

Out of State Payroll Taxes Workshop-20240911_165141-Meeting Recording

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 **Stein, Jill (OFM Contractor)** 0:06

Good morning.

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Over to you, Erica.

 **Munro, Erica (OFM)** 0:32

Good morning.

Good morning, everyone and welcome.

Thank you for joining us today.

If you are here to learn about the new automated functionality for processing at a state employees and HRMS, then you are in the right place and we are so excited to share this training with you.

We hope this training answers most all of your questions.

However, if it doesn't, please add your questions to the chat and we will either respond as we're able during the presentation or we can follow up with answers afterwards if needed.

Umm, so you can see on our agenda we have a lot of information to cover.

We're going to share an overview of the project to a high level comparison of manual versus automated text processing and review a few data definitions.

Then we're going to dive deep into each tax info type, how they work, and cover some tips for setting up your employees.

We'll briefly cover separations and transfers and then share.

Some helpful information for paying and reporting taxes, including some detail on several new and recently updated reports.

We will walk through two different scenarios for setting up employees and what the setup and reporting might look like, and then we'll discuss next steps for moving

your employees from manual to automated text processing.

And we're going to share resources throughout the slides, but we'll conclude with highlighting the most important ones for you at the end.

And so before we really get started, I'd like to just take a minute and introduce our presenters.

So again, hello, my name is Erica Monroe.

I use she her pronouns and I am an enterprise EHR system specialist with OFM state human resources.

I've been a core project team member since the beginning of this at a state payroll tax project, and with that I will hand it over to Phil.



Taylor, Phil (OFM Contractor) 2:37

Hello I'm Phil Taylor and I am the HRMS functional and developer specialist.

This project required a lot of programming changes as well as well as configuration of the system.

So that was my role.



Smith, Elizabeth (OFM) 2:54

Morning, everybody.

My name's Elizabeth Smith.

I'm the statewide payroll manager here at OFM statewide accounting office.

Uh.

I also was a core Member of this team from the very beginning and it's definitely been a long haul.

So we are very excited to be at this point and presenting with you today.

So with that, I'm going to turn off my camera and we will go ahead and get started.

OK, so with this project we had three main goals for the for the out of state project.

The first one was to provide resources like the Thomson Reuters checkpoint subscription for agencies to access, so they would be consistent application of other state laws and regulations.

The second goal was to create the ability for agencies to track and report where their employees are working.

And last but not least was to configure the payroll taxes in HRMS for Oregon and Idaho, since that is, we're about 85% of our out of state employees are working.

This is according to the number of employees that have other state withholding

wage types in HRMS.

As we have shared in the past, the project scope included enhancing the functionality of HMS to allow for a more automated process of payroll taxes for Oregon and Idaho, and the items that were out of scope were your own agencies, policies and processes for out-of-state telework, other states, laws, rules, policies, or processes, identifying tax liability or responsibility, and the higher education institutions and other state agencies that don't use harms.

There was a lot of work involved with the project and some of the highlights were we added 14 new tax types, twelve of which are for Oregon and two for Idaho.



Taylor, Phil (OFM Contractor) 4:48

With.



Smith, Elizabeth (OFM) 4:58

New tax info types and updates or changes to existing tax info types, new and revised reports.

HMS has been configured assuming that all Washington state agency employers will be reimbursing employers for Oregon and Idaho's unemployment insurance, meaning no taxes will be collected but wages will be accumulated for reporting and HRMS is configured assuming workers compensation is covered in the same state as unemployment insurance.

If workers comp is covered in a different state, then manual processing may be required.

Again, the changes made to HRMS include configuring UHRS to systematically process organ and Idaho and all other states.

Taxes will continue to be a manual process for agencies.

To show the visual of that manual process in simplistic terms, the agency ensures the employees address records are accurate.

The agency identifies all of the out of state taxes that may apply to the employee.

The agency manually calculates the withholding amounts the agency enters the out of state withholding tax using the other states wage type, and the agency sends the payments, AKA warrants, to the other state entity and completes the other states reporting forms.

And in order for those taxes to be included on the employees W2, the agency then has to send in an email to the OFM helpdesk letting them know your agency's

employer ID for that state.

And then process the year to date adjustments in P19.

Like we've stated before, H Arms will only be configured to systematically process the federal taxes as well as the state taxes for Oregon and Idaho.

Agencies are still responsible for determining which taxes apply to their employees and ensuring that they are setting them up correctly.

Here is what the A what that looks like, which still has some similarities to the manual tax processing.

The agency will still ensure that the employees address records are accurate, and the agency will still identify all of the out of state taxes that may apply to the employee.

The agency will then use the new info types to properly calculate and collect the appropriate taxes for Oregon, Idaho and Washington.

The agency will still need to complete the proper reporting forms for Oregon and Idaho, and at this time Oregons combine payroll taxes will process electronically, but the local Oregon taxes and Idaho taxes will process as a warrant return back to the agency for them to mail off.

I'll talk more about this a little later in the workshop, and now I'm going to hand it over to Erica.



Munro, Erica (OFM) 7:53

Thank you, Elizabeth.

So here are a few terms that we need to be familiar with in HRMS.

Some of these might be new to you, while others you may already know.

But let's go review the newly published official definition, starting with employer identification number.

So this is a unique number assigned to an employer by a tax entity upon registering as an employer in that jurisdiction.

If you don't already have EIN for applicable Oregon and Idaho, state and local tax entities, then you'll want to work directly with each entity to obtain an employer ID number.

Tax company is a legal entity for tax reporting purposes.

An agency can have one or more tax companies, and this is a term that you're hopefully already familiar with as some of our existing transactions in HRMS use tax company instead of business area or personnel area particular areas as it relates to tax transactions.

So tax companies can be assigned EINs, and doing so is necessary prior to beginning the system automated tax collection.

And we're gonna talk more about setting up your tax company later.

EIN are also needed when manually collecting out of state taxes and the agency would like to have the state's tax information listed on the employees form W2, which many of you likely have in place already.

So tax area?

Umm is a set of tax authorities that levy taxes upon an employee and or employer. The tax area selected for an employee identifies the tax authorities and subsequent tax types that apply to the employee based on where they live and work.

So a little bit of a hierarchical relationship there with tax area, tax authority and tax types.

A tax area might consist of a combination of federal, state or local tax authorities. So you'll see just one example we listed here, where Portland TriMet is a work tax area that, when selected, will bring in both Portland, TriMet and Oregon tax authorities.

So let's talk about tax authority.

Tax authority is a government agency authorized to levy taxes upon employees and or employers.

Tax authority is linked to T each tax type in HRMS and a tax type may have one or more tax authorities.

So again, another example here.

You're already used to seeing the withholding text with a federal tax authority, but going forward, withholding tax could now have Federal Idaho and Oregon tax authorities, so viewing the tax authority will be important to distinguish between the three different withholding taxes.

And then a tax type identifies the type of tax levied upon an employee or employer by a tax authority.

Each tax type generates tax wage types used for tax collection and wage accumulation, tax types and tax wage types should not be new to you.

As Elizabeth said earlier, we added 14 new text types as part of this project and we have the details of those defined within the HRMS data definitions resource guide. So you'll want to go back and read through those and see what what each of those are and their official definition.

Tax types are turned on based on the tax area and tax authority selections that you

enter on various tax info types in HRMS, which we're gonna cover in more detail here in a minute.

And then address type so address type field identifies the type of address entered for employee.

HRMS is configured with these three different address types, but for the purposes of out of state taxes, I just wanted to talk more in detail about permanent residents and the out of state work location addresses, so permanent residence address record should reflect the physical address of the employees permanent residence and we go to the next slide.

Please the permanent residence address is used when creating a residence tax area infotype record and can be used in the new at a state tax Authority locator report, both of which you're going to hear more about later.

This address type only supports A2 digit county code.

So if the employee lives out of state like say they live in Oregon, then you use the 40 out of state code as the county code for permanent residence and next slide as you likely know, employees can update their permanent residence address record in my portal.

However, I would recommend that your agency require employees to notify HR and payroll of any address changes that affect their tax liability.

Umm.

But just to be safe, also consider developing a process to monitor for address changes made by employees in my portal, such as using the log changes in Infotype data report.

And add a state work location.

This is a new address type that we added a little over a year ago towards the beginning of this project.

All employees who have been approved to work at a state should have an at a state work location address record and then ensure that you have a process in place to maintain this address record as an employees work or telework location changes.

Next slide the out of state work location record should reflect the physical address where the employee is working.

If they are working at their permanent residence, then that address should be entered under both the permanent residence and the out of state.

We're location address types.

This address record is used when creating a work text area info type record and

again can be used in the new out of state tax locator tax authority locate a report or to come and then one more thing the work the out-of-state work location tax address type is the only one that requires A3 digit county code and this 3 digit county code is primarily needed for that tax lookup feature in HRMS.

Umm for the various local transit districts in Oregon.

And with that, I want to hand it over to Phil to start our deep dive on tax info types.



Taylor, Phil (OFM Contractor) 14:51

Thanks, Erica.

Yeah, I'm gonna give Erica a bit of a break and do a few of these tax input types and then it'll be back to her.

So I'm going to talk about you're familiar with most of these, although some don't really appear as often as others, but the residents, tax areas where you live the work tax areas where you work, the unemployment state is where you're localized to, and it covers unemployment and other taxes like that.

And then we'll talk about the withholding info of 2010, which is like your you 4, which right now most people have a Fed W4, but we're going to show that you can have additional ones.

And then the additional withholding 234 and the other taxes 235.

So we're going to talk about all of these.

So next, so the ones that turn on taxes are the residence tax area where you live, the works tax area where you work and the unemployment state.

So all of these work together in combining various combinations depending on the scenarios that you have for your employees to turn on certain taxes and turn off other taxes.

OK, so this slide is quite detailed and I won't go into too much detail here, but it's sort of shows the tax authorities and the the appropriate taxes that go along with it. So on the left you have the federal income tax, Medicare and Social Security that's based on your residence 207 and then your Idaho income is also based on residents but can also be based on work.

So both of those come into play for the state taxes that we're dealing with.

In other words, if you reside there, all your income gets taxed, but if you work there on a either a full time or part time basis, it's still subject to these income taxes in Idaho and Oregon.

Then we have the Idaho unemployment insurance.

That's gonna be on your 209 unemployment state and that one is more for reporting some of it for Idaho Oregon income tax and along with Oregon income tax, we have the statewide transit tax that goes together.

They sort of go together as a pair, although we've noticed some agencies are exempting some people from the statewide, but normally they go together and they apply to both residents and where you work.

And then the Oregon paid leave.

If you're localized to Oregon, meaning you're not paying all the Washington based taxes, you may be paying an organ, paid leave, unemployment and workers comp.

Then we have the local transit taxes and these are based on the particular city or county that you live in and these are employer paid and there's a handful and we'll talk a bit more about them later.

And then of course, the usual Washington set of taxes, which I think there's one about 8:00 or 8:00 or so.

I didn't count, but about 8:00 or so different types of Washington, I'm taxes.

Next slide.

OK, let's talk about the residence tax area.

It's normally during a new hire action, it defaults to Washington and you definitely need an active record for payroll to process.

Umm, but if you're gonna create a record sort of go create a 207, it will look at your permanent address and it will suggest a particular tax area.

And so now if your address is, uh, if your address is Oregon or Idaho, it will suggest Oregon and Idaho for the tax area.

And then you have ability to override it anytime.

You need to make sure that your employees tax company is configured as an EIN configured with an EIN or BIN or employer.

Yeah, employer uh identification number.

And for those of you that are in agencies that have many tax companies with the same business information number or EIN especially like currently you have that for Fed, you have to make sure that every single tax company is configured not just one. So we've noticed that people using the manual process have configured just their main reporting tax company.

That's not gonna work.

And you're gonna have to request that we configure all of them, and that's certainly like DOC, DSHS agencies like that need to be.

You need to know about that.

And then the effective date on this infotype is when paid and we're recommending using the check date, OK.

And remember that a tax area is different than a tax authority, even though they look the same.

So tax area or four residents is both fed and OR even though the tax authority is OR so it gets a little confusing though.

These are the residence tax areas, so they don't include the transit taxes other than of course the Oregon statewide transit tax, because those are only based on when you work and they do include fed because that's based on where you lived.

So the residents tax areas are Umm, Idaho, Oregon and Washington.

But they all include fed, OK.

Now we have the work tax area.

Now, unlike the residence tax area, the work tax area is based on when earned, so it should always be set up on the first day that you work in that particular work tax area.

So typically, hopefully you're going to use either the 1st or the 15th.

I'm.

We'll try and avoid as much as possible mid period moves, but that's still something that you could do.

But first and the 15th includes the whole period.

This there will be a suggestion that pops up so that if you have an Oregon out-of-state work location, it's gonna suggest Oregon.

If you have an Idaho, it's going to suggest Idaho.

And if you have anything other than that, it will suggest Washington.

Because we are not.

You're not gonna put the states other than Idaho, Oregon and Washington.

OK, now we don't have a lot of work tax area input types right now and the reason is it defaults to Washington.

So there's very few in the system, but whenever you get into a multi state scenario where the employee may work in Oregon or may work in Idaho, you must have that Washington or Oregon or Idaho work tax area.

If you don't have it, you're going to get incorrect tax types in your payroll results.

So as soon as the employee works one day in Oregon or one day in Idaho or full time, they need this work tax area created.

OK.

Where if you're just 100% Washington like 99% of the employees are, you don't need it.

OK.

And then the default is.

We're showing here an allocation of 100, so unlike the residents where you can only be in one residence tax area at a time in the work tax area, you could be 50% Oregon, 50% Washington and have two records, OK.

And the system's very finicky.

If you start playing with this because it's always going to complain that it should add up to 100 and you may have to delete one and add the other.

So yeah, you do get into issues here, so let's just go through this slide.

You can have more than one if you're working consistently like two weeks in Washington, two weeks in Oregon, you can set up a 5050 and then you set them up so that they exist at the same time with.

In this example, we're showing 6040 OK.

Umm, it must equal 100% combined?

Umm.

If it's just very irregular and we're gonna have another slide coming up.

But if it's very irregular, you can use cats to just pick those days that you're working in the other state and the other two predominant tax Arian source taxes just fields that were really just for Pennsylvania.

So just ignore them and.

Once again, the tax company must be configured for all the tax types.

Umm, with an EIN and one thing interesting and I don't know, we'll probably mention it a few times.

There is the Oregon that covers 2 transit types, but they're there's gonna be these local transit types.

Transit taxes that gonna require a separate E i.e.

IN that is different than Oregon.

So.

Umm, So what do we got here?

Yes, the cats were tax area override.

So what we've done is configured cats to add an extra column and you'll see it there.

In the screenshot Oro one.

So if you live, that's Portland.

So if you live in Portland and you're just going to work one day in Portland, but normally you're in Washington or work in that particular area, then you can come into cats.

Put a 12/22 and that's kind of an override for one day and what we found is that no matter how many hours you add in a given day, it's just a one day per day kind of thing.

So this would be 12345 days in Oro one OK.

And these are the work tax areas.

So you notice that the work tax areas are either just Idaho, Oregon, or the OR the work tax series of the transit tax, which is sort of a lower level, would always include the state.

So City of Cambio, our six includes Oregon.

Eugene or two includes Oregon, Idaho.

We don't have any locals, so it's just Idaho.

So the idea is very simple, where the state of Oregon is a little more complicated depending on where you live.

And we've looked at the population overall and there's a handful of people.

Umm.

In these various cities like Sandy Wilsonville and that kind of thing.

Next slide.

OK, so the unemployment state is really where you're localized, in other words, where you work predominantly, this is something that you as an agency will determine where you're localized.

So you know, an employee that lives in Oregon but everyday drives across the border to Washington is going to be localized in Washington, where an employee that lives and works remotely in Oregon all the time is probably going to be localized to Oregon.

And this brings up those either the Washington taxes or the Oregon PFML unemployment and workers comp.

OK, this again is a when earned infotype.

In other words, I'm hopefully you're gonna set it at the beginning of the period unless you have a mid period move, OK.

Next, and these are the taxes, they're not actually tax stories.

They're actual state, so this is actually the state of Idaho, the state of Oregon or the

state of Washington.

Unlike the tax area and then these are the taxes that come into play based on these.

So you can see all the Washington ones were familiar with, but some new ones for Oregon, the PFML, the workers comp and unemployment.

And once again for unemployment, it's just a reporting number.

It's not natural deduction.

The rest are deductions.

Oh, I see some questions here.

What about those working a percentage from Washington?

That's that's a good question.

There's so many scenarios that we've played with over the last year, so if you're.

You live in Washington.

You work in Washington, but you know, let's see every scenario is different, so.

Typically where you live is sort of if you're in Oregon, you have to pay 100% of your withholding.

But if if work taxes come into play like transit taxes in Oregon.

Then that's based on how much you work there.

Let's see.

So we can talk about I I see the questions here.

We can talk a bit bit later on that cause I think after we do scenarios maybe they'll have some questions.

There's so many different scenarios that we can deal with now.

We're gonna let Eric take over with the last three here.



Munro, Erica (OFM) 27:57

Thank you.

And I did put just a little response for demry, but we we can we can clarify more later if you still have questions, Henry.

OK, so I wanna talk about the other three tax info types that set amounts, overrides and exemptions.

So this is the withholding info W4W5 us the 210 info type, the additional withholding info us the 234 and the other taxes us the 235 info type.

So let's start with the 2:10.

So this info type is used to identify an employees withholding elections.

All employees must have a federal 210 record.

You will now also be able to create an Oregon or Idaho to 10 record for employees subject to Oregon or Idaho income taxes.

And I wanna stress it is strongly recommended that employees submit an Oregon or Idaho W4 form to ensure that their state withholding mounts are correct.

And then also just like you would enter a federal withholding exemption on this info type, this is also where you would enter a state withholding exemption if that's appropriate.

OK.

So additional withholding.

This info Type 234 is used to enter a federal Oregon or Idaho withholding override or to enter a Washington workers comp risk classification.

So having a federal 234 record is required for employees covered under Washington Workers compensation program.

So if you set the employees unemployment state, the 209 infotype to Washington, that's turning on their Washington workers comp and then you'll need to enter a valid risk classification in the employee override group field here to set their Washington workers comp premium rates.

So this is exactly the same as today for employees who are covered under Washington workers comp.

Then if the employee is covered under Oregon or Idaho's workers compensation program instead, then an act of 234 record is not needed at all unless the employee requires a Federal Oregon or Idaho withholding override amount, which in my experience isn't very common.

But if you need to make to make that entry, this is where you do it.

And other taxes, the 235 info type is used to exempt employees umm from certain state or federal taxes.

And so just like you can exempt an employee from federal or Washington taxes today using this infotype, you'll now be able to exempt employees from Oregon and Idaho, Texas here just by selecting the appropriate text authority and then entering the applicable exemption status is for for that employee.

And so certain individuals might be exempt from attacks.

Maybe they don't meet the definition of employee.

Maybe it's because of the nature of the work they do.

Maybe their work is not localized to that state and so you need to and exams something here and then if we go to the next slide, we can just we'll take a look at

umm, because you can see a good chunk of the tax types are exempted here with the one exception of those withholding taxes that are exempted on on 210.

So also keep in mind that some of the tax programs have multiple tax types.

So, for example, Washington paid family medical leave, has three text types, and if the employee is exempt from the Washington PFML program, you'd want to make sure and and set the correct exemption status on all three text types.

So these are kind of grouped by program to help identify which which tax types you might wanna take a look at for exemption.

And we've we've made it about halfway through our slides, maybe a little under, but we thought a break might be needed to just take a quick stretch, let some of that soak in if you wanna put any questions in the chat, refill your coffee and we'll see you in 5 minutes.

SE

Smith, Elizabeth (OFM) 34:25

Sorry everybody.

A.

You know when you're working from home and your kids are still here, so you got distracted.

OK, let's get going.

Umm, when you have an out of state employee that either separates or transfers out of your agency, the losing agency will need to delimit the out of state records and go back to the Washington tax areas and tax authorities.

The gaining agency should then create a new out of state tax records.

If that still applies for the employee.

Of course, if the gaining and losing agency have been able to talk to each other in advance and the employee is going to continue to live or work out of state, and the gaining agency is configured to process the organ and or Idaho taxes systematically, then it's not necessary for the losing agency to delimit the out of state tax records.

If an employee with the new out of state tax info types transfers to an agency that isn't configured to process Oregon or Idaho taxes, the employee will redline.

We'll talk a little bit about this later on.

When you have a mid period, transfer the out of state taxes will process like other items in HRMS where the costs for the entire pay period are rolled over to the gaining agency and the employee may also redline if the gaining agency is not set up for out of state tax processing.

This means that the losing agency should end all out of state taxes as of the last full pay period, or pay date with that agency.

And then manually key in the adjustments as needed.

OK.

I briefly talked earlier about paying out of state taxes, but I'll go into a little bit more detail regarding.

CM **Captioner Michelle (Guest)** 36:16

Claire Mac, I'm going to go into more detail.

SE **Smith, Elizabeth (OFM)** 36:19

Ohh shoot.

There was a echo or something.

OK.

I think we're good now.

When I talk a little bit more detail about those payments, so we've configured HMS to pay some of the Oregon taxes electronically via ACH payment each pay period.

This would be the organ combined payroll taxes, so that is Oregon State income tax, paid leave Oregon, their statewide transit tax as well as the Workers Benefit fund.

We're also paying the Portland TriMet transit tax and the Lane County Transit tax electronically.

But the local taxes we have configured for Oregon will produce a warrant that is returned back to the agency.

So that's the can be Sandy and South Metro transit taxes.

Also, the Idaho State income tax will produce the warrant returned back to the agency.

HMS will not automatically produce or send any of the filing reports or forms for Oregon or Idaho.

This will be the agency's responsibility to file the necessary reports or forms, just like today.

This includes any additional reporting requirements within Washington as well, like our Washington, L and I workers COMP program, special reporting requirements for out of state workers.

Be sure to refer to each entities reporting requirements on how to file the due dates and what information is needed.

Now this is.

This part's pretty cool.

Uh Internet is going to add the Oregon and Idaho withholding information to the employees W twos for their tax, for the taxes systematically collected through this new process.

But keep in mind that the Texas collected using the manual wage types entered on infotype 14 or 15 will still require a manual year data adjustment.

Next up, we'll take a look at some of the new reports and showcase some of the changes made to some of our current reports.

Umm.

And we won't read all of these right now.

We'll just go on into them.

OK.

Thank you.

Ohh, first up we have the out of state tax Authority locator report.

This is used to help identify the text area and tax authorities that might be applicable to the out of state worker based on where they are living and are working.

This will be used prior to setting the employee up with any of the new out of state taxes info types.

It will also check to see if their tax company is set up for this new automated process.

Be sure to look at the procedure on the support hub for more details and tips.

OK, we enhance the federal, state local EIN report.

You can use this to see what the federal, state and local employer ID number is for any of the tax companies.

It's.

And.

Oh, I'm so.

I saw a message about not seeing the presentation.

Uh, but I can see it.

Hopefully that's true for everybody.

OK.

Thanks, Tasha.

Umm, OK.

So we've also updated the preemptive basic data check report by adding the ability to see if the new info type 207208 and 209 are missing.

And we added a new red line to the pay seems to look for employees that have the new out of state tax info types in place.

But the tax company isn't configured yet for the new automated process.

You shouldn't be able to actually save a record of the tax company isn't configured, but you might see this if you have someone that transfers in with it already set up, but your agency isn't configured to use this new process.

And one more item we wanted to point out with the pay SIM has to do with how you'll be able to identify the actual tax authority.

As you can see in this example there are two lines for slash 401 withholding and just to the right of that you can see the A1 and A2 in order to know the difference between the withholding tax, 01 is versus the withholding tax.

02 You will have to open the tax table to view the legend for each paysen.

We have instructions here on how to see that text table, but you can see with the 01 is federal and 02 is Oregon.

So the slash 401 withholding 01 for \$843.85 is for federal withholding tax and the slash 401 withholding 02 for \$382.57 is for the Oregon withholding tax.

We updated the payroll journal, specifically the N 33 version.

This will show the employees out of state tax deductions.

This information will be listed just under the first line of the employees data.

The Tax Authority code is now included in several reports, like the 126 report, earnings statements and gap files.

For those of you that use a saved layout, you may wanna consider adding the new tax authority field and if you would like this info included on your Gap 7, you'll need to send in an email to the OFM help desk asking for the new file layout.

And we also created 2 new reports in HRMS to help agencies with reporting wages, hours and taxes associated with this new process, the Oregon filing report is the N 37, and the Idaho filing report is the N 38.

Currently they will allow you to report for each pay period, and we're still working on them to allow for quarterly reporting.

Something you may already be using the payroll reconciliation report for your 941 reconciliations, but you can also use this for the out of state tax reconciliations.

If you leave the report criteria wide open, you will return a lot of information, so you may want to consider limiting it to the payroll period.

Tax company tax authority and our wage type fields to return only the information needed.

The last item we wanted to show you is the earnings statements.

Since we know you may have to explain this to your employees at some point on the left we show an example of an earning statement where the manual tax processing took place and on the right we show an example of an earnings statement where the automated tax processing took place.

But you can still see the year to date info for what was previously processed using the manual method, and now I think I handed it over to Phil.



Taylor, Phil (OFM Contractor) 43:31

Thanks.

That's great.

So now what we're gonna do is we're we have two scenarios that we're gonna run through.

But given that, I think we have lots of time if there's questions at the end of these two scenarios with a different scenario, we can certainly, as a team address what you would need to do for that scenario.

So the two we're going to do is a very simple one of employee works remotely from home in Idaho.

And the second one is more complex.

Where an employee lives in Oregon but splits time working in both Washington and Oregon.

And then we can certainly talk about any other scenarios you might have.

So scenario one is the employee works remotely from home in Idaho.

So the employees are resin of Idaho, they work from home remotely because it's they're always in Idaho.

Their work is localized to Idaho.

They've submitted an Idaho form W4 to indicate their filing status and number of allowances, and the employee will be set up for automated tax processing beginning with the September 25th pay date.

OK, so dates are important when we're setting this up, of course.

So next slide.

So here are sort of the flow of what needs to be done.

So are the addresses correct in the address info type we need to find out what tax is applied to the employee, so we need to sort of have an understanding of what taxes are required.

Then we're going to maintain the tax info types and.

Manually pay and report OS taxes.

Yeah.

So if we're gonna manually pay and report taxes, if if they're sort of not Oregon and Idaho, I guess employees tax company is fully set up to allow for automated collection of out of state taxes.

Umm.

So this means that they need to put in the business information number or employee information number if we're Oregon or Idaho.

And this is Idaho.

So we need that we need to verify the employees permanent residence and out-of-state work location address and in this scenario that is Idaho and so we need to make sure they're both Idaho and Agency identifies the taxes and understanding Idaho.

It's really withholding and then reporting on unemployment.

So for a residence tax area, because the first check date they want is the 25th, we make the effective date the 25th.

Because this is a when paid info type and we're going to put the tax area of Idaho and then we've jumped here to work text.

So for residents, it is definitely Idaho, and with Idaho tax area you get fed in Idaho, so you get both a federal taxes and the Idaho just like if you're tax area was Washington, you get Washington and fed.

So next slide.

So now the work tax area, because they're working full time remotely, 100% in Idaho, we are going to set up our 208, which is now required in the past this was not required.

We're gonna set that up as of the first of the pay period because it's when worked, not when paid, and we're going to put a tax area of Idaho and that for Idaho.

Given that it's very simple, it's just Idaho.

OK.

And we're going to allocate 100% and we're going to ignore the next two fields.

Now we've determined this person's localized to Idaho because they're 100% working in Idaho as well as living there.

So they're unemployment.

State is going to be Idaho and this is also a when worked infotype.

So we're gonna do 901, and what you're gonna get here is you're gonna set this up with Idaho in Washington.

You'll notice that we're using counties for reporting in Washington, so there's many work sites that apply to your county.

But in Idaho and Oregon, we've just created a generic work site because we're not using that.

So we need to have something.

So you're going to see 01 for Idaho and Oregon, but Washington, you will continue to use the county because there's some reporting that's that uses that field.

OK.

Then there are two ten.

Well, they've submitted a W4 and so you can then move the data in that W4 to infotype 210 and this will affect the withholding taxes on Idaho.

So this is an important one.

Now, if you didn't do that, it defaults to.

It's sort of best guests on fed, but the Fed gets until you get into a little trouble with fed because Idaho is still using a number of allowances.

Where now the new Fed doesn't do that.

So definitely create this 210 for Idaho.

OK.

And the effect of data that would be the pay date.

OK next.

So in this scenario, we don't need the 234, we don't need the 2:35.

We don't need that.

You know that override group that Washington uses for.

Umm.

Workers comp the medical aid.

We don't need that because we're not paying that.

What happens is if you have Washington and you don't have that, you get a red line and payroll, but you won't have the Washington anymore when you set it up this way.

So you don't need that and then in this scenario, we're not doing any cats work tax area override.

So that's not needed in the scenario.

Next slide.

Now, once again, we're gonna run our payroll simulation.

And for those of you, that kind of shortcut it and hit the RT in the payroll simulation without opening up the export folder, you're not gonna see the tax table.

But if you open up that export folder at the end of your payroll SIM and then on input folder, you're going to see all the various tables within your payroll SIM and you're going to open up tax because as I think it was, Elizabeth explained tax I'm you need to know that tax to know which 401 is which, although if you only have two you can be certain that federal is a one, but sometimes you can have all three right.

You can have a 1/02/03.

You can have locals, so you need to.

You need to look at that tax and just get used to looking at it to know what 02 is because it is it.

Oregon, is it Idaho?

What is it?

Then of course, you you're gonna see the new 4 ** series of wage types come up.

Depending on what you have here, Idaho very simple.

It's just withholding, and you're gonna have a 710 that we use for reporting wages, subject unemployment.

OK, next.

And then for Idaho, we haven't automated the payment.

So with Oregon, we have.

But with Idaho, you're gonna receive a warrant, and you're gonna have to send that warrant in.

OK.

And then you're going to follow any reporting requirements.

Now we have developed two programs, one for Idaho, one for Oregon.

The Idaho is very simple, but if you run an 38 we from feedback we we heard that some agencies just send it in on some month.

So the umm 38 can do 2 periods worth of withholding deductions.

This report has both the employee detail and then the grand totals at the end when you're filling out your Idaho form for the month, you can get the two pay periods.

You can see all the employees that contributed to Idaho and you can see your total and fill out the appropriate tax form.

OK, alright.

Scenario two is a little a little more complex.

I see the question from Talitha yeah.

Yes.

Oh wait a SEC.

Yes, you still send the forms along with like the ACH will pay it, but you're gonna be sending these forms in.

But we can talk about that.

Maybe we'll open up for questions after this.

So this one is more complex, but it's very typical we've we've seen that this scenario does exist where employee lives just just on the other side of the border and every day they drive over to the Vancouver, WA office.

And because they live in Oregon, but they drive everyday to Vancouver, we've said they're localized to van, to Washington.

In other words, all the unemployment workers comp and all that is Washington based.

So they're going to cement a an organ W4 form once again.

Really recommend that it will default to fed, but you can sort of get into issues because Fed had now has the new Umm credit dependent credits form, so therefore definitely fill out a W4.

So we're going to do that, they have an exemption approval letter from ESD showing a conditional exemption from Washington cares due to private primary residence certainly have any questions on that we can maybe get Erica to talk about that, but employee will be set up for automated tax processing beginning with the January 10 pay date. OK.

Next slide.

So the business flow here is you know are the employee addresses correct, identify the taxes to be paid, create, maintain the info types and manually pay and report taxes if necessary.

So this is sort of a generic slide we have to make sure that the tax companies fully set up to allow for automated collection, meaning we need those business information numbers or employee information numbers set up for the tax company that the employees in.

Once again, I stress if you're in an agency like the SHS or DOC, we made need to make sure that it's for every tax company, even though we roll up and report out of a single tax company, we verified the permanent residence in state of work.

Make sure those are correct and then we look at the taxes and when you're Oregon,

make sure you notice where the employee is working and that's what the tax locator program will do, because if they're in Sandy County or Wilsonville or Portland or Eugene, which so many people are, they may be subject to the state, subject to the transit tax of which it's an employer paid tax.

Uh, as well as the other taxes so.

Next slide.

Alright, so the first thing we'll do is the residence tax area and the residence tax areas where you live.

And whenever you live in Oregon, all your wages are subject to the tax, even if every day you cross the border to Washington and that effective date, we're recommending using the payday.

So 110 for this scenario and that's going to give you the two Oregon taxes of withholding and the statewide transit, which is an employee paid tax.

Once again, we noticed in our pilot agencies that some people had permission to exempt on that.

So I'm not sure about that.

We can talk about that at the end, but typically the one in the 96 go together and then your federal taxes are based on your 207 residence tax and once again effective date is the pay date.

So next and then your work tax once again work taxes when worked, so you're effective date is the 16th or the 1st.

If it's a full period, hopefully it is and there are no Washington work based taxes because all those Washington taxes like PFML and unemployment and medical aid and all that, they're based on your unemployment state.

So they're not turned on with this, but you absolutely need this.

Unlike the four where you didn't eat it, we were playing with some scenarios recently where if you didn't have this, you wouldn't get the right taxes for Washington.

So you must have this when you have.

The out-of-state scenario must have it next.

When is this going live?

This pay period.

This pay period is going live now.

We need to make sure that your business information or EIN numbers are properly configured for you to set up your employees for this pay period.

It's going live this period, but that doesn't mean you need to rush if you're not ready.

So we can talk about it.

Umm, so we can talk after this.

We have lots of time so we can talk about issues like that.

Unemployment state.

So this person is localized to Washington even though they live in Oregon.

So this is gonna give us all the Washington taxes.

And as you can see, there's quite a number of them, all right?

And they're gonna put in Clark County on that because that is used for reporting.

And so we continue to put in Clark County there where they work.

And then we're going to fill out the W4 and the infotype 210 for Oregon.

Once again, highly recommended payer will still run if you don't have this, but it's highly, highly recommended that this gets filled out properly.

OK, next slide.

So the notice that we do have to have the override group here because they're localized to Washington.

They need that override group that affects your 43233344243.

You need that override group and then for 235.

We've decided that based on what they submitted, that they're exempt from, Washington cares.

So they've gone into 235.

Here we go into 235 and we put a reportable under the exempt.

So that's reportable but not paid, OK.

And next slide, now this is a good one here.

Yeah, this is a great example.

So essentially this person is always crossing the border and they're always working in Washington, but they decide to stay home for a few days and they happen to live in Portland.

So if they're being really compliant, they're going to come in and put a 12/22 of Aurora one, which is the Portland TriMet for eight hours on a particular day.

And that's going to cause that 8 hours is going to be an apportionment and payroll and the employer paid transit tax for just that one day working in Portland will be.

Will be calculated in payroll.

Now it's not a deduction, it's an actual ployer contribution.

Now here is something that I wanna that we certainly discovered as as we went through all the configuration and testing of this is that if you do a 12/22 and put 40

hours on the Monday like you might do uh for overrides and stuff.

In the past, it's going to count as one day.

So if they work five days in Portland, TriMet, please put 888-8845 days to get the best calculation of that transit tax.

So once again, don't put 40 hours on a Monday.

It won't cause a payroll error, and nothing's gonna blow up, but it won't properly calculate the TriMet tax.

OK, something to note.

And next slide and then we can run the payroll simulation and we see here the override coming in and it's done in apportionment of that 88 hours over the total and it's going to.

Assign that to.

Morgan. So.

Alright.

And then this split is a good one.

So as you can see on the left we have a screenshot of RT from the simulation and a screenshot of tax tax and this is a nice one because you can see that it's got a four different authorities here fed ORORO one and WA and then you can see those numbers beside the wage type and you can see that transit of 04.

What do we got here?

04 Washington so we see the Washington taxes, we see the Oregon withholding, we see the Oregon statewide transit and we see the 435 employer transit for TriMet.

So this is a really good example of where everything comes into play here, and so we have the 241 lines, but then also that tax table tells you where everything else lines up, OK.

Alright, so here's what we've done and we spent a lot of time doing this and it's working well already is that we have sort of the way we pay fed you know how we pay fed or IRS taxes is you don't have to worry about it.

It just gets paid through OST and this will be the case for O Oregon as well.

And not only that, as I say, you get Portland and Eugene for free, meaning you don't have to separately register for Portland or Eugene Lane County Transit because it goes under the Oregon Employee Identification number.

If you happen to have employees and can be Sandy Wilsonville, you'll need to separately register with those tax authorities and get separate numbers and have they they have their own reporting and they'll be warrants for those.

OK.

But if you have an employee in Portland or in the Eugene Lane County, it will be paid automatically through the direct deposit payment ACH by the OST Treasury.

And this happens all automatically.

OK.

And but there will be those forms of somebody mentioned the OT CV and stuff.

There's, there's still those forms that need to be submitted.

OK. Umm.

I'm just reading this, just make sure I'm not missing anything.

Yeah.

Any other reporting requirements will be required, and then we we've spent a lot of time on this report and 37 where we we identify all the different.

Essentially what we did is we took like the Oregon forms as about four main Oregon forms that we took and we made sure that this report provides all the information.

So, like wages subject to deductions hours, we made sure that we were sort of covering everything in this report.

So you can just run this report, fill out the form and send it in, and I believe some of these are done online with the Francis system.

So, which you're probably more familiar with Francis than we are because we don't really have access to it.

Next slide.

OK.

Do you what?

Erica Elizabeth, do you think maybe we take this time?

If there's any discussion on scenarios before we do this, what's your thoughts, Erica?



Munro, Erica (OFM) 1:03:43

I think we can we can do that and then we can talk about next steps are there are there questions about you know any additional scenarios we walk through one pretty simple one and then one a little bit more complex with working both in Oregon and Washington.

Any burning questions at the moment, or are you excited to hear about next steps?



Taylor, Phil (OFM Contractor) 1:04:12

OK.

Well, you can save them up, I guess.

Uh, is this your section now, Erica?

Or is this Elizabeth OK?



Munro, Erica (OFM) 1:04:16

Yep, Yep, this is me.



Taylor, Phil (OFM Contractor) 1:04:18

I'll hand it over to Erica. Thanks.



Munro, Erica (OFM) 1:04:21

OK, so we already started getting some questions in the chat.

Umm, about next steps.

So the functionality to support automated text processing for Oregon and Idaho was implemented in HRMS on July 9th.

It's been it's been live since then.

I know there's been a lot of questions about agencies being nervous about not wanting that to happen automatically for their employees, and that doesn't happen.

The functionality is in there.

It's been live for two months now.

You actually have to go in and change your Umm employee records to turn on this new functionality for them.

So this was one of the biggest changes to HRMS functionality that we've added over the years and because of the complexity of this project, we implemented a slow start.

So when we went live on July 9th, we had two agency payroll offices who participated in our initial pilot launch.

And they've been doing this over the last four pay period, so.

First, with the July 25th Paydate, we started with just a couple of employees and then the 4th pay period being yesterday with the September 10th pay date where they now have, we believe all of their organ and Idaho employees processing with the new functionality.

So we did discover some items.

We did correct some items during this period.

Umm.

And and because of all that, I think we do owe a big, big thank you to our pilot agencies.

So round of applause.

Thank you.

Thank you.

I truly appreciate that they were willing to go 1st and test the waters and these small increments think that's gonna help make the successful for the rest of you.

But I am very happy to announce that we are ready for the remaining agencies to begin using this functionality.

So if we move to the next slide, if you have registered as an employer with Oregon and and or Idaho tax entities.

You you can begin setting up your employees who are living and or working in Oregon and Idaho.

Beginning today for the September 25th pay date or anytime after that, agencies might choose to wait until the beginning of the fourth quarter 2024 or even the beginning of the first quarter 2025.

So you could do that by.

Future dating your entries so as as Phil went through which info types are are pay pay period based and which ones are pay date based.

You can, if you're not quite ready to start for the September 25th payday, you could future date those entries if you're moving to the automated tax processing mid quarter and mid year.

Just be sure to enter your year to date adjustments for the manual transactions and consider both the combination of both the manual plus the automated transactions during your reporting period and a big tip.

Don't wait until December to reconcile your your year to date adjustments.

So let's take a look at what, what what it looks like to kind of transition from manual to automated.

So the first step is that you'll want to set up your tax company for automated processing.

We've talked about this kind of a lot.

I'm going to go over one more slide that talks about it even more in depth, but this is something you'll need to your text companies need to be set up before you can save any of those before HMS will let you save any of those text info types.

Umm.

Next, you'll want to end your manual out of state withholding wage types that you have entered in on the employees, recurring payments and deductions record.

So refer to the change existing user procedure for ending that deduction or those deductions, and then go take a look at the employee's other taxes record to see if any exemptions should be ended.

We had a chat, a comment or a question in the chat about this.

Umm, so this is where I kind of want to cover that.

Go take a look at the employees record.

Like most likely, this would be the case if the employees are localized to Oregon or Idaho, where you to to be able to turn off the Washington.

Taxes you likely entered exemptions there, and so if all of those exemptions can be ended, you can use the change existing record procedure to put in an end date or if some of the exemptions should end but maybe one or two need to remain, maybe they have a permanent or a conditional exemption that needs to stay.

Then just follow the copy and update record procedure so that you can umm you can make the adjustments to the exemption statuses as needed, but go take a look at those taxes exemptions you have entered on 235 and clean that up as needed for going forward and then last you can start creating and updating your employees tax info types with the correct tax areas and tax authorities.

So we have a new user procedure that's going to help guide through creating and updating every single one of those text info types that we talked about today.

So refer to the additional steps for out of state employee umm user procedure and then if we go one more slide, let's let's talk about setting up a text company.

So we we've mentioned this several times, but we really want to drive the point home.

You can't do any of this unless you're you're employees.

Tax company is fully configured with applicable employer ID numbers first.

So what that means is if you have, let's say you have an employee living and working in Wilsonville OR you must provide your Oregon combined EIN that you got when you registered with Oregon and then you must also provide your city of Wilsonville EIN that you got when you.

When you register with the city of Wilsonville for the Wilsonville.

Umm, the South Metro transit tax, so.

All the all the.

Umm.

Tax authorities that are gonna apply to your employees, you need to have already registered as employer and those in those areas and provided your EIN to the your multiple eins to the Olfm help desk so that they can assign those numbers to your tax companies.

And that's what it takes to get your tax company set up.

If you aren't sure if you've submitted all of your EIN to the to the help desk, you can run the federal state local EIN report the PY oh 61 report that Elizabeth talked about and you can view the EIN that are assigned to your tax company or multiple tax companies.

If you're agency has more than one, and then if it's only gonna show.

Phil, correct me if I'm wrong.

It's only gonna show tax companies that have EIN's assigned to them.

So if you have tax companies that are missing from those report results, you'll that's how you'll know.

You'll know that you're not fully set up yet.

Umm.

And if that's the case, OK, good.



Taylor, Phil (OFM Contractor) 1:12:21

That's correct, yeah.



Munro, Erica (OFM) 1:12:23

And if that's the case, if you have one, one or more tax companies not fully configured, then you're gonna use the employer state ID form and send that to the OFM help desk at here to help.

Butofm.gov with your eins listed for your tax company for however many tax entities you have.

But all of this is laid out in that additional steps for out of state employees user procedure.


But we just wanted to really kind of reinforce this, since this is the very first step.


Umm.


And for some of you who have already submitted EIN because you were adding Oregon and Idaho taxes to employees W twos, and it's it's possible that you're already set up if if.


But you wanna go check that and make sure that it's that it's fully set up to go take a look, run that report, follow the additional steps.

 **Taylor, Phil (OFM Contractor)** 1:13:25
You.

 **Munro, Erica (OFM)** 1:13:25
Procedures.

 **Taylor, Phil (OFM Contractor)** 1:13:27
Can I add something?
Erica.

 **Munro, Erica (OFM)** 1:13:28
Yes, please.

 **Taylor, Phil (OFM Contractor)** 1:13:29
Umm, So what we did is we noticed.
So we took that registration number, say for Oregon, that was on tax type one and we did replicate it to all the in scope tax types, but definitely use 61 to check.
But we also notice that I think there's like 4 agencies or so that have multiple tax companies that roll up to a single tax company and we notice that for the manual process, you only had a an organ number on the main reporting Max company.
And at this point in time other than I think we talked to DOC, we haven't replicated that to all your other tax companies.
Now the way the system set up it's configured to for all taxes kind of configured to roll up.
So my assumption would be that I should make sure that all tax companies under the main tax company are configured with the same organ registration number.
Umm.
And then the one other thing is I haven't seen anything.
Is there anybody on the call from DSHS agency?
Because I haven't seen any DSH, HS Oregon number, and I assume they're there would be but.
So my question actually to you is, should I just go ahead and make sure that any tax

companies that roll up to a higher level tax company like DOC, our replicated, so it was more of a question to the group out there that have this within their own agency?

Is there anybody on the call from DSHS?

Maybe not.

 **Smith, Elizabeth (OFM)** 1:15:14

But I think we do.

I think we do, but I'm not sure if they're made.

They may not be able to unmute themselves with the way we set up this meeting, yeah.

 **Taylor, Phil (OFM Contractor)** 1:15:21

Oh, maybe I guess just we need reach out to us because we don't have any DSHS business number because what I'm doing in anticipation is like for DOC, I'm going to replicate umm, the Oregon number that's on your main tax company.

I'm gonna replicate it down to all your others.

So you don't have to do anything, but I need to make sure.

Should I do that to everybody?

So we're trying to be as prepared as possible, so you don't run into trouble when you're when you're going into setting up an employee and suddenly find that it won't let you because you don't have one of your alternate tax companies configured.

You only have the main one that makes sense and I think it will make sense for those that have that roll up a situation so.

 **Munro, Erica (OFM)** 1:16:12

Great.

 **Taylor, Phil (OFM Contractor)** 1:16:12

That's it.

 **Munro, Erica (OFM)** 1:16:12

Thanks bill.

Thank you.

OK, so let's, let's, umm let's jump to the next slide.

These are going to be your most important resources for entering your or Oregon and Idaho employees and HRS.

So on the HMS Support hub.

Please please please read through the additional steps for out of State employees, user procedures.

This link here is gonna take you to the main parent page and there's there's, there's a couple.

I additional steps, procedures that walk you through setting of your text company, setting up your.

Your employees ending your employees when?

When?

When that's needed, and then there's also just a whole bunch of other.

You know existing user procedures that we updated, but by going to the additional steps for out of state employees procedures, first it's gonna walk you through like updating all those other all the individual text info types that we covered.

So so start with the additional steps.

It's gonna have a whole bunch of what you need there and then we have new and revised report procedures.

Umm.

For some or most of the reports that Elizabeth covered and then don't also don't forget about the payroll at a state employee tax resources page that's under the resources section, there's some good stuff out there for you.

And then for HMS data definitions, be sure to open the data definitions resource guide and read through the full definitions for the terms that we covered earlier.

There's a bunch more details included that we couldn't fit on the slides and including definitions for each of the tax areas, tax authorities and tax types that we've configured for use in HRMS.

And then we also added a new out of state employee coding guide that can be used just as a real kind of quick reference for some of the things that we covered today.

And then on the next slide, we just included some state and local links that we thought might be helpful for you related to the taxes that we've configured in HRMS.

So if you need to do a little more digging on umm, you know what is the city of Sandy transit tax?

You know there's the link that's gonna take you to their website where you can you

can start checking that out and then that concludes our training session today. We do have a service OFM service news that's going out this morning via Gov delivery, if it hasn't already, you'll be receiving it shortly.

That's going to highlight the new tax functionality, but what you received today in this session was way more detailed, but still watch for that email.

And then we tried to answer questions as we could in the chat.

Not sure if there's any we have outstanding, but if there are, we'll make note and we will follow up on responses.

We're going to post both the recording and the slide deck from today to the HRMS support hub.

So you can expect to see that in the next, hopefully day or so.

And then we are also repeating this training on Monday, September 30th in the afternoon.

So in case you want to attend again, or maybe just feel free to recommend us to your HR and payroll friends.

And I really just wanna say thank you so much for your time today.

We hope that your transition to the new payroll tax functionality goes super smooth, but we do have a whole team of folks in addition to Elizabeth and Phil and I, there's a whole team ready to help you as you encounter questions or issues along the way.

OK, so thank you.

 **Smith, Elizabeth (OFM)** 1:20:13

Yes, thank you everybody.

Really appreciate you all being here today.

 **Taylor, Phil (OFM Contractor)** 1:20:19

Yeah.

Thanks.

Thanks everybody.

 **Stein, Jill (OFM Contractor)** stopped transcription