Policy 2.10
Payroll Taxes and Other Deductions

This policy version was not current at the time of printing. Please see http://policies.emory.edu/2.10 for the current version.

Responsible Official:  Vice President for Finance/Chief Finance Officer
Administering Division/Department: Payroll
Effective Date: March 20, 2007
Last Revision: March 29, 2007

Policy Sections:

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Applicability

All employees.

Policy Details

2.10.1 Payroll Taxes

Note: The University Payroll office cannot give tax advice to any employees. If employees need tax assistance, they should contact the IRS or seek their own tax or legal counsel.

Forms are located in the Payroll Office, as well as the Finance website or the Human Resources website.

2.10.1.1 Tax Forms

All employees must complete a W-4 and a G-4 Form. The W-4 Form is used to claim withholding for federal income tax. The G-4 Form is used to claim withholding for state income tax. Withholding allowances determine how much income tax is withheld from each paycheck.

2.10.1.1.1 W-4 Employee’s Withholding Allowance Certificate Guidelines

Employees must complete sections 1, 2, 3 and 5 and sign and date the form. If claiming exempt from federal withholding, complete 1, 2, 3 and 7 and sign and date the form. A W-4 is invalid if it has been altered in any way or any unauthorized additions have been made to the form. Alterations include striking through any of the language on the form. Unauthorized additions include any writing other than the entries requested. The form is also invalid if required sections of the form have been left blank.

Note: Flat Dollar Amount or Percentage requests invalidate the form.

Invalid forms will be sent back to the employee by the Payroll Department. No changes to the tax filing status will be done until a valid W-4 has been received.

2.10.1.1.2 G-4 State of Georgia Employee’s Withholding Allowance Certificate Guidelines
Employees must complete sections 1a, 1b, 2a, 2b, 3 - 6 and 7 and sign and date the form. If claiming exempt from state withholding, complete 1a, 1b, 2a, 2b and 8 and sign and date the form. A G-4 is invalid if it has been altered in any way or any unauthorized additions have been made to the form. Alterations include striking through any of the language on the form and unauthorized additions include any writing other than the entries requested. The form is also invalid if required sections of the form have been left blank.

Note: Flat Dollar Amount or Percentage requests invalidate the form.

Invalid forms will be sent back to the employee by the Payroll Department. No changes to the tax filing status will be done until a valid G-4 has been received.

**2.10.1.1.3 Form W-5 Earned Income Credit Advance Payment Certificate**

Who is eligible for 2006?

You are eligible if all of the following apply:

- You expect to have at least one qualifying child:
  - Your son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild);
  - Your brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child; or
  - A foster child.

- You do not expect your 2006 filing status to be married filing a separate return.

- You expect that your 2006 earnings income will be less than $32,001 ($34,001 if married filing jointly) if you expect to have 1 qualifying child; or $36,348 ($38,348 if married filing jointly) if you expect to have 2 or more qualifying children.

- Your 2006 investment income must be less than $2,800. For most people investment income is the total of their taxable interest, ordinary dividends, capital gain distribution and tax-exempt interest.

- You and/or spouse are not a qualifying child for another person for 2006

- You cannot claim EIC if you are a nonresident alien for any part of 2006 unless you are married to a U.S. citizen or resident, file a joint return, and elect to be taxed as a resident alien for al of 2006.

Complete W-5 and return to the Payroll Department.

W-5 forms are only in effect for the calendar year that the form was completed. A new form must be completed by the first pay cycle of the new calendar year. If a new form is not completed, then Payroll must stop making advance EIC payments.

**2.10.1.4 W-5 Guidelines**

This form is invalid if it is incomplete, unsigned, or has an alteration or unauthorized addition.

Invalid forms are sent back to the employee by the Payroll Department. The advanced EIC payment will not be processed until a valid W-5 has been received.

**2.10.2 New Hires**

Newly hired employees must complete a W-4 and a G-4 Form on their first day of employment. Return the completed forms to the hiring department or to the University Payroll office. The department must forward the tax forms to University Payroll office. If no form is received, Payroll, following IRS guidelines, must default the taxing to the maximum withholding amount: single with no exemptions.

New classified and faculty salaried employees will be given these forms for completion during their Benefits Orientation Meeting.

**2.10.3 Changing Tax Information**

If an employee wants to change his or her withholding, a new W-4 and/or a G-4 Form must be completed and returned to the University Payroll office. W-4 changes may be done online at https://leo.cc.emory.edu during any time of the year.

**2.10.4 Exemption from Withholding**

Employees can claim exemption from income tax withholding if they meet IRS guidelines. Information on claiming exemption from withholding can be found on the tax forms. By claiming this exempt status, no federal or state taxes
will be withheld.

IRS guidelines for claiming exempt for 2006:

- Has a right to a refund of all federal income tax withheld in the prior year, because the employee has no tax liability;
- Expects to have no tax liability in the current year; and
- Cannot be claimed as a dependent on someone else's income tax return if the employee's income will exceed $850 and will include more than $300 of non-wage income (e.g. dividends, interest) in 2006.

Note: College students are not automatically exempt from withholding, even though their prior year's withholding was totally refunded. They must meet all the tests for exemption that other employees are required to meet, including the $850 limit on income (including $300 in non-wage income) for dependents.

Exemption must be claimed each year. A claim of exemption from withholding is effective for only that calendar year, and a new Form W-4 attesting to the exempt status must be filed by February 15 of the following year or the Emory Payroll Department will change the employee's filing status to single with zero withholding allowances.

If, after filing a W-4 claiming exempt from withholding, the employee realizes he or she will incur tax liability for the current year, the employee has 10 days from that point to file an amended W-4 form.

2.10.1.5 Mandatory Renewal of Exemption from Withholding

The exempt status expires at the end of the calendar year. Each calendar year employees must file new tax forms to claim the exempt status. A new G-4 form must be filed before December 31, and a new W-4 must be filed before February 15 in order to maintain an exempt status for the upcoming calendar year.

If an employee's exempt status is not renewed, the University must begin withholding income taxes at the default maximum withholding amount: single with no exemptions. The University Payroll Office will issue NO REFUNDS.

2.10.1.6 Over-Withheld Income Taxes

As an employer, the University is required to withhold income taxes from an employee's paycheck according to the employee's W-4 and G-4 forms. It is the employee's responsibility to complete these tax forms and to do so correctly. If an employee fails to complete the forms, and if income taxes are over-withheld as a result, the University Payroll office WILL NOT refund any of the taxes withheld. The employee can obtain a refund of any over-withheld income taxes when filing his or her annual income tax return.

2.10.2 Deductions

2.10.2.1 Benefits Deductions

Emory University complies with state policies in providing benefits to certain employees.

The Benefits Division of the University Human Resources is responsible for determining employee eligibility and enrollment of retirement, life, disability, and health care benefits. Any changes or questions concerning any of the above-named benefit coverage should be directed to the Benefits Division.

2.10.2.1.1 Payroll Deductions

Generally, full-time non-exempt and exempt employees are eligible for various payroll deductions. A partial listing of the most commonly used deductions and the departments responsible for processing the deductions are as follows:

<table>
<thead>
<tr>
<th>Deduction</th>
<th>Department</th>
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</thead>
<tbody>
<tr>
<td>Blomeyer Fitness</td>
<td>Blomeyer Fitness Facility</td>
</tr>
<tr>
<td>Charitable Contributions (United Way)</td>
<td>Institutional Advancement Office</td>
</tr>
<tr>
<td>Clifton Child Care</td>
<td>Clifton Child Care Centers</td>
</tr>
<tr>
<td>Emory Gift Program</td>
<td>Institutional Advancement Office</td>
</tr>
<tr>
<td>Parking Permit Deduction</td>
<td>Parking and Transportation Services</td>
</tr>
<tr>
<td>U.S. Savings Bond deduction</td>
<td>Payroll Office</td>
</tr>
</tbody>
</table>

Note: Part-time regular employees are eligible for U.S. Savings Bond deductions.
2.10.2.2 Benefits and Deductions while on Leave of Absence

The employee should contact the Benefits Division of the University Human Resources to determine if retirement, life, disability, and health care benefits will continue during his or her leave of absence. The type of leave will usually determine the employee's eligibility for benefits during this period. Benefits not continued by the Human Resources Benefits Division during the leave of absence and all other employee deductions will be automatically suspended.

2.10.2.3 Involuntary Deductions

Examples of involuntary deductions are garnishments, bankruptcies, tax levies, wage assignments or child support payments. The University Payroll office, upon receipt of legal documentation, is required by law to withhold monies from an employee's wages to satisfy certain debts. University Payroll will notify an employee by letter of a debt withholding notice it has received, (i.e. a garnishment, tax lien, bankruptcy, or wage assignment). Employees should also receive prior notification of a debt collection by the issuing court or authorized agency.

2.10.2.3.1 Garnishment

A General District Court issues a garnishment summons on behalf of an employee, in order to recover a legal debt owed by an employee. The University Payroll office is legally bound to withhold or garnish an employee's wages as instructed by the court. University Payroll office calculates disposable earnings by subtracting federal, state, and social security taxes from an employee's expected gross pay.

The maximum portion of disposable earnings subject to garnishment is the lesser of:

- Twenty-five percent of the disposable earnings or 30 times the federal minimum hourly wage per week (currently this is: biweekly, $309.00; monthly, $669.50). University Payroll office deducts the lesser amount of the two calculations and continues to garnish wages until either the entire amount is satisfied, the due date on the garnishment summons is reached, or the garnishment is released by the Court by written notification.
- University Payroll office remits the withheld garnishment amounts to the appropriate Court on behalf of the employee.

2.10.2.3.2 Bankruptcies, Liens, Levies and Assignments

General

A United States Bankruptcy Court issues a bankruptcy decree on behalf of an employee, in order to prevent further voluntary or involuntary debt collections.

Chapter 7 Bankruptcy

Generally, a Chapter 7 Bankruptcy decree accompanied by an Order Staying Levy or Garnishment stays any existing or future garnishments or liens against an employee's wages for a specific time period. Garnishment or tax levy funds withheld by Payroll following the bankruptcy petition date are remitted to the employee. Debt funds withheld before the petition date, but have not been remitted, will be remitted according to the Bankruptcy Court's instructions.

Chapter 13 Bankruptcy

A Chapter 13 Bankruptcy decree accompanied by an Order Staying Levy or Garnishment stays any existing or future garnishment or lien against an employee's wages until released. Debt funds held by University Payroll office are remitted to an appointed trustee as instructed by the Bankruptcy Court. Additionally, the University Payroll office may be ordered to withhold a specified amount from an employee's paycheck for a specific number of months and remit the funds to the trustee.

Tax Liens

The Internal Revenue Service (IRS) and state tax departments issue tax liens to recover delinquent taxes, penalties and interest charges.

Federal Tax Levy

The University Payroll office is required by law to withhold wages for an IRS tax levy based on the number of exemptions claimed by an employee. The University Payroll office will notify an employee of a Federal tax levy, in writing, and include a statement of personal exemptions. Employees have seven calendar days to complete this form and return it to the University Payroll office. University Payroll will start to withhold at the maximum rate (one personal exemption), if the form is not received within this time period.

University Payroll will continue to withhold for a federal tax levy until released by written notification from the IRS or an order staying levy or garnishment from a bankruptcy court.
Georgia Tax Levy
The University Payroll office is required by law to withhold an employee's entire net paycheck for a tax levy issued against them by the Georgia Department of Taxation. Net paycheck is defined, for this purpose, as an employee’s gross wages minus any existing payroll deductions and federal, state, and social security taxes. University Payroll will notify an employee, in writing, of a state tax levy issued against them. The University Payroll office will continue to withhold an employee's net paycheck until the debt is satisfied or is released by written notification from the Georgia Department of Taxation or an order staying levy or garnishment from a bankruptcy court.

Wage Assignments
A wage assignment is a voluntary withholding of a specific amount of wages between an employee and a creditor to satisfy a debt payment. University Payroll office will withhold a specific dollar amount each pay period to satisfy the wage assignment agreement and remit the amounts as they are withheld.

Wage assignments most frequently are payments to the Emory University Hospital for hospital debts or to the Department of Social Services for child support payments.

Questions concerning the contracted amount to be withheld should be first directed to the agency issuing the wage assignment.

Related Links
- [Current Version of This Policy](http://policies.emory.edu/2.10)

Contact Information

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Taxes and Other Deductions</td>
<td>Payroll</td>
<td>404-727-6100</td>
<td><a href="mailto:payroll@emory.edu">payroll@emory.edu</a></td>
</tr>
</tbody>
</table>

Revision History

*Emory University policies are subject to change at any time. If you are reading this policy in paper or PDF format, you are strongly encouraged to visit policies.emory.edu to ensure that you are relying on the current version.*