Do You Employ Non-Resident Aliens & Use Our Payroll Module?

Then Read On!

Otherwise, This Does NOT Apply To You.

Beginning in 2010, the Federal government has added an additional Federal Withholding calculation for any employees that are non-resident aliens. (Such employees must state that on their W-4's.) There are two changes to the calculations for such employees: (1) the gross wages used to calculate the regular FWT amount is artificially increased by $2,050 and (2) that increased wage base is used by another calculation to withhold additional amounts on wages up to $87,700.

The first concern is addressed by creating new FWT tables for non-resident aliens that are the same as the regular tables but have the $2,050 on the first screen in the Gross Wages ADD Amount field **BUT AS A NEGATIVE**.

The second concern is addressed by the new table added to the ADPRTXTB.DAT file.

To implement these changes:

1. Transfer **all** new tables as you normally would. Go to http://www.rtsco.com/howto.htm#XfrTaxTables for a discussion of how to transfer the new Federal tables.

2. Transfer copies of the new FWT tables again to new table numbers. You will change these tables to become the special tables used for calculating regular FWT for your non-resident alien employees. Note the table numbers you create below; you'll need them in later steps.

          Married Table #   Single Table #

3. Transfer the new *FWT NonResdentAlien* table (#8) to a new table.

          New Table #

4. Go to program 2 and view the table created and recorded in step 3. Take note of the **-**$2,050 on the first screen in the Gross Wages ADD Amount column. That's what you'll be adding to the two tables recorded in step 2.

5. TAB out of the View mode and select Edit. Retrieve the Married Table recorded in step 2. Enter the **negative** 2,050 in the Gross Wages ADD Amount field. Skip through the remainder of the table and save your edit. Now bring up the Single Table from step 2 and repeat this process.

BE SURE TO ENTER THIS AS A NEGATIVE AMOUNT

6. If you update General Ledger from Payroll, figure out the chart of accounts to affect with FWT before beginning this step. Go to program 3 and add two new deductions for the special FWT for non-resident aliens, referencing the tables from step 2. Then add a new deduction for the additional FWT, referencing the table from step 3. Be sure to enter a Federal Reference of 1 on these three deductions so the system will recognize them as FWT.

7. Add these new deductions to employees as needed. You'll probably need to remove the old FWT deductions from those employees first, but be careful: if there are totals in those deductions, only remove the record that autoposts; you'll need to retain the totals so that proper reporting will occur.