


*OSC HR-Payroll and
Tax Compliance Training*

FORM I-9 TO PAYROLL PROCESSING

FEBRUARY 2, 2022

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Office of the State Controller




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PRESENTERS

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Disclaimer: The information within this presentation does not constitute tax/legal advice and each participant should seek his/her own counsel in addressing specific situations.

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HR/PAYROLL SYSTEM INFOTYPE 0094

How to make:


Employment Eligibility Verification Form I-9
U.S. Citizenship and Immigration Services

A FUTURE EMPLOYEE must be interviewed before accepting the job. The interview must be recorded either on audio or electronic, being conducted on the day of the interview or within 3 business days of the interview.

PARTICIPATING EMPLOYERS: A single or multiple copies may be submitted. The Employer (EMP) must send documentation to the State Controller's Office. The documentation must include the following information:


Section 1: Employee Information and Authorization (Employee must complete and sign Section 1 of Form I-9) (See back of Form I-9 for more information on this section.)

Last Name (Full Name)	First Name (Given Name)	Middle Name	Date of Birth (MM/DD/YYYY)
Address (Street Number and Street)	City or Town	State	Zip Code
Date of Birth (MM/DD/YYYY)	SSN (MM/DD/YYYY)	Employer's E-mail Address	Employee's Telephone Number



Integrated HR-Payroll System

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HR/PAYROLL SYSTEM INFOTYPE 0094 WHAT WE WILL COVER TODAY

- Creating/completing a new IT0094 (I-9 Residence Status) during an action
- Maintaining IT0094 via PA30
- When new IT0094 records are required
- IT0048 Create Residence Status
- Reverification and Monitoring of Tasks
- OSC and IT0094

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HR/PAYROLL SYSTEM INFOTYPE 0094 DURING HIRING ACTIONS

- Must complete this infotype when:
 - Hiring an employee into the system for the first time.
 - Reinstating an employee after period of separation (per policy).
 - Transferring an employee from another agency.
- If IT0094 is skipped when working the initial action, the user must go back via transaction PA30 and create/complete IT0094.

Reminder: It is a best practice to have all information on hand prior to processing a hiring action. Missing information can cause issues with pay.

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HR/PAYROLL SYSTEM INFOTYPE 0094 PERSONAL IDENTIFICATION SECTION

- Residence Status is a required field with 3 options. Use:
 - Citizen = #1 from I-9
 - Resident Alien = #2 or #3
 - Non-Resident Alien = #4
- ID Type (and related fields below):
 - Use information provided on I-9 from either list A or list B
 - Choose document type from drop-down selections

- 1. A citizen of the United States
- 2. A non-citizen national of the United States (See instructions)
- 3. A lawful permanent resident (Alien Registration Number/USCIS Number)
- 4. An alien authorized to work until (expiration date, if applicable: mm/dd/yyyy) (Some aliens may write "N/A" in the expiration date field. (See instructions))

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HR/PAYROLL SYSTEM INFOTYPE 0094 PERSONAL IDENTIFICATION SECTION

- Information from List C
- If something from List A was used to complete the Personal Identification Section, then this section may not need to be completed.
- Select Work Permit document type from the drop-down list and complete other fields based on the selected document.

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HR/PAYROLL SYSTEM INFOTYPE 0094 IT0048 CREATE RESIDENCE STATUS

- If you select Resident or Non-Resident Alien as the Residence Status on IT0094, IT0048 (Create Residence Status) will automatically come up as the next infotype in the action.
- Must complete for all Non-Resident Aliens.
- May skip by selecting the "next record" button for Resident Aliens.
- Detailed instructions included in IT0094 Job Aid coming soon.

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HR/PAYROLL SYSTEM INFOTYPE 0094 MAINTAINING VIA TRANSACTION PA30

- Use PA30 to create or maintain IT0094
 - If missed during hiring or transfer action
 - For corrections
 - For reverifications
- Either highlight or type number of infotype in direct selection.
- Select create if there is no existing IT0094 (no green check).
- Select copy if a record already exists.
 - Information from previous record will automatically populate. Be sure to make all necessary changes before saving.
- IT0048 will not pop up automatically upon save for a Non-Resident Alien so you will need to create one manually.

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HR/PAYROLL SYSTEM INFOTYPE 0094 REVERIFICATIONS & MONITORING OF TASKS

- If Non-Resident Alien (#4 on I-9) has been entered on IT0094 and an IT0048 has been created you will need to keep track of and reverify any work authorization that expires during employment.
- Use IT0019 Monitoring of Tasks to keep track of expiration dates.
- A new IT0094 and IT0048 are required effective the date the new documentation is received.

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HR/PAYROLL SYSTEM INFOTYPE 0094 OSC AND IT0094

- Reminder: All I-9's and supporting documents for Resident and Non-Resident Aliens must be sent via secure email or fax to Jennifer Pacheco Jennifer.Pacheco@osc.nc.gov or 919-875-3805.
- We are going to begin to monitor actions going forward and will contact agencies concerning missing/incomplete IT0094.
- We will share details once we have determined a process.

System Questions: Send an email to BEST@osc.nc.gov

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QUESTION

ENTRY/PRESENCE
IN THE UNITED STATES
PROVIDES YOU **AUTHORIZATION**
TO BE **EMPLOYED?**


YES OR NO?

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OSC TAX COMPLIANCE
WHAT WE WILL COVER TODAY

- Why accurate entry into the HR & Payroll system is necessary
- Overview of the tax assessment process
- How immigration and tax status may impact the required tax forms your new hire is required to complete
- Understand the reporting requirements for federal and state taxation
- Why is this so complicated?? Common errors and how to be successful

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RECAP: EMPLOYMENT AUTHORIZATION

Employment authorization

- To perform services lawfully within the U.S., a foreign individual must have the **appropriate work authorization**
 - INCLUDING self-employment
 - Understand any specific restrictions of employment authorization
- **Specific** to the activities noted in the application to enter the U.S.
- May be attached to **immigration status**
 - F-1 Students have authorization to work via
 - ❖ Form I-20 for Curricular Practical Training at a specific employer
 - ❖ Employment Authorization Document (EAD) for Optional Practical Training **In their field of Study!**
 - O and P must adhere to their approved itinerary when they applied for status
 - Tourists and Business visitors do not have work authorization

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RECAP: WHOSE WHO??

- Withholding Agent [**Your Agency/Institution**]
 - A U.S. or foreign person that has control, receipt, custody, disposal, or payment of any item of income of a foreign person that is subject to withholding
 - **Liable for taxes owed**
- Foreign National [**Your Employee**]
 - Owes allegiance to or who is under the protection of a country other than the United States
 - ❖ Nonresident Alien
 - ❖ Resident Alien

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TAX ASSESSMENTS: GATHERING THE FACTS

- Request completion of the Foreign National Data Gathering Form (**FNDG**)
 - Immigration history (**required**)
- Determine the **Tax Status**
 - Substantial Presence Test (SPT)
 - ❖ Nonresident Alien
 - ❖ Resident Alien
 - Tax Withholding Rate
 - ❖ IRS Publication 15-T
 - ❖ NC-30*
 - ❖ FICA Exemption
 - ❖ Tax Treaty Benefits

*please notify if out-of-state worker

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TAX ASSESSMENTS: GENERAL DOCUMENTS

- Passport
- Current and Past Visa (if applicable)
- Approval Notices
 - I-797 (C) – Receipt
 - I-797 (A) – Approval
- I-94 Detail (Electronic Print-out)
- Purpose of Documentation
 - Validates/Supports FNDG form and/or checklist
 - ❖ F-1 – I-20
 - ❖ J-1 – DS-2019
 - Determines tax status (NRA or RA)

*Not an all-inclusive list.

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THE SUBSTANTIAL PRESENCE TEST (SPT)

- Physically present in the U.S.:
 - 31 or more U.S. days in the calendar year
 - 183 – days based on the formula (includes partial days)
 - ❖ All days in the calendar year
 - ❖ 1/3 of U.S. days in the prior calendar year
 - ❖ 1/6 of U.S. days in the 2nd preceding calendar year
 - Collect immigration history back to 1985
 - Examples of statuses **exempt** from counting days (given no prior history)
 - ❖ F-1 & J-1 Students Visa type – 5 years
 - ❖ All other J Visa type – 2 years

Tax Navigator does this calculation for you

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TAX ASSESSMENT DETERMINES

- Review Immigration Status
- Validate Employment Eligibility
- Collect Immigration History
- Determine Country of Tax Residency
- Determine Tax Status
- Collect Tax Documents
- Maintain Documentation = Audit File

****Based on Foreign National Data Gathering Form****

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TAX ASSESSMENT DETERMINES (CONT.)

- Treaty Benefit Eligibility and Payments to NRAs
 - The U.S. has treaties with over 60 countries around the world affecting payments to foreign nationals
 - Offer tax exemptions within the U.S. for foreign nationals who were or are tax residents (not citizens) of a treaty country and meet specific criteria
- What does a tax treaty mean for employment income?:
 - Exempt tax
 - Exempt (Reduce) a certain portion of the income
 - ❖ Income from Employment Tax (\$3000-\$10,000 could potential be exempt)
 - Not all states honor federal tax treaties

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DOCUMENTATION FOR EMPLOYEES

- Forms:
 - **W-8BEN** - Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting
 - **8233** - Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual
 - **W-9** - Request for Taxpayer Identification Number (TIN) and Certification
 - **W-4** - Federal Employee Withholding Allowance Certificate
 - **NC-4** - State Employee Withholding Allowance Certificate
 - **NC-4 NRA** - State Nonresident Alien Employee Withholding Allowance Certificate

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TAX REPORTING

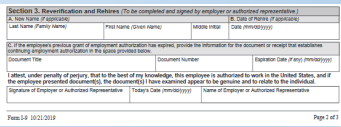
U.S. Citizens or Resident Aliens	Nonresident Aliens
<ul style="list-style-type: none"> Tax on Worldwide Income <ul style="list-style-type: none"> Entities org. under U.S. laws W-4/W-2 <ul style="list-style-type: none"> Standard Wage Withholding W-9/1099 <ul style="list-style-type: none"> 24% backup withholding \$600 threshold for most reporting No treaty benefits (some exceptions) Filing deadlines <ul style="list-style-type: none"> 1/31 	<ul style="list-style-type: none"> Tax on U.S. Source Income <ul style="list-style-type: none"> Not orig. under U.S. laws W-4/W-2 <ul style="list-style-type: none"> NRA Tax Rate W-8s/8233/1042-S <ul style="list-style-type: none"> 30% withholding State Taxes (NC 4% > \$1500) No minimum dollar threshold for payments Treaty benefits or ECI to reduce U.S. tax/withholding, if qualify Filing deadlines <ul style="list-style-type: none"> 1042-S: 3/15-4/15 (W-2: 1/31) Paper vs. Electronic Filing

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CALENDAR YEAR REVIEW & REVERIFICATION


- Tax Assessments are Performed:
 - Hire date and calendar year
 - When immigration classification changes
- Expired Work Authorization
 - Establish processes to track
 - Research and understand documents
 - Collect unexpired documents AND complete REQUIRED Section 3 of the Form I-9




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COMMON ERRORS

- Accepting a Restricted Social Security Card


PLEASE DON'T ACCEPT THIS FOR I-9 PURPOSES
- EAD Cards Expire


WHO IS TRACKING?

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COMMON ERRORS (CONT.)

THIS NOTICE DOES NOT GRANT ANY IMMIGRATION STATUS OR BENEFIT.

PLEASE REVIEW THE LIST OF CATEGORIES THAT ARE ELIGIBLE FOR 180 DAYS EXTENSION - C33 NOT ELIGIBLE.

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COMMON ERRORS (CONT.)

PLEASE USE THE USCIS SITE FOR VERIFICATION ON THE CURRENT ALLOWED AUTOMATIC EXTENSIONS

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COMMON ERRORS (CONT.)

- If a nonresident alien has FICA incorrectly withheld from their paychecks while working under OPT, can the employee obtain a FICA tax refund?
 - Yes – the nonresident alien should first contact the employer regarding the refund
 - ❖ Determine if a FICA Refund Certification is necessary
 - If employer refuses to refund the FICA
 - ❖ Employee can file Form 843 to obtain a refund

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HOW TO BE SUCCESSFUL

- Process Flow
 - Who is the primary contact
 - Who will process documentation and how will it flow
 - Who is responsible for sending the I-9/support to OSC Tax
 - Do you have an adequate filing/documentation system
- Ensure your departments keep you in the loop!!!!
- Are you ready for an Audit!!!
 - Scope:
 - ❖ Post written Policies and Procedures
 - ❖ Training for staff
 - ❖ Self review/audit

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RESOURCES

- Employment Authorization Categories:
 - <https://www.uscis.gov/working-united-states/information-employers-employees/employer-information/employment-authorization>
- Visa Categories:
 - <https://travel.state.gov/content/travel/en/us-visas/visa-information-resources/a-z-index.html>
- Handbook for Employers:
 - <https://www.uscis.gov/i-9-central/form-i-9-resources/handbook-for-employers-m-274>
- USCIS Combination of Documents for Form I-9:
 - <https://www.uscis.gov/i-9-central/form-i-9-acceptable-documents/combination-documents>

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QUESTIONS?



- System Questions:
 - Send an email to BEST@osc.nc.gov
- Tax Questions:
 - Jennifer Pacheco
Jennifer.Pacheco@osc.nc.gov
919-707-0764 – office
919-875-3805 – Secure fax

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