employed by the employer in the line of business,
- (ii) Any individual who was formerly employed by the employer in the line of business and who separated from service with the employer in the line of business by reason of retirement or disability, and
- (iii) Any widow or widower of an individual who died while employed by the employer in the line of business or who separated from service with the employer in the line of business by reason of retirement or disability.

For purposes of this paragraph (b) (1), any partner who performs services for a partnership is considered employed by the partnership. In addition, any use by the spouse or dependent child (as defined in paragraph (b) (5) of this section) of the employee will be treated as use by the employee. For purposes of section 132 (a) (1) (relating to no-additional-cost services), any use of air transportation by a parent of an employee (determined without regard to section 132 (f) (1) (B) and

paragraph (b) (1) (iii) of this section) will be treated as use by the employee.

(2) Working Condition Fringes.

For purposes of section 132(a) (3) (relating to working condition fringes), the term "employee" means—

- (i) Any individual who is currently employed by the employer,
- (ii) Any partner who performs services for the partnership,
- (iii) Any director of the employer, and
- (iv) Any independent contractor who performs services for the employer.

Notwithstanding anything in this paragraph (b) (2) to the contrary, an independent contractor who performs services for the employer cannot exclude the value of parking or the use of consumer goods provided pursuant to a product testing program under § 1.132-5(n); in addition, any director of the employer cannot exclude the value of the use of consumer goods provided pursuant to a product testing program under § 1.132-5(n).

(3) On-premises Athletic Facilities.

For purposes of section 132(h) (5) (relating to on-premises athletic facilities), the term "employee" means—

- (i) Any individual who is currently employed by the employer,
- (ii) Any individual who was formerly employed by the employer and who separated from service with the employer by reason of retirement or disability, and
- (iii) Any widow or widower of an individual who died while employed by the employer or who separated from service with the employer by reason of retirement or disability.

For purposes of this paragraph (b) (3), any partner who performs services for a partnership is considered employed by the partnership. In addition, any use by the spouse or dependent child (as defined in paragraph (b) (5) of this section) of the employee will be treated as use by the employee.

(4) De Minimis Fringes.

For purposes of section 132(a) (4) (relating to de minimis fringes), the term "employee" means any recipient of a fringe benefit.

(5) Dependent Child.

The term "dependent child" means any son, stepson, daughter, or stepdaughter of the employee who is a dependent of the employee, or both of whose parents are deceased and who has not attained age 25. Any child to whom section 152(e) applies will be treated as the dependent of both parents.

(c) Special Rules For Employers? Effect Of Section 414.

All employees treated as employed by a single employer under section 414 (b), (c), (m), or (o) will be treated as employed by a single employer for purposes of this section. Thus, employees of one corporation that is part of a controlled group of corporations may under certain circumstances be eligible to receive section 132 benefits from the other corporations that comprise the controlled group. However, the aggregation of employers described in this paragraph (c) does not change the other requirements for an exclusion, such as the line of business requirement. Thus, for example, if a controlled group of corporations consists of two corporations that operate in different lines of business, the corporations are not treated as operating in the same line of business even though the corporations are treated as one employer.

(d) Customers Not To Include Employees.

For purposes of section 132 and the regulations thereunder, the term "customer" means any customer who is not an employee. However, the preceding sentence does not apply to section 132 (c)(2) (relating to the gross profit percentage for determining a qualified employee discount). Thus, an employer that provides employee discounts cannot exclude sales made to employees in determining the aggregate sales to customers.

(e) Treatment Of On-premises Athletic Facilities

(1) In General.

Gross income does not include the value of any on-premises athletic facility provided by an employer to its employees. For purposes of section 132 (h) (5) and this paragraph (e), the term "on-premises athletic facility" means any gym or other athletic facility (such as a pool, tennis court, or golf course)-

- (i) Which is located on the premises of the employer,
- (ii) Which is operated by the employer, and

- (iii) Substantially all of the use of which during the calendar year is by employees of the employer, their spouses, and their dependent children.

For purposes of paragraph (e) (1) (iii) of this section, the term "dependent children" has the same meaning as the plural of the term "dependent children" in paragraph (b)(5) of this section. The exclusion of this paragraph (e) does not apply to any athletic facility if access to the facility is made available to the general public through the sale of memberships, the rental of the facility, or a similar arrangement.

(2) Premises Of The Employer.

The athletic facility need not be located on the employer's business premises. However, the athletic facility must be located on premises of the employer. The exclusion provided in this paragraph (e) applies whether the premises are owned or leased by the employer; in addition, the exclusion is available even if the employer is not a named lessee on the lease so long as the employer pays reasonable rent. The exclusion provided in this paragraph (e) does not apply to any athletic facility that is a facility for residential use. Thus, for example, a resort with accompanying athletic facilities (such as tennis courts, pool, and gym) would not qualify for the exclusion provided in this paragraph (e). An athletic facility is considered to be located on the premises of a voluntary employees' beneficiary association funded by the employer.

(3) Application Of Rules To Membership In An Athletic Facility.

The exclusion provided in this paragraph (e) does not apply to any membership in an athletic facility (including health clubs or country clubs) unless the facility is owned (or leased) and operated by the employer and substantially all the use of the facility is by employees of the employer, their spouses, and their dependent children. Therefore, membership in a health club or country club not meeting the rules provided in this paragraph (e) would not qualify for the exclusion.

(4) Operation By The Employer.

An employer is considered to operate the athletic facility if the employer operates the facility through its own employees, or if the employer contracts out to another to operate the athletic facility. For example, if an employer hires an independent contractor to operate the athletic facility for the employer's employees, the facility is considered to be operated by the employer. In addition, if an athletic facility is operated by more than one employer, it is considered to be operated by each employer. For purposes of paragraph (e) (1) (iii) of this section, substantially all of the use of a facility that is operated by more than one employer must be by employees of the various employers, their spouses, and their dependent children.

Where the facility is operated by more than one employer, an employer that pays rent either directly to the owner of the premises or to a sublessor of the premises is eligible for the exclusion. If an athletic facility is operated by a voluntary employees' beneficiary association funded by an employer, the employer is considered to operate the facility.

(5) Nonapplicability Of Nondiscrimination Rules.

The nondiscrimination rules of section 132 and § 1.132-8 do not apply to on-premises athletic facilities.

(f) Nonapplicability Of Section 132 In Certain Cases

(1) Tax Treatment Provided For In Another Section.

If the tax treatment or a particular fringe benefit is expressly provided for in another section of Chapter 1 of the Internal Revenue Code of 1986, section 132 and the applicable regulations (except for section 132 (e) and the regulations thereunder) do not apply to such fringe benefit. For example, because section 129 provides an exclusion from gross income for amounts paid or incurred by an employer for dependent care assistance for an employee, the exclusions under section 132 and this section do not apply to the provision by an employer to an employee of dependent care assistance. Similarly, because section 117 (d) applies to tuition reductions, the exclusions under section 132 do not apply to free or discounted tuition provided to an employee by an organization operated by the employer, whether the tuition is for study at or below the graduate level. Of course, if the amounts paid by the employer are for education relating to the employee's trade or business of being an employee of the employer so that, if the employee paid for the education, the amount paid could be deducted under section 162, the costs of the education may be eligible for exclusion as a working condition fringe.

(2) Limited Statutory Exclusions.

If another section of Chapter 1 of the Internal Revenue Code of 1986 provides an exclusion from gross income based on the cost of the benefit provided to the employee and such exclusion is a limited amount, section 132 and the regulations thereunder may apply to the extent the cost of the benefit exceeds the statutory exclusion.

(g) Effective Date.

Sections 1.132-0, 1.132-1, 1.132-2, 1.132-3, 1.132-4, 1.132-5, 1.132-6, 1.132-7 and 1.132-8 are effective as of January 1, 1989, except that sections 1.132-1(b) (1) with respect to the use of air transportation by a parent of an employee and 1.132-4(d) are effective as of January 1, 1985. Furthermore, in section 1.132-5, the eleventh sentence of paragraph (m)(1), Examples 6 and 7 in paragraph (m)(8),

and paragraphs (m)(2)(I), (m)(2)(v), (m)(3)(iv), (m)(6), (m)(7), and (r) are effective December 30, 1992; however, taxpayers may treat the rules as applicable to benefits provided on or after January 1, 1989. For the applicable rules relating to employer-provided transportation for security concerns prior to December 30, 1992, see section 1.132-5(m) (as contained in 26 CFR part 1(sections 1.61 to 1.169) revised April 1, 1992). See sections 1.132-1T, 1.132-2T, 1.132-3T, 1.132-4T, 1.132-5T, 1.132-6T, 1.132-7T and 1.132-8T for rules in effect for benefits received from January 1, 1985, to December 31, 1988. [T.D. 8256, 54 FR 28601, July 6, 1989; T.D. 8457, 57 FR 62192-62198, Dec. 30, 1992; corrected by 58 FR 7296, Feb. 5, 1993.]

§1.162-5 Expenses For Education.

(a) General Rule.

Expenditures made by an individual for education (including research undertaken as part of his educational program) which are not expenditures of a type described in paragraph (b) (2) or (3) of this section are deductible as ordinary and necessary business expenses (even though the education may lead to a degree) if the education—

- (1) Maintains or improves skills required by the individual in his employment or other trade or business, or
- (2) Meets the express requirements of the individual's employer, or the requirements of applicable law or regulations, imposed as a condition to the retention by the individual of an established employment relationship, status, or rate of compensation.

(b) Nondeductible Educational Expenditures—

(1) In General.

Educational expenditures described in subparagraphs (2) and (3) of this paragraph are personal expenditures or constitute an inseparable aggregate of personal and capital expenditures and, therefore, are not deductible as ordinary and necessary business expenses even though the education may maintain or improve skills required by the individual in his employment or other trade or business or may meet the express requirements of the individual's employer or of applicable law or requirements.

(2) Minimum Educational Requirements.

(i) The first category of nondeductible educational expenses within the scope of subparagraph (1) of this paragraph are expenditures made by an individual for education which is required of him in order to meet the minimum educational requirements for qualification in his employment or other trade or business. The minimum education necessary to qualify for a position or other trade or business must be determined from a consideration of such factors as the requirements of the employer, the applicable law and regulations, and the standards of the profession, trade, or business involved. The fact that an individual is already performing service in an employment status does not establish that he has met the minimum educational requirements for qualification in that employment. Once an individual has met the minimum educational requirements for qualification in his employment or other trade or business (as in effect when he enters the employment or trade or business), he shall be treated as continuing to meet those requirements even though they are changed.

(ii) The minimum educational requirements for qualification of a particular individual in a position in an educational institution is the minimum level of education (in terms of aggregate college hours or degree) which under the applicable laws or regulations, in effect at the time this individual is first employed in such position, is normally required of an individual initially being employed in such a position. If there are no normal requirements as to the minimum level of education required for a position in an educational institution, then an individual in such a position shall be considered to have met the minimum educational requirements for qualification in that position when he becomes a member of the faculty of the educational institution. The determination of whether an individual is a member of the faculty of an educational institution must be made on the basis of the particular practices of the institution. However, an individual will ordinarily be considered to be a member of the faculty of an institution if (a) he has tenure or his years of service are being counted toward obtaining tenure; (b) the institution is making contributions to a retirement plan (other than Social Security or a similar program) in respect of his employment; or (c) he has a vote in faculty affairs.

(iii) The application of this subparagraph may be illustrated by the following examples:

Example (1)

General facts: State X requires a bachelor's degree for beginning secondary school teachers which must include 30 credit hours of professional educational courses. In addition, in order to retain his position, a secondary school teacher must complete a fifth year of preparation within 10 years after beginning his employment. If an employing school official certifies to the State Department of Education that applicants having a bachelor's degree and the required courses in professional education cannot be found, he may hire individuals as secondary school teachers if they have completed a minimum of 90 semester hours of college work. However, to be retained in his position, such an individual must obtain his bachelor's degree and complete the required professional educational courses within 3 years after his employment commences. Under these facts, a bachelor's degree, without regard to whether it includes 30 credit hours of professional educational courses, is considered to be the minimum educational requirement for qualification as a secondary school teacher in State X. This is the case notwithstanding the number of teachers who are actually hired without such a degree. The following are examples of the application of these facts in particular situations:

Situation 1. A, at the time he is employed as a secondary school teacher in State X, has a bachelor's degree including 30 credit hours of professional educational courses. After his employment,

A completes a fifth college year of education and, as a result, is issued a standard certificate. The fifth college year of education undertaken by A is not education required to meet the minimum educational requirements for qualification as a secondary school teacher. Accordingly, the expenditures for such education are deductible unless the expenditures are for education which is part of a program of study being pursued by A which will lead to qualifying him in a new trade or business.

Situation 2. Because of a shortage of applicants meeting the stated requirements, B, who has a bachelor's degree, is employed as a secondary school teacher in State X even though he has only 20 credit hours of professional educational courses. After his employment, B takes an additional 10 credit hours of professional educational courses. Since these courses do not constitute education required to meet the minimum educational requirements for qualification as a secondary school teacher which is a bachelor's degree and will not lead to qualifying B in a new trade or business, the expenditures for such courses are deductible.

Situation 3. Because of a shortage of applicants meeting the state requirements, C is employed as a secondary school teacher in State X although he has only 90 semester hours of college work toward his bachelor's degree. After his employment, C undertakes courses leading to a bachelor's degree. These courses (including any courses in professional education) constitute education required to meet the minimum educational requirements for qualification as a secondary school teacher. Accordingly, the expenditures for such education are not deductible.

Situation 4. Subsequent to the employment of A, B, and C, but before they have completed a fifth college year of education, State X changes its requirements affecting secondary school teachers to provide that beginning teachers must have completed 5 college years of preparation. In the cases of A, B, and C, a fifth college year of education is not considered to be education undertaken to meet the minimum educational requirements for qualifications as a secondary school teacher. Accordingly, expenditures for a fifth year of college will be deductible unless the expenditures are for education which is part of a program being pursued by A, B, or C which will lead to qualifying him in a new trade or business.

Example (2)

D, who holds a bachelor's degree, obtains temporary employment as an instructor at University Y and undertakes graduate courses as a candidate for a graduate degree. D may become a faculty member only if he obtains a graduate degree and may continue to hold a position as instructor only so long as he shows satisfactory progress towards obtaining this graduate degree. The graduate courses taken by D constitute education required to meet the minimum educational requirements for qualification in D's trade

or business and, thus, the expenditures for such courses are not deductible.

Example (3)

E, who has completed 2 years of a normal 3-year law school course leading to a bachelor of laws degree (LL.B.), is hired by a law firm to do legal research and perform other functions on a full-time basis. As a condition to continued employment, E is required to obtain an LL.B. and pass the State bar examination. E completed his law school education by attending night law school, and he takes a bar review course in order to prepare for the State bar examination. The law courses and bar review course constitute education required to meet the minimum educational requirements for qualification in E's trade or business and, thus, the expenditures for such courses are not deductible.

(3) Qualification For New Trade Or Business.

(i) The second category of nondeductible educational expenses within the scope of subparagraph (1) of this paragraph are expenditures made by an individual for education which is part of a program of study being pursued by him which will lead to qualifying him in a new trade or business. In the case of an employee, a change of duties does not constitute a new trade or business if the new duties involve the same general type of work as is involved in the individual's present employment. For this purpose, all teaching and related duties shall be considered to involve the same general type of work. The following are examples of changes in duties which do not constitute new trades or businesses:

- (A) Elementary to secondary school classroom teacher.
- (B) Classroom teacher in one subject (such as mathematics) to classroom teacher in another subject (such as science).
- (C) Classroom teacher to guidance counselor.
- (D) Classroom teacher to principal.

(ii) The application of this subparagraph to individuals other than teachers may be illustrated by the following examples:

Example (1)

A, a self-employed individual practicing a profession other than law, for example, engineering, accounting, etc., attends law school at night and after completing his law school studies receives a bachelor of laws degree. The expenditures made by A in attending law school are

nondeductible because this course of study qualifies him for a new trade or business.

Example (2)

Assume the same facts as in example (1) except that A has the status of an employee rather than a self-employed individual, and that his employer requires him to obtain a bachelor of laws degree. A intends to continue practicing his nonlegal profession as an employee of such employer. Nevertheless, the expenditures made by A in attending law school are not deductible since this course of study qualifies him for a new trade or business.

Example (3)

B, a general practitioner of medicine, takes a 2-week course reviewing new developments in several specialized fields of medicine. B's expenses for the course are deductible because the course maintains or improves skills required by him in his trade or business and does not qualify him for a new trade or business.

Example (4)

C, while engaged in the private practice of psychiatry, undertakes a program of study and training at an accredited psychoanalytic institute which will lead to qualifying him to practice psychoanalysis. C's expenditures for such study and training are deductible because the study and training maintains or improves skills required by him in his trade or business and does not qualify him for a new trade or business.

(c) Deductible Educational Expenditures—

(1) Maintaining Or Improving Skills.

The deduction under the category of expenditures for education which maintains or improves skills required by the individual in his employment or other trade or business includes refresher courses or courses dealing with current developments as well as academic or vocational courses provided the expenditures for the courses are not within either category of nondeductible expenditures described in paragraph (b) (2) or (3) of this section.

(2) Meeting Requirements Of Employer.

An individual is considered to have undertaken education in order to meet the express requirements of his employer, or the requirements of applicable law or regulations, imposed as a condition to the retention by the taxpayer of his established employment relationship, status, or rate of

compensation only if such requirements are imposed for a bona fide business purpose of the individual's employer. Only the minimum education necessary to the retention by the individual of his established employment relationship, status, or rate of compensation may be considered as undertaken to meet the express requirements of the taxpayer's employer. However, education in excess of such minimum education may qualify as education undertaken in order to maintain or improve the skills required by the taxpayer in his employment or other trade or business (see subparagraph (1) of this paragraph). In no event, however, is a deduction allowable for expenditures for education which, even though for education required by the employer or applicable law or regulations, are within one of the categories of nondeductible expenditures described in paragraph (b) (2) and (3) of this section.

(d) Travel As A Form Of Education.

Subject to the provisions of paragraph (b) and (e) of this section, expenditures for travel (including travel while on sabbatical leave) as a form of education are deductible only to the extent such expenditures are attributable to a period of travel that is directly related to the duties of the individual in his employment or other trade or business. For this purpose, a period of travel shall be considered directly related to the duties of an individual in his employment or other trade or business only if the major portion of the activities during such period is of a nature which directly maintains or improves skills required by the individual in such employment or other trade or business. The approval of a travel program by an employer or the fact that travel is accepted by an employer in the fulfillment of its requirements for retention of rate of compensation, status or employment, is not determinative that the required relationship exists between the travel involved and the duties of the individual in his particular position.

(e) Travel Away From Home.

- (1) If an individual travels away from home primarily to obtain education the expenses of which are deductible under this section, his expenditures for travel, meals, and lodging while away from home are deductible. However, if as an incident of such trip the individual engages in some personal activity such as sightseeing, social visiting, or entertaining, or other recreation, the portion of the expenses attributable to such personal activity constitutes nondeductible personal or living expenses and is not allowable as a deduction. If the individual's travel away from home is primarily personal, the individual's expenditures for travel, meals and lodging (other than meals and lodging during the time spent in

participating in deductible education pursuits) are not deductible. Whether a particular trip is primarily person or primarily to obtain education the expenses of which are deductible under this section depends upon all the facts and circumstances of each case. An important factor to be taken into consideration in making the determination is the relative amount of time devoted to educational pursuits. The rules set forth in this paragraph are subject to the provisions of section 162(a)(2), relating to deductibility of certain traveling expenses, and section 274 (c) and (d), relating to allocation of certain foreign travel expenses and substantiation required, respectively, and the regulations thereunder.

- (2) Examples. The application of this subsection may be illustrated by the following examples:

Example (1)

A, a self-employed tax practitioner, decides to take a 1-week course in new developments in taxation, which is offered in City X, 500 miles away from his home. His primary purpose in going to X is to take the course, but he also takes a side trip to City Y (50 miles from X) for 1 day, takes a sightseeing trip while in X, and entertains some personal friends. A's transportation expenses to City X and return to his home are deductible but his transportation expenses to City Y are not deductible. A's expenses for meals and lodging while away from home will be allocated between his educational pursuits and his personal activities. Those expenses which are entirely personal, such as sightseeing and entertaining friends, are not deductible to any extent.

Example (2)

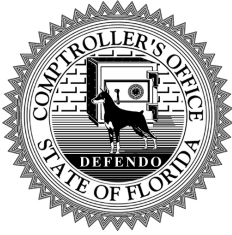
The facts are the same as in example (1) except that A's primary purpose in going to City X is to take a vacation. This purpose is indicated by several factors, one of which is the fact that he spends only 1 week attending the tax course and devotes 5 weeks entirely to personal activities. None of A's transportation expenses are deductible and his expenses for meals and lodging while away from home are not deductible to the extent attributable to personal activities. His expenses for meals and lodging allocable to the week attending the tax course are, however, deductible.

Example (3)

B, a high school mathematics teacher in New York City, in the summertime travels to a university in California in order to take a mathematics course the expense of which is

deductible under this section. B pursues only one-fourth of a full course of study and the remainder of her time is devoted to personal activities the expense of which is not deductible. Absent a showing by B of a substantial nonpersonal reason for taking the course in the university in California, the trip is considered taken primarily for personal reasons and the cost of traveling from New York City to California and return would not be deductible. However, one-fourth of the cost of B's meals and lodging while attending the university in California may be considered properly allocable to deductible educational pursuits and, therefore, is deductible.

[T.D. 6918, 32 FR 6679, May 2, 1967]



OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

June 5, 1997

IN REPLY REFER TO:
DBFBP 97-5

TO: Agencies Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

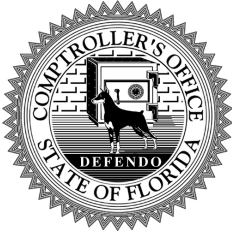
Subject: Taxable Tuition Waivers - Spring Semester 1997

Tuition free graduate courses are currently taxable under Internal Revenue Code (IRC) Section 127. However, as outlined in Bureau of State Payrolls memorandum DBFBP 97-4, job related employer provided education assistance may be excluded from taxation as working condition fringe benefits.

The attached schedule lists agency employees enrolled in spring semester 1997 graduate courses under the state tuition waiver program and the tuition values reported to the Bureau by the state universities. Please review the courses that are job related and excludable from taxation as provided by Internal Revenue Code and taxation must be reported to the Bureau as outlined below under Reporting Spring Semester 1997 Taxable Tuition.

Taxable tuition values reported to the Bureau are subject to income and FICA taxes. Due to payroll systems limitations the Comptroller's Office cannot include taxable non-cash values with the employees' regular salary payment and therefore cannot withhold income and FICA taxes programmatically. These taxable values will be included with the employees' earnings through the employee records adjustment process. This process collects the FICA taxes on the next regular payroll after the employee record update, but does not collect income taxes. Agencies should notify employees having taxable tuition of this additional tax liability so that they may adjust their Form W-4, Employee's Withholding Certificate, as needed.

Taxable tuition values entered through the adjustment process for which there is no salary payment on the next regular payroll will create a collection item for the agency. Agencies will receive notification from the Bureau of uncollected FICA taxes.



OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

August 22, 1997

IN REPLY REFER TO:
DBFBP 97-6

TO: AGENCIES ADDRESSED

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: Taxable Tuition Waivers - 1997 Taxpayer Relief Act

Previously, Section 127 of the Internal Revenue Code (IRC) allowed employers to exclude from employee taxable income up to \$5,250 a year in tuition, books, and fees for employer paid education assistance. The last extension of Section 127 was included in The Small Business Job Protection Act of 1996, which extended Section 127 from January 1, 1995 to July 1, 1997. However, the exclusion for graduate-level courses, expired for those courses taken after June 30, 1996.

The Taxpayer Relief Act of 1997 (H.R. 2014) provides a three year extension for IRC Section 127 employer provided undergraduate-level education assistance from July 1, 1997 to May 31, 2000. Unfortunately, an extension for graduate-level courses was not included in H.R. 2014. The act was signed into law on August 5, 1997.

Tuition waivers for graduate-level courses continue to be taxable under IRC Section 127. However, job-related employer provided education assistance for graduate courses may be excluded from taxation as a working condition fringe benefit. Refer to Bureau of State Payrolls (BOSP) Memorandum DBFBP 97-4, dated March 26, 1997.

Within the next several weeks employing agencies will receive from BOSP reporting instructions for taxable graduate-level tuition waivers for the recently completed Summer sessions. These instructions will include a listing of state employees having graduate-level tuition instructions and processing procedures will be essentially the same as those outlined in BOSP Memorandum **Taxable Tuition Waivers-Spring Semester 1997**, dated June 5, 1997.

Reporting instructions for Fall Semester 1997 taxable graduate-level tuition waivers will be sent by BOSP to the employing agencies as soon as possible after the drop/add period.

If you have any questions concerning this matter please call Ernest Thompson at 850/414-1873 or SUNCOM 994-1873 or Cheryl Butler at 850/414-7824 or SUNCOM 994-7824.

AR/llc

September 8, 1997

IN REPLY REFER TO:
DBFBP 97-7

TO: AGENCIES ADDRESSED

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: Change in Paper Stock for W-4 Forms and Future W-4
Developments

The Bureau of State Payrolls is changing the paper stock used for blank and turn-around W-4 forms from the buff colored ledger paper to white standard weight paper. The process for printing blank and turn-around forms is not being altered at this time. This revision will save on the cost of the blank stock and reduce the use of file space. The change will take place in the next few weeks as the existing stock is exhausted.

Our goal is to modify the process so that agencies may use the standard Federal W-4 form. These changes involve system modifications, additional coordination with COPES and the Universities. There will be ample opportunity for your participation prior to the implementation of these processing changes.

You can assist us in our early planning stages by advising us whether you are presently using the turn-around W-4 form in your agency or are creating a new W-4 for each change. Please send this information to Jack Peterson at e-mail **rpeterso@mail.dbf.state.fl.us** or

Bureau of State Payrolls
Department of Banking and Finance
101 E. Gaines Street
Room B-23, Fletcher Building
Tallahassee, Florida 32399-0350

Should you have questions regarding the issues addressed please contact Jack Peterson at 850/414-1874, SUNCOM 994-1874 or Janet Joiner at 850/414-1875, SUNCOM 994-1875.

AR/LLC



ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

September 22, 1997

IN REPLY REFER TO:
DBFBP 97-8

TO: Agencies Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: Revised Social Security and Medicare Calculation
Process

The Bureau of State Payrolls is implementing a change that will affect the payment of Social Security and Medicare taxes for a small group of employees whose cash gross salary is not sufficient to cover the full employee share of the taxes. The systems revision will be effective in the Biweekly payroll to be processed on October 6, 1997 and in all payrolls thereafter.

The Comptroller's payroll system must be able to process non-cash amounts which are subject to Social Security and Medicare contributions and collect these taxes at the time of processing. Instances are increasing when this cannot be accomplished because the employee has insufficient Cash Gross Pay in the record to bring Net Pay to Zero or greater. The entire payment requisition is dropped in these cases. These situations typically occur due to non-cash items, such as vehicle fringe benefits, taxable tuition waivers, common paymaster FICA and record adjustments affecting FICA, being introduced into the payment process.

The new calculation process will change the action taken if a component of an employee's total gross pay results in a net pay of less than zero and the deficiency can be attributed to the employee's contributions to Social Security and/or Medicare. The deficient amount(s) that could not be charged to the employee will be charged to the employer's contributions in that payment record. When the system collects a portion of the employee's contribution liability from the employer, a message will appear on a separate report from the payroll system with the exact amount(s) for Social Security and/or Medicare. At this time, we do not have the exact report name and description from our programming office staff, but as soon as it is available you will be notified. Please note that the report will not be distributed

in hard copy but will be available via the Report Distribution System (RDS).

The Social Security and Medicare calculation routines are "self-adjusting." The calendar year-to-date liability for each tax for both employee and employer shares is determined each time a payment is processed. The routine will charge the difference between the liability and the amount paid so far to the employee and employer. This process will automatically collect from the employee as much as possible of the amount previously paid by the employer and will adjust the employer contribution appropriately. The adjusting process will occur each payroll until the appropriate amounts have been collected from the employee and employer. It will be the responsibility of the agency or institution to collect the amount(s) from the employee if the liability is not expected to self adjust. Two examples where collection efforts might be required are termination of employment and end of calendar year.

For agencies who receive the Agency Payroll Data File (sometimes referred to as the Turnaround File), file F0013, the amounts will be recorded under the employer cost codes 0901, Social Security-Employer Contribution, and 0922, Medicare-Employer Contribution.

Issues involving the reconciliation of FICA and Medicare should be addressed to Cindy Langley, SC 994-7820, (850) 488-7762.

Issues involving the processing of these transactions through our payroll system should be addressed to Dwight DeBoer, SC 994-1876, (850) 488-7762.

September 19, 1997

IN REPLY REFER TO:
DBFBP 97-9

To: Finance and Accounting Directors

From: Allen Reams, Chief
Bureau of State Payrolls

Subject: Employee Travel Update of Departmental Records and Printing
of Vouchers

As you know, we have experienced some problems in the batch upload process to Departmental SAMAS from the Employee Travel System. Over the last two months we have attempted to update the voucher number field with a number that corresponds to the Statewide Document Number. This has interfered with the printing of vouchers and caused some agencies hardship. We apologize for any hardship that you have experienced due to this effort.

The system has been designed, as of the Class C Payroll processed on September 3, 1997, to update the Voucher Number. If a voucher number is not entered by the user the system will assign a number that corresponds to the Voucher Number in Central Accounts and it places an "X" in the Bookkeeping Indicator. This results in the batch upload process not producing a Non-Comptroller voucher when Departmental SAMAS is updated with a Batch 51 upload of the Class C transactions. Although some agencies have indicated this method is acceptable, others have indicated it will create a hardship on them.

We are offering three additional options of updating Departmental SAMAS for those agencies that find the above process unacceptable. The system will not be changed for agencies that prefer the method described above. If you prefer this method of updating departmental SAMAS you do not need to take any action. A minor change is being made to prevent the Voucher Number from overflowing into the Line Number field.

If the above process is unacceptable to your business process, you will need to request one of the following methods of updating (or not updating) departmental SAMAS with records processed through Employee Travel.

Alternative Option 1:

The field "Other Document Number" will be updated with the Statewide Document Number. This option will systematically overwrite anything your staff enters into this field during input. It will however, give you a corresponding number with the transaction in Central Accounting for reconciling purposes. None of the fields that affect voucher printing will be affected by the Employee Travel programs.

Alternative Option 2:

Upload the Employee Travel records into Departmental without updating any fields. This will enable your agency full use of all the Departmental fields and will not affect any of the fields that affect voucher printing. The drawback of this option is there will not be a field that corresponds to the Voucher Number entry that is made in Central Accounts.

Alternative Option 3:

Employee Travel system will not update Departmental SAMAS. This will allow agencies to utilize Employee Travel screens for input of Class C and allow you to update departmental SAMAS in the manner in which you did prior to the Employee Travel System.

Agencies are required to advise the Bureau of State Payrolls if they wish to change their process. The process as described in the second paragraph of this memo will be utilized unless we get other instructions. Requests should be from the Chief Financial Officer or appropriate representative and addressed to the attention of:

Zadok Coxwell
Bureau of State Payrolls
101 E. Gaines Street
B-23, The Fletcher Building
Tallahassee, FL 32399-0350

These options should be available on our next Class C Payroll scheduled for October 1, 1997. Please be clear as to which option you prefer and allow at least one week for moving this change into production.

It will be necessary for an entire Agency to operate under the same updating programs. We also ask that you carefully consider the options as some programming is necessary to set up agencies to operate under these optional programs. Although we don't mind making these changes to accommodate your business needs, it is important that we keep maintenance of this process to a minimum.

If you have any questions or need clarification on anything concerning this memorandum, please call Zadok Coxwell at (850)414-1872 or SUNCOM 994-1872.

AR/llc

September 22, 1997

IN REPLY REFER TO:
DBFBP 97-10

TO: Agencies Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: REPORTING OF VEHICLE FRINGE BENEFITS

Volume V, Section 6, of the Payroll Preparation Manual provides information concerning the reporting of Vehicle Fringe Benefits. Reports and JT's for 1997 Vehicle Fringe Benefits are due to the Bureau of State Payrolls no later than November 26, 1997.

In the past years we have experienced a problem with receiving this information in a timely manner. Submissions received after November 26, 1997, may cause Federal W-2 corrections for your employees and in some cases require employees to file amended Federal Tax Returns. To reduce the inconvenience to employees and eliminate the expense of providing those employees with corrected W-2's we are asking your cooperation in meeting this deadline.

Should you have in questions regarding the process of reporting Vehicle Fringe Benefits please contact Steve Isted at 850/414-7822, SUNCOM 994-7822 or e-mail him at Steve_L_Isted@mail.dbf.state.fl.us.

AR/llc



OFFICE OF COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

Robert F. Milligan
COMPTROLLER OF FLORIDA

October 2, 1997

IN REPLY REFER TO:
DBFBP 97-11

TO: Agencies Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: **TAXABLE TUITION WAIVERS - SUMMER SEMESTER 1997**

Tuition free graduate courses are currently taxable under Internal Revenue Code (IRC) Section 127. However, as outlined in Bureau of State Payrolls memorandum DBFBP 97-4, job related employer provided education assistance may be excluded from taxation as a working condition fringe benefit.

The attached schedule lists agency employees enrolled in summer semester 1997 graduate courses under the state tuition waiver program and the tuition values reported to the Bureau by the state universities. Please review the courses listed for your agency employees and determine those courses that are job related and excludable from taxation as provided by Internal Revenue Code and Internal Revenue Service Regulations. Tuition values not exempt from taxation must be reported to the Bureau as outlined below under Reporting Summer Semester 1997 Taxable Tuition.

Taxable tuition values reported to the Bureau are subject to income and FICA taxes. Due to payroll systems limitations the Comptroller's Office cannot include taxable non-cash values with the employees' regular salary payment and therefore cannot withhold income and FICA taxes programmatically. These taxable values will be included with the employees' earnings through the employee records adjustment process. This process collects the FICA taxes on the next regular payroll after the employee record update but does not collect income taxes. Agencies should notify employees having taxable tuition of this additional tax liability so that they may adjust their Form W-4, Employee's Withholding Allowance Certificate, as needed.

Taxable tuition values entered through the adjustment process for which there is no salary payment on the next regular payroll will create a collection item for the agency. Agencies will receive notification from the Bureau of uncollected FICA taxes.

REPORTING SUMMER SEMESTER 1997 TAXABLE TUITION

- 1) Graduate courses determined by the agency to be taxable must be submitted to the Bureau of State Payrolls for processing as taxable non-cash income. Taxable tuition values may be submitted over one or more periods within the same calendar year. Taxable values cannot be carried over into the next calendar year.

Note: Only taxable tuition values are to be reported to the Bureau of State Payrolls. Tuition values for courses determined to be job related and therefore not taxable, and the supporting documentation, are to be retained by the agencies and available to the Bureau of State Payrolls upon request.

- 2) Taxable tuition values may be submitted on diskette in a spreadsheet or data base format. The acceptable spreadsheet formats are Excel, Lotus (.wk1, .wk3), Quattro Pro (.wb1 or .wb2). The acceptable data base formats are dBase III or IV and Access.

The essential data fields are as follows:

Earning Code (9103)	4 Digits
Submitting Agency Code	4 Digits (L1 L2)
Social Security Number	9 Digits
Last Name (as shown on W-4)	16 Characters
First Name (as shown on W-4)	16 Characters
MI (as shown on W-4)	1 Character
Taxable Tuition Waiver Amount	5 Digits and 2 Decimal places (99999.99)

A printout of the data included on the diskette is required with each diskette. The last page of the printout should include the following:

- total number of records
- total Taxable Tuition Waiver Amount
- should include the following statement, and,
- be signed by a person authorized to certify payroll on behalf of the submitting agency

"This is to request that Summer Semester 1997 taxable tuition values for the above listed employees be included with the employees' earnings records."

Prepared by _____ Telephone _____

Authorized Signature _____ Date _____

- 3) Taxable tuition values may be submitted utilizing Form DBF-BP-550A, Employee Record Adjustment, Non-Salary Compensation, Current Calendar Year. A form must be completed for each employee. Agencies using this form must submit a cover letter with the forms being submitted, requesting employee record updates for Summer Semester 1997 taxable graduate courses, listing the employee names, social security numbers and taxable values.

The following data elements must be completed on each form. A partially completed form is enclosed and may be copied and used as needed.

Name of Department: abbreviation or acronym
Date: date form is prepared
Warrant Number: use 7222222
Warrant Date: use 06/30/97 for Summer Semester 1997
Social Security Number: employee's social security number
Ret. Code: employee's regular salary retirement code
Last Name, First Name, Middle Initial: as shown on W-4
Org ½ : first two levels of employee agency org code
FICA Gross: taxable tuition value (when added to year to date must not exceed social security taxable base of \$65,400)
Medicare Gross: taxable tuition value
Total Gross: taxable tuition value
Taxable Tuition - 9103: taxable tuition value
Reason For Adjustment: Summer Semester1997 taxable tuition.
Prepared by: name of preparer
Telephone Number: telephone number of preparer
Authorized Signature: must be authorized to certify payroll

Requests for taxable tuition record adjustments received by the Bureau will be processed on the scheduled Payroll Adjustment Process. Refer to Volume II, Section 6, Page 17 of the Payroll Preparation Manual for adjustment processing dates. The Bureau may require up to three days to prepare the data for processing.

If you have any questions concerning this matter please call Ernest Thompson at 850/414-1873, SUMCOM 994-1873, or Cheryl Butler at 850/414-7824, SUNCOM 994-7824. Technical questions concerning diskette preparation should be directed to Dwight DeBoer at 850/414-1876, SUMCOM 994-1876.

AR/llc

Attachments

October 15, 1997

IN REPLY REFER TO:
DBFBP 97-12

TO: Agencies Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: Workers' Compensation (WC) Report - Retirement Liability

For the purposes of this memorandum, state agency or agency is used to encompass all departments, agencies, commissions and institutions paid through the comptroller's payroll system.

On July 3, 1997, we released the original distribution of this report. On September 24, 1997, there was a re-release of the original report with a greater time span. The report period for re-release encompassed July 1, 1990, through June 30, 1997. The original report distribution was for July 1, 1990, through May 30, 1997. There have been changes to the format of the report, data reported and the method of distribution. All reports are distributed via the SAMAS Reports Distribution Sub-System (RDS). No hard copy reports will be distributed. A key difference between the original distribution and the re-release is that all agencies will receive the entire statewide report. Via RDS, you are supposed to have the capability to view, query, order hard copy to be printed at the SAMAS site, print to a local printer in your agency, etc. Each agency has an RDS administrator. Please contact this person to be sure that the appropriate persons are set up to access, view and work with the reports. If you have any questions about the RDS and this report, please contact Steve Isted in our bureau at (850) 414-7822, SC 994-7822. He can assist you or will advise as to the appropriate person(s) who can answer specific RDS questions.

There is a piece of PC software available which will allow you to download all or parts of the report. To order the software, please contact Joann Krieger-Wolin at (850) 487-4660, SC 278-4660. Joann is ordering the software in bulk to reduce the cost per copy.

The revised report is less cluttered than the original hard copy report you received. It is meant to augment the original report, not replace it. In the original release, millions of payroll detail records were accessed on a calendar year by calendar year basis. You would have received reports by calendar year for 1990 through 1997. On many of those reports there was no payroll activity, it served only to provide a WC payment history. The new report will also be by calendar year and will list records only for periods in which payroll activity occurred.

Around the middle of this month, we will release by RDS the first of the revised monthly updates beginning with payroll data matched from July 1, 1997, through September 30, 1997. The monthly reports will build on a fiscal year basis. The file we receive from Risk Management will contain all the active WC recipients dating to July 1, 1997. That file will be matched against payroll data from the beginning of the current fiscal year. If a WC recipient goes back to work in state government, the person's pay will be reported chronologically along with the WC payment history. The report will show all WC payments since July 1, 1997. If a WC recipient that you are tracking goes back to work in a different state agency, you will be able to query the RDS report and find them.

Those claimants for whom no payroll history is available will be reported at the front of the report. Again, the query capability of the RDS will enable you to find them within the report.

REPORT FORMAT REVISIONS

Three new fields are Location Code, Claim Number and Accident Date. The Location Code correlates to the person's work unit at the time of the accident. The coding structure used by Risk Management is vastly different than the Payroll Org Code structure. The Claim Number and Accident Date identify specific claims and should help in establishing the time frame for any retirement contribution liability. Especially, those that originated prior to July 1, 1990, or where the person has more than one claim.

On the original reports, the two pay period fields that pertained to payroll data were blank except for certain types of nonrecurring payments. Those fields have been deleted to make room for the new fields.

The Location Code obtained from the Risk Management file is the identification code they use in their systems to identify the work place or unit of the employee at the time of the injury or illness. Enclosed or attached to this memorandum is a copy of the Location Code chart from Risk Management. Feedback from agencies has shown that the Payroll Org Code which is used to sequence the report may not be sufficient to allocate a cost center. In most cases, the Payroll Org Code does place records in the correct agency.

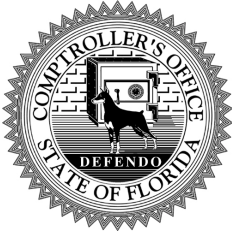
When there is no pay history for the report period, two problems occur. First, the WC records cannot be associated to any agency. Therefore, those records sort to the beginning of the report and cannot be distributed. Second, with the magnetic data available, our program(s) tries to establish the agency from which the WC recipient was paid prior to the WC claim. The problem here is that the Payroll Org Code picked up by our program(s) may or may not reflect the agency which employed the individual at the time of the WC claim. For instance, a refund of health, life or Pre-Tax Benefits premiums would reference back to the Department of Management Services because that agency would appear in our records as payer. If that is the only payment in the range of payroll detail searched, the WC records will sort into the records for the Department of Management Services.

RETIREMENT LIABILITY REMITTANCE

If you find that a person had been on WC and returned to work, a retirement contribution liability will most likely exist for your agency. Agencies must transfer retirement contributions by using the Bureau's employee records adjustment system and the Florida Retirement Clearing Trust Fund administered by the Bureau of State Payrolls. The retirement gross and contributions have to be entered on adjustment forms, one form for each month for which contributions are being made, using warrant number 7777890 and the last day of that month as the warrant date. The agency must certify the accuracy of the contribution total. The collection mechanism was established by mutual agreement between the Division of Retirement and the Bureau of State Payrolls. The agency must use a JT-2 to transfer the contributions to the Florida Retirement Clearing Trust Fund (44-74-2-323001-44100000-00-000600-00), submit a different JT-2 for each calendar year being adjusted, and do not include more than 25 employees on a JT. Submit form DBFBP-536 (Current Year - Code 24) or form DBFBP-540 (Prior Year(s) - Code 25) to BOSP with appropriate documentation to substantiate the transferred amount. The documentation should consist of a listing showing the months and pay periods that the person was on WC, the person's monthly rate used to calculate the retirement contributions and when the person returned to work. Note: employees must have been reemployed at least one full calendar month for liability to exist.

If you have questions about these procedures, please call the Bureau of State Payrolls at (850) 488-7762 or SC 278-7762. If you have general questions regarding this report, call Dwight DeBoer at (850) 414-1876, SC 994-1876.

AR/lc



OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

October 30, 1997

IN REPLY REFER TO:
DBFBP 97-13

TO: Agency Payroll Offices

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: **TAXABLE TUITION WAIVERS – FALL SEMESTER 1997**

Tuition free graduate courses are currently taxable under Internal Revenue Code (IRC) Section 127. However, as outlined in Bureau of State Payrolls memorandum DBFBP 97-4, job related employer provided education assistance may be excluded from taxation as a working condition fringe benefit.

The attached schedule lists agency employees enrolled in fall semester 1997 graduate courses under the state tuition waiver program and the tuition values reported to the Bureau by the state universities. Please review the courses listed for your agency employees and determine those courses that are job related and excludable from taxation as provided by Internal Revenue Code and Internal Revenue Service Regulations. Tuition values not exempt from taxation must be reported to the Bureau as outlined below under Reporting Fall Semester 1997 Taxable Tuition.

Taxable tuition values reported to the Bureau are subject to income and FICA taxes. Due to payroll systems limitations the Comptroller's Office cannot include taxable non-cash values with the employee's regular salary payment and therefore cannot withhold income and FICA taxes programmatically. These taxable values will be included with the employee's earnings through the employee records adjustment process. This process collects the FICA taxes on the next regular payroll after the employee record update but does not collect income taxes. Agencies should notify employees having taxable tuition of this additional tax liability so that they may adjust their Form W-4, Employee's Withholding Allowance Certificate, as needed.

Taxable tuition values entered through the adjustment process for which there is no salary payment on the next regular payroll will create a collection item for the agency. Agencies will receive notification from the Bureau of uncollected FICA taxes.



ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

November 3, 1997

IN REPLY REFER TO:
DBF-BP97-14

TO: Agencies Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: Correct Mailing Address and Telephone Numbers

We have recently received large volumes of mail and telephone calls that have been routed to the incorrect office.

In order to better serve your agencies and provide more efficiency within our office, please use the following guidelines when addressing mail and telephone calls.

Electronic Funds Transfer(EFT)Section

488-2922 or Suncom 278-2922

101 East Gaines Street
Room 414, The Fletcher Building
Tallahassee, Florida 32399-0350

All Direct Deposit forms
All questions concerning Direct Deposit

Reconciliation Section

488-7154 or Suncom 278-7154

101 East Gaines Street
Room 308, The Fletcher Building
Tallahassee, Florida 32399-0350

Affidavit for Duplicate Warrant
Copy of cashed warrants
Confirmation of Warrant Status

If you are addressing any mail to the above sections, DO NOT put Bureau of State Payrolls or BOSP on the envelope. The mail will not be routed to the correct office.

If you have any questions, or if we can assist you further in any way please call Lesli Sullivan at 488-7762/SC 278-7762.

AR/lns

November 13, 1997

IN REPLY REFER TO:
DBFBP 97-15

TO: Personnel Officer Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: EXCLUDED EMPLOYMENT EXPIRATION

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

Enclosed is a report that lists employees within your agency that have an *Excluded Employment Withholding Exemption* (DBF-BP-5) that will expire on December 23, 1997. This report only lists employees that have been paid since July 1, 1997. In order to continue uninterrupted exemption from withholding, eligible employees must submit to the Bureau a new *Reduction or Exemption From Withholding*, form DBF-BP-5 (revised August 1997), prior to the Form W-4 submission cut-off time and date that applies to the first payroll warrant dated in the new calendar year. Refer to Payroll Preparation Manual, Volume II, Section 6, Page 15.

Employees that are also eligible for an exemption from Social Security and Medicare under the Internal Revenue Code must be coded with a non-contributory retirement code. Please review your employee records to assure that all employees are coded correctly.

Agencies 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.

If you have any questions regarding these instructions or you would like a copy of the DBF-BP-5 in Word format, please contact Phyllis Goodman at 414-7823 or SUNCOM 994-7823 or Phyllis_C_Goodman@mail.dbf.state.fl.us.

AR/llc

Enclosures

November 18, 1997

IN REPLY REFER TO:
DBFBP 97-16

TO: Agencies Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: MISCELLANEOUS DEDUCTION CODE 0343

It has come to our attention that Miscellaneous Deduction Code 0343, Colonial Life and Accident, is being deducted from employees' pay on a semi-monthly basis, 24 times a year. This deduction should be taken on a biweekly basis, 26 times a year. Your agency may have employees who are affected by this.

Before the biweekly warrant dated January 30, 1998, this miscellaneous deduction code will be changed in order to adhere to the biweekly schedule.

Colonial Life and Accident will be responsible for contacting any employees owing past due premiums.

Should you have any questions regarding this issue please contact Ernie Vance at Colonial Life and Accident Insurance Company at (850) 926-3867. Should you have other questions concerning miscellaneous deductions please contact Cheryl Butler at (850) 414-7824.

AR/llc



OFFICE OF COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

Robert F. Milligan
COMPTROLLER OF FLORIDA

November 20, 1997

IN REPLY REFER TO:
DBFBP 97-17

TO: Personnel Officer Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: Earned Income Credit Advance Payment Certificate -
Expiration

The Earned Income Credit Advance Payment Certificate, Form W-5 for 1997, currently on file with the Bureau of State Payrolls will expire on December 23, 1997. Additionally, any Form W-5 filed for 1997 between now and the end of this calendar year will expire on December 23, 1997.

We have enclosed a report which lists employees in your agency who filed a Form W-5 for 1997. The list reflects employees paid since July 1, 1997. If no list is enclosed, there are no active employees in the agency with a Form W-5 on file.

Employees eligible to file for 1998 must complete a new Form W-5 for 1998. In order to continue uninterrupted participation, a new Form W-5 must be submitted to the Bureau prior to the Form W-5 submission cut-off time and date that applies to the first payroll warrant dated in the new calendar year. Refer to Payroll Preparation Manual, Volume II, Section 6, Page 15.

Enclosed is a copy of the 1998 Form W-5 which contains instructions and a worksheet to assist employees in determining their eligibility. Agencies are encouraged to keep a supply of forms available for their employees. Forms may be obtained from the Internal Revenue Service by calling the toll-free number for forms 1-800-829-3676, or, from the Internal Revenue Service web site at - <http://www.irs.ustreas.gov>. The enclosed form and instructions may be copied as needed. The Bureau of State Payrolls will not maintain a supply of Form W-5. Payroll Preparation Manual, Volume V, Section 5, Pages 16 and 17, should be utilized in preparing new forms. Affected employees need not renew Form W-4, Withholding Exemption Certificate, unless there are changes to the Form W-4.

If you have any questions regarding these instructions, please call Janet Joiner or Phyllis Goodman at 488-7762 or SUNCOM 278-7762.

AR/llc



ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

November 26, 1997

IN REPLY REFER TO:
DBFBP 97-18

TO: Agencies and Individuals Addressed

FROM: Allen Reams, Chief
Bureau of State Payrolls

SUBJECT: CALENDAR YEAR END INFORMATION

The following payroll related information is provided to assist agencies in complying with the calendar year end reporting and processing schedule. Information concerning upcoming payroll changes and activities is included.

Fringe Benefit Reporting

The published deadline for reporting vehicle and other fringe benefits for November 1, 1996 through October 31, 1997 was November 26, 1997. Benefits reported after that date may result in the affected employee receiving a corrected Form W-2 (W-2C) for calendar year 1997. Agencies which have not submitted the required documentation and monies to comply with this requirement should do so immediately. Elected officials and employees whose compensation is greater than \$108,200 annually are not eligible to use the commuting valuation method, but are required to use the Annual Lease Value Table. Please note the four year recalculation requirement when using the Annual Lease Value Table. See Volume V, Section 6 of the Payroll Preparation Manual for instructions.

Moving Expenses

Comptroller's Memorandum No. 7 (1994-95) contains information regarding the Federal tax and reporting requirements applicable to payments or reimbursements for employee moving expenses.

Universities paying moving expenses through local funds must



OFFICE OF COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

Robert F. Milligan
COMPTROLLER OF FLORIDA

December 31, 1997

In Reply Refer To:
DBFBP 97-19

To: Personnel Officers Addressed

From: Allen Reams, Chief
Bureau of State Payrolls

Subject: EXPIRATION OF EXEMPT STATUS ON FORM W-4
1998 FEDERAL TAX LAW CHANGES

Employees claiming exempt status on their Form W-4, Employee's Withholding Allowance Certificate, must file a new Form W-4 each year. If the employee does not give you a new Form W-4 the Internal Revenue Service requires that income be withheld as if the employee is single with zero allowances.

In order to continue uninterrupted exempt status, employees eligible to claim exempt status for 1998 must submit a new Form W-4 to the agency prior to the Form W-4 submission cut-off time and date that applies to the first payroll submission date after February 15. Refer to the Payroll Preparation Manual, Volume II, Section 6, Pages 14 and 15 for additional information.

Enclosed is a listing of those employees in your agency who have not renewed their exempt status for 1998. These employees should be notified that a new Form W-4 is required for 1998. Employees claiming exempt status for 1997 that expect to incur income tax liability in 1998 must complete a new form W-4 now to begin withholding for calendar year 1998.

The Internal Revenue Service does not permit nonresident aliens to claim exempt status on their Form W-4. With some exceptions nonresident aliens must claim single with one exemption regardless of their marital status. Nonresident aliens that are eligible for an exemption from withholding under the provisions of a tax treaty should file for the exemption following the procedures in the Payroll Preparation Manual, Volume V, Section 15.

Other employees may also need to revise their Form W-4 due to changes in federal tax laws. On August 5, 1997, President Clinton signed into law two bills passed by Congress (HR 2014, The Taxpayer Relief Act of 1997, and HR 2015, the Balanced Budget Act of 1997). These acts include provisions with special significance for families, students, homeowners, and investors.

Two of these provisions are the higher education tax credit and the child tax credit for each qualifying child under 17 years of age. Individuals may want to adjust their withholding for these credits or other tax credits.

Enclosed is a copy of Internal Revenue Service Form W-4 which contains instructions to assist employees in determining correct withholding. For those not eligible for exempt status, the W-4 provides a worksheet to help calculate the number of withholding allowances that may be claimed on the new Form W-4.

For additional information employees should obtain IRS Publication 505, *Tax Withholding and Estimated Tax*, and IRS Publication 919, *Is My Withholding Correct for 1998?* or consult their tax advisor.

Internal Revenue Service forms and publications may be obtained from the Internal Revenue Service by calling the toll-free number for forms 1-800-829-3676 or down loaded from the IRS Web site at: <http://www.irs.ustreas.gov/>.

If you have any questions regarding these instructions, please call either Janet Joiner at 414-1875/SUNCOM 994-1875 or Phyllis Henderson at 414-7823/SUNCOM 994-7823.

AR/llc

Enclosures

Form W-4 (1998)

Purpose. Complete Form W-4 so your employer can withhold the correct Federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7, and sign the form to validate it. Your exemption for 1998 expires February 16, 1999.

Note: You cannot claim exemption from withholding if (1) your income exceeds \$700 and includes unearned income (e.g., interest and dividends) and (2) another person can claim you as a dependent on their tax return.

Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet. The worksheets on page 2 adjust your

withholding allowances based on itemized deductions, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply. They will help you figure the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances.

New—Child tax and higher education credits. For details on adjusting withholding for these and other credits, see **Pub. 919**, Is My Withholding Correct for 1998?

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may owe additional tax.

Two earners/two jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one W-4. Your withholding will usually be most accurate when all allowances are claimed on the W-4 filed for the highest paying job and zero allowances are claimed for the others.

Check your withholding. After your W-4 takes effect, use Pub. 919 to see how the dollar amount you are having withheld compares to your estimated total annual tax. Get Pub. 919 especially if you used the Two-Earner/Two-Job Worksheet and your earnings exceed \$150,000 (Single) or \$200,000 (Married). To order Pub. 919, call 1-800-829-3676. Check your telephone directory for the IRS assistance number for further help.

Sign this form. Form W-4 is not valid unless you sign it.

Personal Allowances Worksheet

A Enter "1" for **yourself** if no one else can claim you as a dependent **A** _____

B Enter "1" if:
 { • You are single and have only one job; or
 • You are married, have only one job, and your spouse does not work; or
 • Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less. } **B** _____

C Enter "1" for your **spouse**. But, you may choose to enter -0- if you are married and have either a working spouse or more than one job. (This may help you avoid having too little tax withheld.) **C** _____

D Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return **D** _____

E Enter "1" if you will file as **head of household** on your tax return (see conditions under **Head of household** above) **E** _____

F Enter "1" if you have at least \$1,500 of **child or dependent care expenses** for which you plan to claim a credit **F** _____

G New—Child Tax Credit: • If your total income will be between \$16,500 and \$47,000 (\$21,000 and \$60,000 if married), enter "1" for each eligible child. • If your total income will be between \$47,000 and \$80,000 (\$60,000 and \$115,000 if married), enter "1" if you have two or three eligible children, or enter "2" if you have four or more **G** _____

H Add lines A through G and enter total here. **Note:** This amount may be different from the number of exemptions you claim on your return. ► **H** _____

For accuracy, complete all worksheets that apply.
 { • If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.
 • If you are **single**, have **more than one job**, and your combined earnings from all jobs exceed \$32,000 OR if you are **married** and have a **working spouse or more than one job**, and the combined earnings from all jobs exceed \$55,000, see the Two-Earner/Two-Job Worksheet on page 2 to avoid having too little tax withheld.
 • If **neither** of the above situations applies, **stop here** and enter the number from line H on line 5 of Form W-4 below.

----- Cut here and give the certificate to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service	<h2 style="margin:0;">Employee's Withholding Allowance Certificate</h2> <p style="margin:0;">► For Privacy Act and Paperwork Reduction Act Notice, see page 2.</p>	OMB No. 1545-0010 <div style="font-size: 2em; font-weight: bold; margin: 5px 0;">1998</div>
1 Type or print your first name and middle initial _____ Last name _____		2 Your social security number _____
Home address (number and street or rural route) _____		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the Single box.
City or town, state, and ZIP code _____		4 If your last name differs from that on your social security card, check here and call 1-800-772-1213 for a new card ► <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the worksheets on page 2 if they apply)		5 _____
6 Additional amount, if any, you want withheld from each paycheck		6 \$ _____
7 I claim exemption from withholding for 1998, and I certify that I meet BOTH of the following conditions for exemption: • Last year I had a right to a refund of ALL Federal income tax withheld because I had NO tax liability AND • This year I expect a refund of ALL Federal income tax withheld because I expect to have NO tax liability. If you meet both conditions, enter "EXEMPT" here ►		7 _____
Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate or entitled to claim exempt status.		
Employee's signature ► _____		Date ► _____, 19____
8 Employer's name and address (Employer: Complete 8 and 10 only if sending to the IRS) _____		9 Office code (optional) _____
		10 Employer identification number _____

Deductions and Adjustments Worksheet

Note: Use this worksheet only if you plan to itemize deductions or claim adjustments to income on your 1998 tax return.

1 Enter an estimate of your 1998 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 1998, you may have to reduce your itemized deductions if your income is over \$124,500 (\$62,250 if married filing separately). Get Pub. 919 for details.) **1** \$ _____

2 Enter: $\left\{ \begin{array}{l} \$7,100 \text{ if married filing jointly or qualifying widow(er)} \\ \$6,250 \text{ if head of household} \\ \$4,250 \text{ if single} \\ \$3,550 \text{ if married filing separately} \end{array} \right.$ **2** \$ _____

3 **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter -0- **3** \$ _____

4 Enter an estimate of your 1998 adjustments to income, including alimony, deductible IRA contributions, and education loan interest **4** \$ _____

5 **Add** lines 3 and 4 and enter the total **5** \$ _____

6 Enter an estimate of your 1998 nonwage income (such as dividends or interest) **6** \$ _____

7 **Subtract** line 6 from line 5. Enter the result, but not less than -0- **7** \$ _____

8 **Divide** the amount on line 7 by \$2,500 and enter the result here. Drop any fraction **8** _____

9 Enter the number from Personal Allowances Worksheet, line H, on page 1 **9** _____

10 **Add** lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4, line 5, on page 1 **10** _____

Two-Earner/Two-Job Worksheet

Note: Use this worksheet only if the instructions for line H on page 1 direct you here.

1 Enter the number from line H on page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) **1** _____

2 Find the number in **Table 1** below that applies to the **LOWEST** paying job and enter it here **2** _____

3 If line 1 is **GREATER THAN OR EQUAL TO** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter -0-) and on Form W-4, line 5, on page 1. **DO NOT** use the rest of this worksheet **3** _____

Note: If line 1 is **LESS THAN** line 2, enter -0- on Form W-4, line 5, on page 1. Complete lines 4-9 to calculate the additional withholding amount necessary to avoid a year end tax bill.

4 Enter the number from line 2 of this worksheet **4** _____

5 Enter the number from line 1 of this worksheet **5** _____

6 **Subtract** line 5 from line 4 **6** _____

7 Find the amount in **Table 2** below that applies to the **HIGHEST** paying job and enter it here **7** \$ _____

8 **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding amount needed **8** \$ _____

9 Divide line 8 by the number of pay periods remaining in 1998. (For example, divide by 26 if you are paid every other week and you complete this form in December 1997.) Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck **9** \$ _____

Table 1: Two-Earner/Two-Job Worksheet

Married Filing Jointly				All Others			
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above
0 - \$4,000	0	38,001 - 43,000	8	0 - \$5,000	0	70,001 - 85,000	8
4,001 - 7,000	1	43,001 - 54,000	9	5,001 - 11,000	1	85,001 - 100,000	9
7,001 - 12,000	2	54,001 - 62,000	10	11,001 - 16,000	2	100,001 and over	10
12,001 - 18,000	3	62,001 - 70,000	11	16,001 - 21,000	3		
18,001 - 24,000	4	70,001 - 85,000	12	21,001 - 25,000	4		
24,001 - 28,000	5	85,001 - 100,000	13	25,001 - 42,000	5		
28,001 - 33,000	6	100,001 - 110,000	14	42,001 - 55,000	6		
33,001 - 38,000	7	110,001 and over	15	55,001 - 70,000	7		

Table 2: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
0 - \$50,000	\$400	0 - \$30,000	\$400
50,001 - 100,000	760	30,001 - 60,000	760
100,001 - 130,000	840	60,001 - 120,000	840
130,001 - 240,000	970	120,001 - 250,000	970
240,001 and over	1,070	250,001 and over	1,070

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a completed form will result in your being treated as a single person who claims no withholding allowances. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping** 46 min., **Learning about the law or the form** 10 min., **Preparing the form** 1 hr., 10 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the tax form to this address. Instead, give it to your employer.

provide the Bureau copies of documentation applicable to payments or reimbursements for moving expenses, as described in Comptroller's Memorandum No. 7 (1994-95) no later than 5:00 p.m., January 2, 1998.

A separate memorandum will be sent to each affected agency requesting copies of moving expense vouchers that have been paid and copies not provided to the Bureau. This information is required to update employee records.

Forms W-2 Distribution

Original Forms W-2 will be distributed to all agencies by January 21, 1998. Employee information statements will accompany the Forms W-2. Comptroller's Memorandum No. 10 (1990-91) covered the revisions to the Forms W-2 and provided information regarding the procurement of envelopes. The size of the form and address placement is identical to last year's Form W-2.

Salary Refunds and Federal Income Tax

Refunds of salary overpayments must be handled in accordance with the instructions in the Payroll Preparation Manual, Volume V, Section 2. If the agency receives a salary refund by December 31, 1997, and we receive it by 5:00 p.m. on January 5, 1998, the employee will be required to only refund the net salary. Refunds made after December 31 must be calculated in accordance with the above referenced instructions pertaining to prior calendar year overpayments.

Cancellations and Adjustments

Any warrant cancellations or adjustments made to 1997 earnings or taxes after the December 15, 1997 deadline will necessitate a Form W-2C. All employees receiving original Forms W-2 which have the message "Employee: Please Hold for W-2C" will receive a Form W-2C. This message means the employee is to be given the original form, but should refrain from filing a tax return until the Form W-2C is received. These Forms W-2C will be for 1997 adjustments submitted through January 5, 1998. Provided a complete address is on record, our office will mail the Forms W-2C directly to those affected employees. Agencies will be contacted regarding Forms W-2C that cannot be mailed through the U.S. Postal Service.

Forms W-2C produced from adjustments processed after the January 5 deadline will be distributed with the reports produced from the weekly cancellation and adjustment process. Comptroller's Memorandum No. 15 (1990-91) describes the penalties which may be assessed if information returns are not timely and accurately filed. The errors or omissions subject to penalty are social

security numbers, surnames, monetary amounts and omissions of addresses.

Revolving Fund Reimbursements

Revolving Fund payments for wages made to employees in calendar year 1997 must be reimbursed in 1997. Please refer to Section 3A-31.226, Florida Administrative Code.

FICA Tax Changes

The Social Security wage base will increase from \$65,400 to \$68,400 in 1998. The Social Security tax rate will remain at 6.2% for both employee and employer contributions. The Medicare tax rate of 1.45% for both employee and employer will remain the same.

Duplicate Forms W-2

The last day 1996 duplicate Forms W-2 and W-2C will be available via the on-line request system will be December 19, 1997. After this date, requests for duplicate Forms W-2 and W-2C for 1996 and earlier years should be submitted on Form DBF-BP-23, Duplicate W-2 Request Form. Requests for duplicate Forms W-2 and W-2C for 1996 will be held in abeyance until the third week in January when the microfiche files for 1996 become available. Duplicate Forms W-2 and W-2C for 1996 will be sent to the agencies via interoffice mail.

Taxable Tuition Waivers

Graduate courses determined by the agency to be taxable must be submitted to the Bureau of State Payrolls for processing as non-cash income. Refer to memorandum DBFBP 97-13. Agencies wishing to collect social security and Medicare taxes on their December payrolls should note the record adjustment processing dates of 12/09/97 for the biweekly payroll and 12/16/97 for the monthly payroll. The Bureau may require up to three days to prepare the data for processing. Record adjustments for taxable tuition submitted for processing after these dates should include a journal transaction for the employer and employee social security and Medicare taxes.

If there are any questions concerning this information, please contact our office at 488-7762, SUNCOM 278-7762.

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