Retirement - Deferred Compensation – Overpayment in Tax Year

Purpose	Use this procedure to correct the employee's record when they have overpaid the annual amount allowable into Deferred Compensation in a tax year.
Trigger	Perform this procedure when an employee has overpaid the annual amount allowable into Deferred Compensation on the last pay period of the calendar year.

Prerequisites

- Employee qualifies for the plan enrollment.
- Notification from the DRS that the employee has overpaid into Deferred Compensation.
- The correction in HRMS cannot be completed in the calendar year of the overpayment

Process   Entries will need to be made in HRMS and the Tax Reporter.

HRMS Entries:
- **Agency** will refund overpayment amount to the employee in HRMS using a post-tax wage type 3100 Agency Reimbursement on the next available payroll in the subsequent year. This creates a debit in the agency's Payroll Revolving Account (035) GL 5199, clearing out the entry made by the journal voucher.

Tax Reporter Entries:
- **Agency** will make an adjustment to increase the employee's earnings subject to Federal Income Tax in the Tax Reporter using Tax Group 0001 (Box 1), and to reduce the 457(b) Deferred Compensation with Tax Group W23G (Box 12).

- **DRS** will send a journal voucher (JV) to the agency:
  - Agency 1240, TC 965 (Variable GL/7140), Account 722 DR Amount of overpayment, choose the correct Subsidiary GL
  - Enter receiving agency number, NO transaction code, Account 035, credit the amount of overpayment

- **Agency** receives JV, records with TC 966 (7140/Variable GL) in Variable General Ledger 5199

This process will ensure that no further tax adjustment will need to be made in the subsequent year; DRS will not refund overpayment amounts directly to employees; and all payroll deduction/correction information exists in the payroll system.

Change History	
Date	**Change Description**
6/22/2011	New procedure created

Menu Path   Human Resources → Personnel Management → Administration → HR Master Data → Maintain

Transaction Code   **PA30**

Helpful Hints	• n/a

The system may display three types of messages at various points in the process. The messages you see may differ from those shown on screen shots in this procedure. The types of messages and responses are shown below:

Message Type	Description
Error	**Example**: Make an entry in all required fields. **Action**: Fix the problem(s) and then click (Enter) to validate and proceed.
Warning	**Example**: Record valid from xx/xx/xxxx to 12/31/9999 delimited at end. **Action**: If an action is required, perform the action. Otherwise, click (Enter) to validate and proceed.
Confirmation or	**Example**: Save your entries. **Action**: Perform the required action to proceed.

Procedure

1. Start the transaction to create the refund to the employee using the above menu path or transaction code **PA30**.
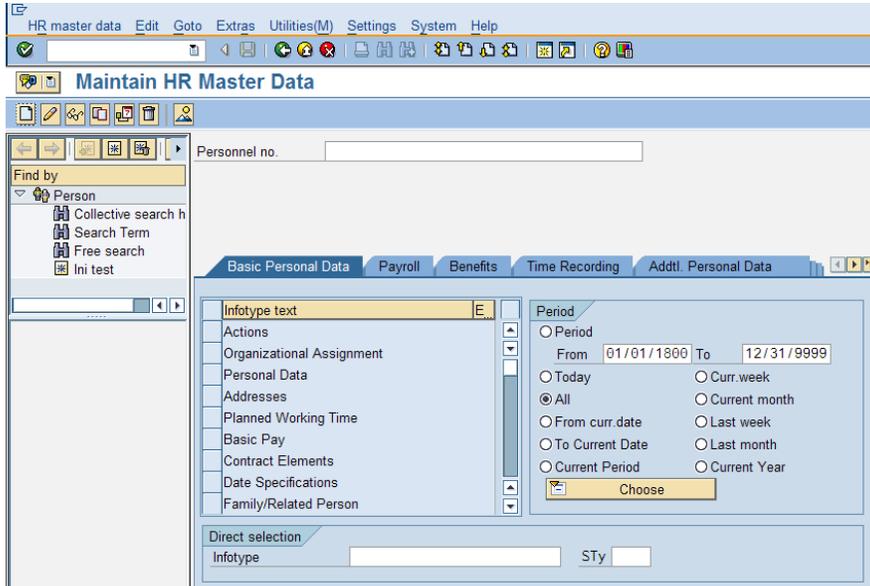
2. Complete the following fields:

R=Required Entry O=Optional Entry C=Conditional Entry		
Field Name	R/O/C	Description
Personnel no.	R	The employee's unique identifying number. **Example**: 40000344

3. Click (Enter) to validate the information.
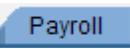
4. Click the ![Payroll] **Payroll** tab to select.

5. Click the box to the left of ![Additional Payments] **Additional Payments** to select.
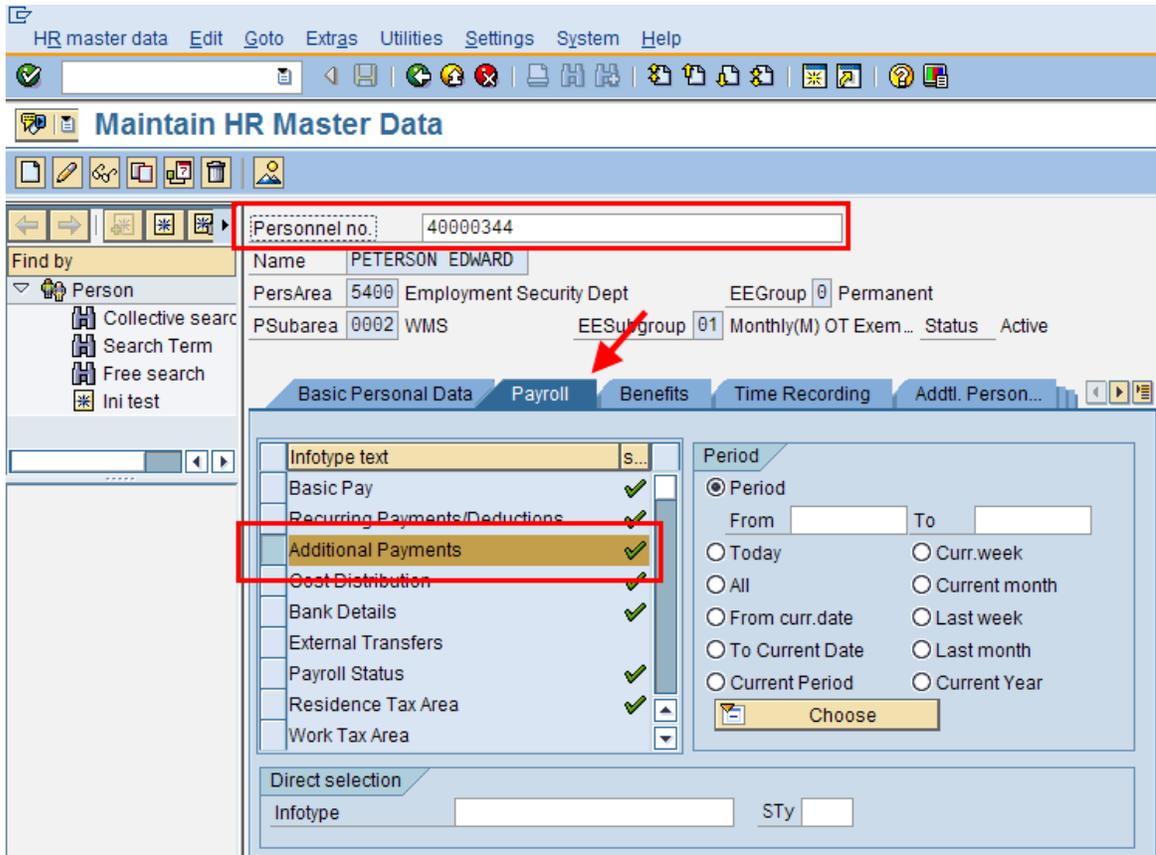
6. Click [ ] (Create) to create a new record.

7. Complete the following fields:

R=Required Entry O=Optional Entry C=Conditional Entry		
Field Name	R/O/C	Description
Wage Type	R	This is an object in Payroll and Personnel Administration which stores amounts or time units that are used to calculate pay and deductions, store results, and determine statistics. It separates amounts and time units for various business processes. It enables the system to process amounts and time units in different ways during the payroll run. **Example:** 3100 (Agency Reimbursement)
Amount	R	It is the total dollar value of a wage type. **Example:** -50.00

Date of origin	R	This is a field on Additional Payments infotype used to record the date on which the payment or deduction is effective. The payment or deduction will be processed in the pay period during which the date of origin falls.
		Example: 1/15/2011

8. Click ✅ (Enter) to validate the information.

9. Click 💾 (Save) to save.

10. Run a Payroll Simulation to verify the refunded amount. See the OLQR Payroll Simulation procedure for instructions.

11. You have completed this transaction.

Results
You have refunded the Deferred Compensation overpayment to the employee and adjusted the taxable earnings and Tax Reporter.

Comments
None.