

# *OSC HR-Payroll and Tax Compliance Training*

## FORM I-9 TO PAYROLL PROCESSING

JUNE 30, 2021

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## PRESENTERS

- NC Office of the State Controller
  - **Theresa Jefferies**, BEST Shared Services
  - **Jennifer Pacheco**, Statewide Tax Compliance Program

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**  
Department of Homeland Security  
U.S. Citizenship and Immigration Services

USCIS  
Form I-9  
OMB No. 1615-0047  
Expires 10/31/2022

► **START HERE:** Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

**ANTI-DISCRIMINATION NOTICE:** It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

**Section 1. Employee Information and Attestation** (Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)

Last Name (Family Name)	First Name (Given Name)	Middle Initial	Other Last Names Used (if any)
Address (Street Number and Name)		Apt. Number	City or Town
		State	ZIP Code
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number	Employee's E-mail Address	Employee's Telephone Number



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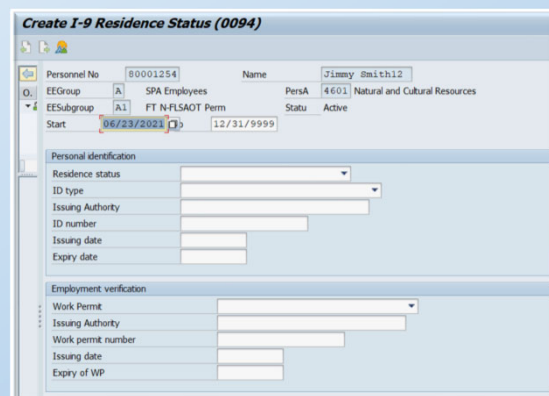


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# HR/PAYROLL SYSTEM INFOTYPE 0094

## 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



**Create I-9 Residence Status (0094)**

Personnel No: 80001254 Name: Jimmy Smith12

EEGroup: A SPA Employees PersA: 4601 Natural and Cultural Resources

EESubgroup: A1 FT N-FLSAOT Perm Status: Active

Start: 06/23/2021 End: 12/31/9999

**Personal identification**

Residence status: [dropdown]

ID type: [dropdown]

Issuing Authority: [text field]

ID number: [text field]

Issuing date: [text field]

Expiry date: [text field]

**Employment verification**

Work Permit: [dropdown]

Issuing Authority: [text field]

Work permit number: [text field]

Issuing date: [text field]

Expiry of WP: [text field]

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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

<input type="checkbox"/>	1. A citizen of the United States
<input type="checkbox"/>	2. A noncitizen national of the United States (See instructions)
<input type="checkbox"/>	3. A lawful permanent resident (Alien Registration Number/USCIS Number): _____
<input type="checkbox"/>	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)

**Display I-9 Residence Status (0094)**

Personnel No: 90001254 Name: Jimmy Smith12  
 EGroup: A SPA Employees PersA: 4601 Natural and Cultural Re  
 ESubgroup: A1 FT N-FLSAOT Perm Status: Active  
 Start: 06/01/2021 to 12/31/9999 Changed on: 06/23/2021

**Personal identification**

Residence status: CITIZEN  
 ID type: U.S. Drivers License w/photo  
 Issuing Authority: North Carolina DMV  
 ID number: 1234567  
 Issuing date: 05/01/2020  
 Expiry date: 06/26/2027

Document from  
List A or B

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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.

Employment verification	
Work Permit	U.S. Social Security Card
Issuing Authority	United States
Work permit number	123-45-6789
Issuing date	
Expiry of WP	

Document from  
List C

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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.

Infotype Edit Goto Extras System Help

**Create Residence Status (0048)**

Personnel No 10000181 Johnny Q Test

EESubgroup B2 FT 5-FLSAOT Prob PersA 1301 Administration

Status Active

Start 06/21/2021 to 12/31/9999

**Visa Information**

Record Type 0001 Visa Information (U.S.)

Visa type

Visa subtype

Date of issue

Expiration Date

Issuing auth.

Passport number

Permission number

**Resident Status Override**

No Override  Immigrant  Non-Resident

**Substantial Presence Test Date**

SPT Date

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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

Effective Date Note: Effective date should match your hiring action if creating as part of an actions otherwise use current date.

- 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](mailto: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](mailto: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]
  - 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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## RECAP: TRANSLATING I-9 TO SAP?

### USCIS Form I-9

1. A citizen of the United States

2. A noncitizen national of the United States (See instructions)

3. A lawful permanent resident (Alien Registration Number/USCIS Number): \_\_\_\_\_

4. An alien authorized to work (expiration date, if applicable, mm/dd/yyyy): \_\_\_\_\_  
Some aliens may write "N/A" in the expiration date field. (See instructions)

*Aliens authorized to work must provide only one of the following document numbers to complete Form I-9: An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number.*

1. Alien Registration Number/USCIS Number: \_\_\_\_\_  
OR

2. Form I-94 Admission Number: \_\_\_\_\_  
OR

3. Foreign Passport Number: \_\_\_\_\_  
Country of Issuance: \_\_\_\_\_

### SAP IT0094 Residence Status

Personal identification

Residence status: \_\_\_\_\_

ID type: CITIZEN  
NON-RESIDENT ALIEN  
RESIDENT ALIEN

ID number: \_\_\_\_\_

Issuing date: \_\_\_\_\_

Expiry date: \_\_\_\_\_

Employment verification

Work Permit: \_\_\_\_\_

Issuing Authority: \_\_\_\_\_

Work permit number: \_\_\_\_\_

Issuing date: \_\_\_\_\_

Expiry of WP: \_\_\_\_\_

- I-9 (1.) US Citizen = SAP Citizen
- I-9 (2.) Noncitizen National = SAP Resident Alien
- I-9 (3.) Lawful Permanent Resident = SAP Resident Alien
- I-9 (4.) Alien Authorized to Work = SAP Non-Resident Alien

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## HR-PAYROLL ACTION REPORT

Personnel number	First Name	Last Name	Employer	Personnel Area	Residence status	Status	EXP Date	Date Sent	Request
			Active	Agriculture Consumer Services	R	I-2	5/31/2021		Previously provided work authorization has expired. Please fax updated I-9 and supporting documents.
			Active	Commerce	R			11/26/19, 2/6/20, 8/26/20, 4/16/21	Please fax the I-9 and supporting documents.
			Active	Commerce				11/26/19, 2/6/20, 8/26/20, 4/16/21	Please update the Residence Status in the IT0094 screen. Currently the residence status is BLANK.
			Active	Environmental Quality	A	F-1 OPT	5/11/2022	2/6/20, 8/26/20, 4/15/21	Need foreign national data gathering form, I-20, I-94.
			Active	OSHR Temporary Solutions	R				Please fax I-9 and supporting documentation.
			Active	Public Safety	R	PR		8/14/2020, 4/19/21	Please fax the I-9 and supporting documents.

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## TAX ASSESSMENTS

- Many of you have asked - WHY is it so important for a foreign national to provide additional documents other than the I-9 documents
  - Foreign nationals have a special set of work restrictions and tax guidelines they must follow.
  - Ensure appropriate documents are received
  - Provide necessary communication to foreign nationals
  - COMPLIANCE ISSUES:
    - ❖ Each agency is at risk of very large penalties and fines
    - ❖ Potentially jeopardizes the foreign national's visa status
    - ❖ Potentially jeopardizes agency federal funding
    - ❖ I-9 Violations - \$\$\$\$ per error

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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 2<sup>nd</sup> 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

**OSC 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
- Create the 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"> <li>Tax on <b>Worldwide Income</b> <ul style="list-style-type: none"> <li>Entities org. under U.S. laws</li> </ul> </li> <li>W-4/W-2                             <ul style="list-style-type: none"> <li>Standard Wage Withholding</li> </ul> </li> <li>W-9/1099                             <ul style="list-style-type: none"> <li>28% backup withholding</li> <li>\$600 threshold for most reporting</li> </ul> </li> <li>No treaty benefits (some exceptions)</li> <li>Filing deadlines                             <ul style="list-style-type: none"> <li>1/31</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Tax on <b>U.S. Source Income</b> <ul style="list-style-type: none"> <li>Not org. under U.S. laws</li> </ul> </li> <li>W-4/W-2                             <ul style="list-style-type: none"> <li>NRA Tax Rate</li> </ul> </li> <li>W-8s/8233/1042-S                             <ul style="list-style-type: none"> <li>30% withholding</li> <li>State Taxes (NC 4% &gt; \$1500)</li> <li>No minimum dollar threshold for payments</li> </ul> </li> <li>Treaty benefits or ECI to reduce U.S. tax/withholding, if qualify</li> <li>Filing deadlines                             <ul style="list-style-type: none"> <li>1042-S: 3/15-4/15 (W-2: 1/31)</li> <li>Paper vs. Electronic Filing</li> </ul> </li> </ul>

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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

Section 3. Reverification and Rehires (To be completed and signed by employer or authorized representative.)			
A. New Name (if applicable)			B. Date of Rehire (if applicable)
Last Name (Family Name)	First Name (Given Name)	Middle Initial	Date (mm/dd/yyyy)
C. If the employee's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below.			
Document Title	Document Number	Expiration Date (if any) (mm/dd/yyyy)	
I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.			
Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	Name of Employer or Authorized Representative	

Form I-9 10/21/2019

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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?



## COMMON ERRORS (CONT.)

**THIS NOTICE DOES NOT GRANT ANY IMMIGRATION STATUS OR BENEFIT.**

NOTICE TYPE Receipt	NOTICE DATE December 03, 2020
CASE TYPE I-765, Application for Employment Authorization	USCIS ALIEN NUMBER [REDACTED]
RECEIPT NUMBER [REDACTED]	RECEIVED DATE November 23, 2020
	PAGE 1 of 1
	DATE FOR AID TO [REDACTED]
PAYMENT INFORMATION:	
5 00001599	Application/Petition Fee: \$495.00
	Biometrics Fee: \$0.00
	Total Amount Received: \$495.00
	Total Balance Due: \$0.00

NAME AND MAILING ADDRESS  
Eligibility Category: C33

We have received your form and are currently processing the above case. If this notice contains a priority date, this priority does not reflect earlier retained priority dates. We will notify you separately about any other case you filed.

If we determine you must submit biometrics, we will mail you a biometrics appointment notice with the time and place of your appointment.

If you have questions or need to update your personal information listed above, please visit the USCIS Contact Center webpage at [uscis.gov/contactcenter](https://uscis.gov/contactcenter) to connect with a live USCIS representative in English or Spanish.

This notice, by itself, does not grant any immigration status or benefit, nor is it evidence that this case is still pending. However, this Notice of Action automatically extends the validity of your Employment Authorization Document (EAD) for up to 180 days from the expiration date printed on the front of the card and can be used for employment eligibility verification (I-9 purposes) if:

- You have timely filed to renew your current Form I-766, Employment Authorization Document (EAD);
- Your EAD renewal is under a category that is eligible for an automatic 180-day extension (see [uscis.gov/i-765](https://uscis.gov/i-765) for a list of categories);
- The category on your current EAD matches the "Class Requested" listed on this notice (if you are a TPS beneficiary or applicant, your EAD and this notice must contain either the A12 or C19 category, but they do not need to match each other); and
- You do not receive your renewal EAD before your current EAD expires.

If we deny your renewal application, the automatic extension immediately ends and cannot be used for Form I-9 purposes. If your EAD is a combo card, the automatic extension does not apply to advance parole.

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





## 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
    - ❖ OSC will work to 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>

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## QUESTIONS?



- System Questions:
  - Send an email to [BEST@osc.nc.gov](mailto:BEST@osc.nc.gov)
- Tax/Immigration Questions:
  - Jennifer Pacheco  
[Jennifer.Pacheco@osc.nc.gov](mailto:Jennifer.Pacheco@osc.nc.gov)  
919-707-0764 – office  
919-875-3805 – Secure fax

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THANK YOU!

