



Office Memorandum

Date: February 2, 2016
To: Agency Payroll and Human Resources Staff
From: Mary Muellner, Director, Statewide Payroll Services
Subject: Reminder of Deadlines for Tax Exempt Status Employees

This is a reminder of the upcoming deadlines for employees who wish to continue their federal and/or state tax withholding exemption and/or reciprocity status without interruption for 2016.

Claim Exempt from Federal and/or State Withholding

An effective-dated federal and/or state tax withholding record must be entered no later than close of business, February 11, 2016 in order for employees to maintain their exempt status without interruption. The record's effective date must be after December 31, 2015, and no later than February 11, 2016. (The deadline to enter these transactions in Self Service is Thursday, February 11, 2016.)

The federal and/or state tax status of any employee who filed for exempt status on Form W-4 in the year 2015, but did not refile for 2016, will be reset to SINGLE (marital status) and ZERO (withholding allowances) with an effective date of February 16, 2016. The new tax status will be reflected beginning with the paycheck dated February 19, 2016.

Note: Employees who claim to be exempt from federal withholding and/or claim to be exempt from Minnesota withholding and choose not to use Self Service for updating their tax withholding are required to complete Form W-4 and/or Form W-4MN.

Claim Reciprocity Exemption from MN Withholding

For Michigan and North Dakota residents who work in Minnesota:

- An effective-dated Minnesota tax withholding record for reciprocity must be entered no later than close of business, February 25, 2016 in order for employees to maintain their reciprocity status without interruption. The record's effective date must be after December 31, 2015, and no later than February 25, 2016. (The deadline to enter these transactions in Self Service is Thursday, February 25, 2016.)
- The MN state tax status of any employee who filed for exempt status on Form MWR in the year 2015, but did not refile for 2016, will be reset to reflect the same tax status appearing on the employee's most recent federal tax record with an effective date of February 29, 2016. The new tax status will be reflected beginning with the paycheck dated March 4, 2016.

Agency and Employee Responsibilities

It is the **agency's** responsibility to notify employees of the deadlines for refiling in order to maintain their exemption and/or reciprocity status without interruption. It is the **employee's** responsibility to either enter the appropriate records in Self Service, or submit paper forms to agency staff for processing by the deadlines. Records entered by employees in Self Service will display for agency staff on the

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Employee Tax Data pages; and similarly, records entered by agency staff will display for employees in Self Service.

Refer back to the memo dated December 2, 2015, [Payroll Tax Withholding & Refiling for Calendar Year 2016](#), for accompanying information. HR/Payroll staff should remember that it is **critical** to add a new row and select the correct value in the Source Documents field on the Federal Tax Data page when entering employee tax information. The correct value for this field is based on the withholding document(s) submitted by the employee. To ensure that you select the correct value in the Source Documents field, refer to SEMA4 Help.

Helpful Reports

Before the refiling deadlines, the following reports will help identify employees who may need to refile:

1. Reports identifying employees who already filed:
These SEMA4 On-Demand reports identify employees who have filed exempt from Minnesota tax withholding (MWR) and/or exempt from state or federal tax withholding with an effective date from January 1 of the current year through the date the report is created.
 - FIHU2442 – Employees Who Have Filed a State MWR
Lists employees who filed an MWR for the current year.
 - FIHU2443 – Employees Who are Claiming Exempt from Federal Withholding
Lists employees who filed exempt from Federal tax withholding for the current year.
 - FIHU2444 – Employees Who are Claiming Exempt from State Withholding
Lists employees who filed exempt from state tax withholding for the current year.
2. Report identifying employees who must refile:
When the reports are run after January 1, they can be used in conjunction with the FIHR8050, *Employees Who Must Refile W-4 and/or Reciprocity Form – Calendar Year 2016* (Document Direct/InfoPac ID HP8050), to identify those employees who have not refiled.

After the refiling deadlines, the following reports will be available to assist agencies in identifying which employee records were reset:

- FIHR8030, *W-4 Tax Exempt Reset Report – Calendar Year 2016* (DocumentDirect/InfoPac ID HP8030), will be available on Friday, February 12, 2016. This report lists employees whose federal and/or state tax records were reset because they filed for exempt status on Form W-4 in the year 2015, but did not refile for 2016.
- FIHR8040, *Minnesota MW-R Tax Exempt Reset Report – Calendar Year 2016* (DocumentDirect/InfoPac ID HP8040), will be available on Friday, February 26, 2016. This report lists employees where only the Minnesota state tax record was reset because they filed for exempt status on Form MWR in the year 2015, but did not refile for 2016.

Questions

Agency Payroll and Human Resources staff should contact Jennifer Goossen at 651.201.8072 or Deductions.mmb@state.mn.us if there are questions.