

STUDENT PAYROLL: YEAR END AUDIT PROCESSES, 2023 WAGE REPORTING, 2023 FINAL PAYROLL PROCESSING, 2024 PAYROLL FORMS

Year-end tax form time is approaching quickly! Please carefully read the following important information regarding calendar year 2023 Student Payroll Wage Reporting and the collection of withholding tax forms for 2024. These instructions will be posted on the Student Payroll page as "Year End Student Payroll Processes" at:

<http://www.minnstate.edu/system/finance/taxinformation/studentpayroll/index.html>

As of 12/27/2023, all calendar year 2023 pay periods up to and including pay period end date 12/19/2023 will be permanently closed.

Final payroll for PPE 12/19/2023 and any additional prior pay period earnings must be processed before 12/27/2023, including:

- *Any unpaid hours from pay period end date 12/19/2023 or from an earlier pay period.**
- *Any corrections to calendar year 2023 paydays**

IMPORTANT: Schedule direct deposits for *on or before Friday 12/29/2023*. Physical paychecks must be *dated by and made available to the student on or before Friday 12/29/2023*.

After 2023 pay periods are closed on 12/27/2023, any unpaid calendar year 2023 hours must be paid on the first pay of 2024 (PPE 1/2/2024, Pay Day 1/12/2024).

REMINDER: 2023 W2 REPORTING

2023 Student Payroll wages will be reported to the IRS and state tax authorities by 1/24/2024. Any corrections to 2023 W-2 wage statements (ex: changes to SSN's) after we e-file will require creating and filing 2023 W-2C Corrected Wage & Tax Statements. We plan on reviewing changes to 2023 W-2 wage reporting and creating 2023 W-2C forms at the end of February 2024. Thereafter we will review changes to 2023 W2 & 1042S wage reporting at the end of each calendar quarter.

STUDENT PAYROLL YEAR END CLEAN UP - GENERAL NOTES:

* If you have any calendar year 2023 Social Security and Medicare tax refunds that need to be completed, do so *before* processing payroll for PPE 12/19/2023 (last pay of the calendar year). **As of 12/27/2023, all calendar year 2023 pay periods up to and including pay period end date 12/19/2023 will be closed. You will not be able to open a CY 2023 pay period after the end of the day 12/27/2023.**

Pay Day 12/29/2023 (pay period 2024/13, PPE 12/19/2023) **must be** processed before 12/27/2023 and direct deposits or physical paychecks must be received by the student on 12/29/2023.

* Run the PR1001CP report (Student Payroll Assurance Report) for the calendar year and if there are any discrepancies on this report, please contact the [Helpdesk](#). To run this report for calendar year 2023, in the "From PPE Date" field, input 12/20/2022 and in the "To PPE Date" field, input 12/19/2023.

* If you have any student addresses that need updating, please make sure that you or the student complete these address changes by the end of the day 12/29/2023.

Note: The student's International Address is used on the 1042-S forms that report student worker wages exempt from taxation under a tax treaty but will be mailed to their best valid U.S. address, if one is available.

UNDER PAYMENTS 2023

For 2023 Student Payroll wage reporting purposes, **you must complete any Calendar Year 2023 Pay Period adjustments before 12/27/2023**. In order to accurately report year-end employment tax liability, calendar year 2023 wages not processed before 12/28 must be paid in calendar year 2024. The ACH file for these pays must be created and sent to the bank on or before 12/27/2023 and the student employee's must receive their pay in their bank account or in person on or before 12/29/2023.

OVER PAYMENTS 2023

For those students still working: Subtract the overpaid hours from the student employee's pay before final processing of pay period end date (PPE) 12/19/2023 or the overpayment will be included in the student employee's 2023 W-2 wages. If there are too many overpaid hours to subtract from 2023 pay, the student will need to repay the funds **by 12/27/2023 (or 12/19/2023 for e-time partial pay reversals)**. Student workers who were overpaid in 2023 and who are or will be paying back the overpaid funds must remit overpaid amounts and the campus must contact Ann in Tax Services **by 12/27/2023 (or 12/19/2023 for e-time partial pay reversals)**.

Contact Ann in Tax Services to find out the dollar amount to collect from overpaid student employees. Have the following information available:

- * Student Name
- * Student Tech Id
- * Hourly Wage
- * Pay Period End Date(s) in which the overpayment occurred.
- * # of hours overpaid or, if lump sum, the dollar amount of the over payment.

Notes: For students overpaid in more than one pay period, list the # of hours or amount over paid for each pay period end date.

Partial pay period reversals are not an option for student employees who are on e-Time. If dealing with a partial pay period error, Tax will need to reverse the student worker's full pay and the campus will need to reprocess the pay correctly. **Be sure contact Tax well before PPE 12/19/2023 to allow enough time for reversal and reprocessing of the payroll.**

Canceling Paychecks

Paychecks issued in error in 2023 must be canceled by 12/27/2023 or the wages will be included on the student employee's 2023 W-2 wage reporting.

Reminder: do not cancel or void an uncashed paycheck! You may only cancel paychecks that were issued in error. For outstanding student payroll checks that a student employee has failed to cash, you must follow Minnesota's unclaimed property rules and procedures.

AUDIT PROCESS PR0121UG

For information on running student payroll audit processes and for a detailed explanation of Student Payroll audit processes, you will find the ITS Documentation “[Explanation of Student Payroll Audit Processes](#)” on SharePoint.

MWR Minnesota Reciprocity Exemption

Audit Process (PR0121UG), MWR Verification: ISRS Student Payroll audit process checks for current calendar year MWR records. An informational message will be given until the PPE that includes the date of 02/28/2024. After this date, the employee's federal filing status and state tax allowances will stay the same, but the tax state will change to MN.

Minnesota has reciprocity with North Dakota and Michigan only. Student employees who are residents of North Dakota or Michigan and wish to remain exempt from Minnesota withholding tax must claim reciprocity for 2024 by submitting a 2024 form MWR – Reciprocity Exemption/Affidavit of Residency before the end of February 2024. The original MWR must be sent to the Minnesota Department of Revenue within 30 days of receiving the form. Keep a copy in the student employee's payroll file. Update the MWR year on the student's employee record on screen PR0021UG.

Minnesota Revenue has not yet posted the 2024 MWR Reciprocity form. Please download the form from the MN Revenue website at:

<https://www.revenue.state.mn.us/reciprocity-income-tax-fact-sheet-4>

NOTE: Employees claiming reciprocity for Michigan, must also complete the Michigan W-4 (MI-W4) to claim Michigan withholding allowances or exemption. The MI-W4 can be found at:

https://www.michigan.gov/documents/taxes/MI-W4_370050_7.pdf

IRS Form W-4 Employee's Withholding Certificate & W-4MN Minnesota Employee Withholding Allowance/Exemption Certificate

Note: The 2024 W-4 forms have not yet been posted by the IRS and MN Revenue. Tax will send an email to Student Payroll Contacts & the Acting Listserv when the 2024 W-4's are available.

Audit Process (PR0121UG), Exempt W-4 Verification: ISRS Student Payroll audit process checks for employee W-4 records with exempt status and looks for a new calendar year W-4 record. An informational message will be given until the pay period end date that includes the date of 02/15/2024. After that date, if no new W-4 is on file, the employee's tax status will default to Federal Single filing status and to State Single, 0.

All student employees should have a W-4 on file but only those students who want to change their withholding, those that are claiming 8233 tax treaty benefits, and those that are claiming exemption need to fill out new forms.

Claiming Exemption from Withholding Tax

Nonresident alien student workers who are claiming exemption from withholding tax under an 8233 tax treaty benefit must complete a new set of NRA W-4 forms each year, one for federal withholding

and one for Minnesota withholding. Contact Ann in Tax for more information on nonresident alien taxation.

Student employees who wish to claim exemption from federal income tax withholding and those that wish to change their withholding for 2024 **must** submit a 2024 federal W-4. The IRS will post the 2024 W-4 at <http://www.irs.gov/pub/irs-pdf/fw4.pdf>.

Student employees claiming exemption from Federal withholding who wish to be exempt from Minnesota withholding must submit a 2024 form W-4MN, which can be downloaded at: <https://www.revenue.state.mn.us/form-w-4mn>

Processing the W-4 Forms

The IRS previously made significant changes to the W-4 Employee's Withholding Certificate to align with the 2017 tax reform law. Tax created a PowerPoint presentation about the new W-4 form & the changes made to the ISRS Student Employee Setup screen (PR0021UG) to accommodate the new form. To view the PowerPoint, please go to the Tax Training page on our website at: <https://www.minnstate.edu/system/finance/taxinformation/training/index.html>

For information on when the W-4MN must be sent to MN Revenue, please visit Minnesota Revenue's W-4MN webpage at: <https://www.revenue.state.mn.us/form-w-4mn> or our Tax website at: https://www.minnstate.edu/system/finance/taxinformation/studentpayroll/minnesota_w-4mn.html

Future W-4 records may be added for employees on the student employee set up screen, PR0021UG. **Note:** If an employee has no current W-4 on file, enter the default withholding rates – for federal that is filing status Single and for MN state withholding, Single with 0 withholding allowances.

Special Instructions for Form W-4 - Statutory Withholding for Nonresident Aliens

Student employees who are nonresident aliens for tax purposes must complete a federal W-4 and the W-4MN.

MN withholding – W-4MN: Must be completed as Single regardless of actual marital status. NRA's are restricted on what allowances may be claimed. See W-4MN instructions for details. The employee must enter their withholding allowances on Line 1 near the bottom of the form in order for the form to be valid.

Federal withholding: IRS W-4 must be completed using the statutory withholding rules as follows:

1. May not claim "Exempt" from withholding
2. Check only "Single" filing status in Step 1(c) regardless of actual marital status.
3. Write "nonresident alien" or "NRA" in Step 4 under line 4(c), except if a student from India

For a complete explanation of the nonresident alien IRS form W-4 rules, including exceptions, please see [IRS Notice 1392](#).

NRA W-4 Notes:

- * If the nonresident alien student employee is **not** claiming 2024 8233 tax treaty benefits and already has a set of NRA W-4 forms on file, they do *not* need to complete a new set of statutory W-4 forms.
- * Nonresident alien student employees who are claiming 2024 8233 tax treaty benefits **must** complete a set of 2024 NRA W-4 forms.

* Nonresident alien student employees who will become resident aliens for tax purposes in 2024, may complete their 2024 W-4 forms as would a U.S. student employee. If they do not complete new W-4's, continue using the NRA W-4's that are on file.

Form 8233 - Federal Withholding Exemption

Audit Process (PR0121UG), 8233 Verification:

ISRS Student Payroll audit process checks for nonresident aliens who have a current 8233 Form on file but do not have an 8233 Form on file for the next calendar year. An informational message will be given.

Nonresident alien student employees wishing to claim tax treaty benefits for 2024 must fill out a new 8233 and the tax treaty statement attachment to be filed with the IRS after 12/15/2023 but before the first pay of 2024 (Pay Day 1/12/2024). You can find the most recent version of form 8233 on the IRS website at: <https://www.irs.gov/forms-pubs/form-8233-exemption-from-withholding-on-compensation-for-independent-and-certain-dependent-personal-services-of-a-nonresident-alien-individual>

The 8233 Student Statement attachment templates can be found on our Tax web site at: http://www.minnstate.edu/system/finance/taxinformation/nonresident/nra_studentemployees/handbook_att8233.html

For Canadian students claiming treaty benefits: do not check box 10 on page one of the 8233. Canadian students do not complete an 8233 statement attachment.

Copies of the 8233 form and statement attachment must be sent to the IRS, to the student, and to Tax Services. Please send the copy to Tax in PDF format via MoveItSecurely. Keep the original 8233 for your files.

8233 IRS Mailing Address:

Department of Treasury
Internal Revenue Service
Philadelphia, PA 19255-0725

Those students claiming treaty benefits for 2024 should also fill out a set of 2024 W-4 forms following the nonresident alien W-4 rules (see Special Instructions for Form W-4 above or on our website at https://www.minnstate.edu/system/finance/taxinformation/nonresident/nra_facultyandstaff/statutory.html)

Form 8233 Errors

The IRS has become increasingly particular about how form 8233 is completed. Reading the document "Top Six 8233 Errors" on the [Tax Services 8233 web page](#) will help you avoid some common errors that can result in the IRS returning the form 8233 and rejecting your employee's treaty benefit claim.

For detailed instructions on filling out Form 8233, go to the IRS web site at: <https://www.irs.gov/forms-pubs/form-8233-exemption-from-withholding-on-compensation-for-independent-and-certain-dependent-personal-services-of-a-nonresident-alien-individual>

If you would like Tax Services to review an 8233 before sending it to the IRS, please scan and email to Ann Page using our secure file sharing software MoveltSecurely.

Tax requests that you send all sensitive information via MoveltSecurely.

Accessing your MoveltSecurely account is easy - just sign in with your Star Id and password at: <https://securefileshare.minnstate.edu> and install the Upload/Download wizard.

For MoveltSecurely access and support issues, please contact the HelpDesk at <https://servicedesk.minnstate.edu>.

FICA Taxation and Enrollment

Audit Process (PR0121UG), FICA/Medicare Requirements: This ISRS Student Payroll audit process determines the employee's Social Security/Medicare (FICA) tax status on the *Student Employee Setup* screen (PR0021UG). An employee is FICA tax exempt if he/she meets the minimum requirements for registered credits defined on the *FICA and Medicare Tax Schedule Screen* (PR0013UG).

Note: A student employee who is a nonresident alien for tax purposes will be exempt from FICA taxation until they reach their tax residency year.

Reminder: Run the FICA/Medicare audit before processing the first pay of Spring term so that you capture the latest enrollment data for your student employees.

GO ELECTRONIC!

Students may sign up to receive their student employee W-2 Wage and Tax Statements electronically rather than by U.S. mail. Tax encourages campuses to reach out to student employees in whatever methods are available to encourage the student employees to consent to electronic delivery. To sign up, the student simply accesses their Student e-Services account and clicks on the Action Item announcing electronic tax forms or goes to the My Profile link in the upper right hand corner of their dashboard page and clicks on the link to their Opt In/Opt Out agreements.

Students that signed up for electronic delivery during a previous tax year will automatically receive their 2023 W-2 electronically.

The electronic forms will be posted in January prior to printing the paper W-2 forms.

Please encourage your student workers that request reprints of their W-2 forms to sign up for electronic tax forms.

Please contact Ann Page in Tax Services if you have questions – ann.page@minnstate.edu

Thank you all for your time & help!