



## Lunch-n-Learn: Payroll Coordination and Tax

Presented By: Shaun Ruiz and John Barrett  
January 24, 2012

# Agenda

1. Org Chart / Reporting Lines
2. Our Background
3. Where We're Located
4. What We Do
5. Some Examples
6. How You Can Help!

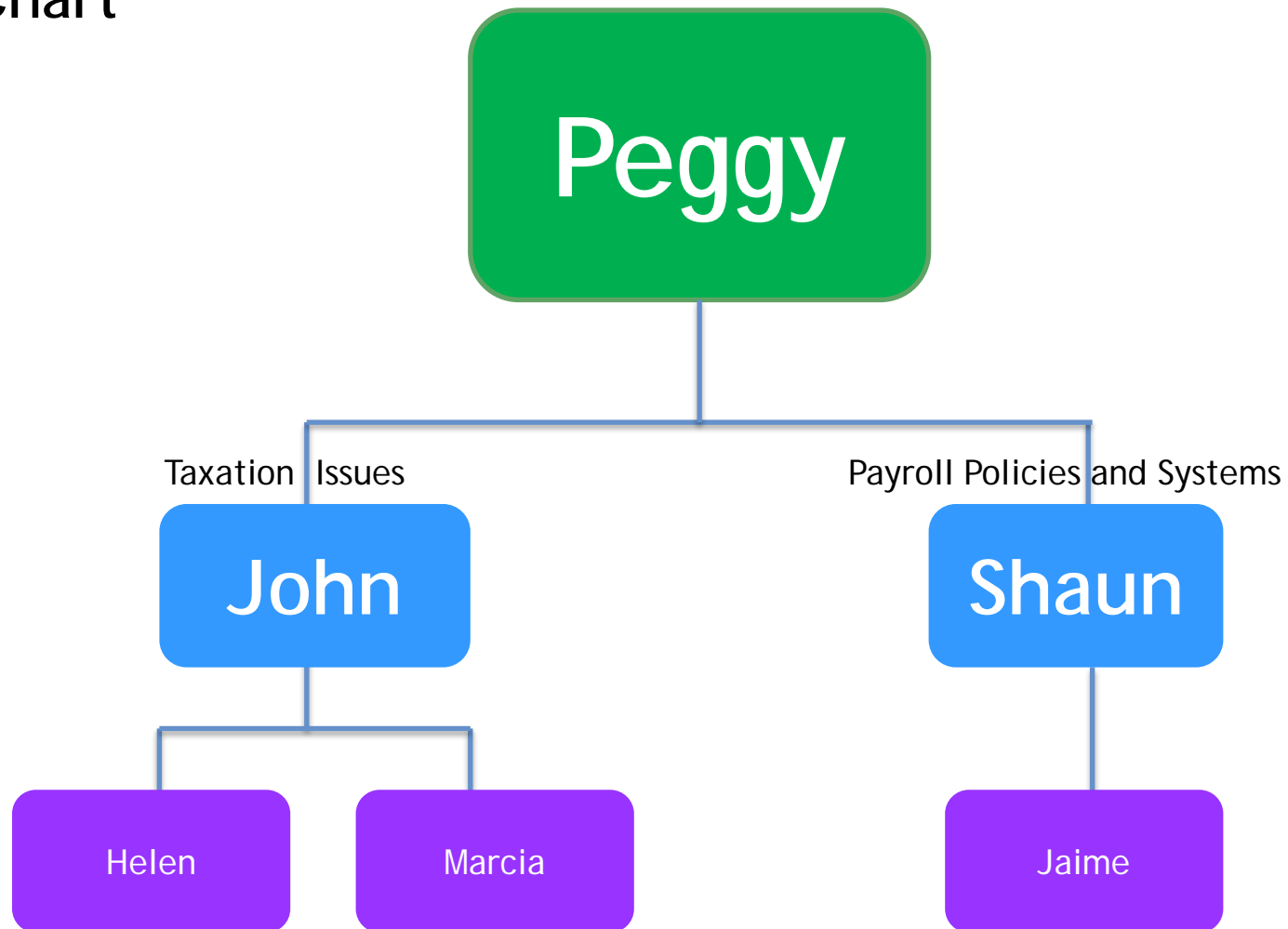


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# Org Chart



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## Our background

- Unit Started Back in the early 1980s
- Current Group Together Since 2011
- UC Experience
  - Marcia: Started at UC Berkeley 1984
  - Jaime: Started at UC Berkeley 1986
  - Shaun: Started at UC Irvine 2001
  - Helen: Started at UCOP 2001
  - John: Started at UCOP 2005
- Other Work Experience
  - John: Tax Field Since 1984 working in variety of industries:
  - Telecommunications, food processing, auto manufacturing, public accounting



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## Where we are located

- Franklin Building
- 10<sup>th</sup> floor
- North Corner, Inner Wall
- Offices: 10321(D), 10318, 10314 and 10313
- Stop By Anytime!





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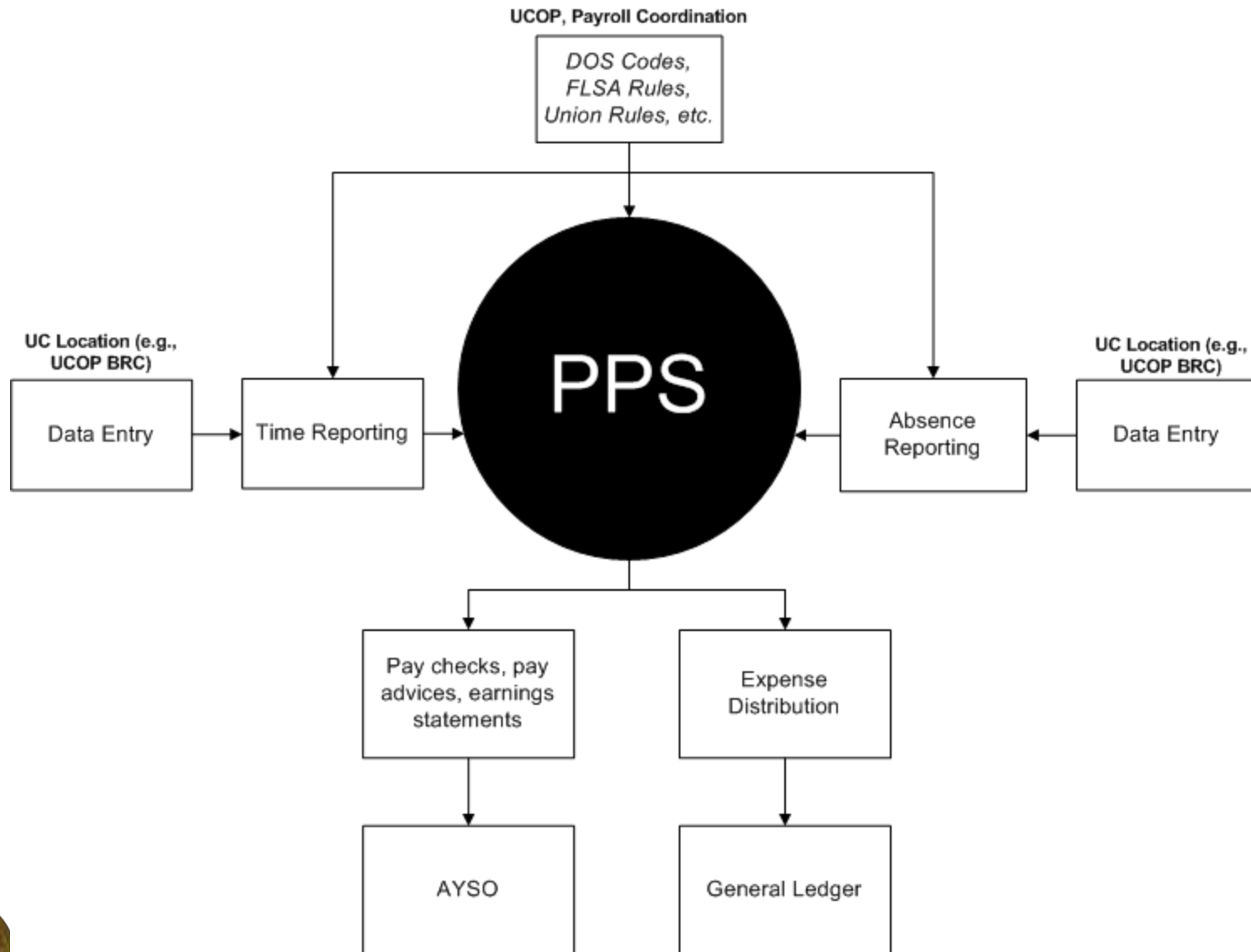


## What we do

- Payroll Coordination
  - PPS Systems Processing and Enhancements
  - Payroll Forms Design, Including Form W-2
  - Leave Reporting, Range Adjustments
  - AYSO Enhancements
  - Settlements/Grievances/Miscellaneous Deductions
  - Salary Attachments
  - Tax Rate Changes
  - Staff Benefits Rates
  - Union Agreements
  - Dues & Agency Fees Processing
  - Notices to Unions Re: Payroll Issues



# Example: Time and Attendance



# W-2



Employer's Name (Print or Type)		222-22-2883	Employer's EIN	59,850.00	Form W-2 Wage and Tax Statement 2011
Employer's Address (Print or Type)		96-602123	Employer's State	8,593.50	
UC OFFICE OF THE PRESIDENT		50,000.00	Employer's City/State/Zip	2,189.00	
1111 FRANKLIN ST, 8TH FLOOR		50,000.00	OAKLAND CA 94607-5201	725.00	
Employer's Contact Name			Employer's Contact Title	.00	
Employee's Name (Print or Type)			Employee's SSN		
JOHN BENEDICT					
3 OAK ST.					
BIRMINGHAM					
TINDORE-LESTE					
Employer's State			Employer's Federal ID		
CA					
Form W-2 Wage and Tax Statement 2011					
AL 123256789		750000-00	5200-00		
PA 987254321-9-1/Q		750000-00	5200-00		

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# Earnings Statement

**UNIVERSITY OF CALIFORNIA - SANTA CRUZ**  
Payroll Office, 2300 Delaware Building, 2nd Floor, Room A256, Santa Cruz, CA 95060  
**STATEMENT OF EARNINGS**

Period: 01/01/91 - 12/31/91

EMPLOYEE: 22 NUMBER: 79421424      FEDERAL WITHHOLDING: NONE      FRI ALLOWANCE  
STATE WITHHOLDING: NONE      STATE WITHHOLDING: NONE      FRI ALLOWANCE  
STATE WITHHOLDING: NONE      STATE WITHHOLDING: NONE      FRI ALLOWANCE

EMPLOYEE ADDRESS: 2001 ALVARADO STREET, SANTA CRUZ, CALIFORNIA 95060

1991

NET EARNINGS OF 1991 WILL BE AVAILABLE TO YOU THROUGH YOUR ACCOUNT STATEMENTS

EARNING DETAIL		PAY PERIOD		DATE		GROSS		DEDUCTIONS	
PERIOD	AMOUNT	START DATE	END DATE	PERIOD	AMOUNT	PERIOD	AMOUNT	PERIOD	AMOUNT
REGULAR SALARY (UNDER EARNINGS)	22,444.00	01/01/91	12/31/91	01/01/91	22,444.00	01/01/91	22,444.00		
STATEMENT TOTAL	22,444.00								
TOTAL EARNINGS		TOTAL DEDUCTIONS		NET EARNINGS		TOTAL EARNINGS		TOTAL DEDUCTIONS	
22,444.00		0.00		22,444.00		22,444.00		0.00	



# Taxation

The University is tax-exempt, but we are still subject to.....

Unrelated Business Income Tax

Federal and State Income and Employment Taxes

Property Taxes

Sales and Use Taxes

Excise Taxes

Nonresident Alien Taxation/Glacier



# MAINTAINING OUR TAX EXEMPT STATUS



# System-Wide UBIT Returns

**Form 990-T Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))**  
 For calendar year 2009 or other tax year beginning July 1, 2009, and ending June 30, 2010

OMB No. 1545-0047  
**2009**  
 Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury Internal Revenue Service

**A** Check box if address changed:  **B** Exempt under section:  501(c) 3  423(a)  2706(a)  408A  6039(a)  5009

**C** Book value of all assets at end of year: 48,898,522.000

**D** Employer identification number: 94 3067788

**E** Unrelated business activity codes: 621800 541800

Name of organization:  Check box if name changed and see instructions. **The Regents of the University of California**

Number, street, and room or suite no. if a P.O. box, see page 9 of instructions. **1111 Franklin Street 10th Floor**

City or town, state, and ZIP code. **Oakland, CA 94607**

**F** Group exemption number (see instructions for block F on page 9) **G** Check organization type:  501(c) corporation  501(c) trust  401(a) trust  Other trust

**H** Describe the organization's primary unrelated business activity: \_\_\_\_\_

**I** During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subidiary controlled group?  Yes  No

**J** The books are in care of: **Tax Director** Telephone number: ( 510 ) **987-0903**

**Part I Unrelated Trade or Business Income**

	(A) Income	(B) Expenses	(C) Net
<b>1a</b> Gross receipts or sales	27,853,109		
<b>b</b> Less returns and allowances			
<b>c</b> Balance	10 27,853,109		
<b>2</b> Cost of goods sold (Schedule A, line 7)			
<b>3</b> Gross profit. Subtract line 2 from line 1c	3 27,853,109		27,853,109
<b>4a</b> Capital gain net income (attach Schedule D)			
<b>b</b> Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
<b>c</b> Capital loss deduction for trusts			
<b>5</b> Income (loss) from partnerships and S corporations (attach statement)	5 (1,424,676)		(1,424,676)
<b>6</b> Rent income (Schedule C)			
<b>7</b> Unrelated debt-financed income (Schedule E)			
<b>8</b> Interest, annuities, royalties, and rents from controlled organizations (Schedule F)			
<b>9</b> Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
<b>10</b> Exploited exempt activity income (Schedule I)			
<b>11</b> Advertising income (Schedule J)	11 1,480,267	451,034	1,229,233
<b>12</b> Other income (see page 10 of the instructions; attach schedule)	12		
<b>13</b> Total. Combine lines 3 through 12	13 28,108,800	451,034	27,657,766

**Part II Deductions Not Taken Elsewhere** (See page 11 of the instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

<b>14</b> Compensation of officers, directors, and trustees (Schedule K)			
<b>15</b> Salaries and wages			5,850,480
<b>16</b> Repairs and maintenance			
<b>17</b> Bad debts			
<b>18</b> Interest (attach schedule)			47,237
<b>19</b> Taxes and licenses			
<b>20</b> Charitable contributions (see page 13 of the instructions for limitation rules)			
<b>21</b> Depreciation (attach Form 4562)	21 2,844,676		
<b>22</b> Less depreciation claimed on Schedule A and elsewhere on return	22a		2,844,676
<b>23</b> Depletion			
<b>24</b> Contributions to deferred compensation plans			
<b>25</b> Employee benefit programs			1,721,842
<b>26</b> Excess exempt expenses (Schedule I)			
<b>27</b> Excess leadership costs (Schedule J)			1,229,233
<b>28</b> Other deductions (attach schedule)			18,597,695
<b>29</b> Total deductions. Add lines 14 through 28			30,291,363
<b>30</b> Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13			(2,633,597)
<b>31</b> Net operating loss deduction (limited to the amount on line 30)			
<b>32</b> Unrelated business taxable income before specific deduction. Subtract line 31 from line 30			(2,633,597)
<b>33</b> Specific deduction (generally \$1,000, but see line 33 instructions for exceptions)			
<b>34</b> Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			(2,633,597)

For Privacy Act and Paperwork Reduction Act Notice, see instructions. OMB No. 1545-0047 Form 990-T 2009





## UC System Wide Tax Returns

- Two Separate Fiscal Year Returns Filed by May 15th
- # of Pages filed with the IRS several hundred
- Both Filed on Form 990-T, Unrelated Business Income Tax Return
- UCRP Return Reports Income Earned from Investments in Partnerships. UCRP Considered a Trust Return
- UC Regents Return a Corporate Return that Reports Unrelated Activities at the Campuses and Investments in Domestic and Foreign Partnerships
- Over 74 Reportable Activities at the Campus Level
- 150+ Partnership Returns Analyzed and Income/Loss is Apportioned Between UCRP and UC Regents



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- 5. Some Examples of Special Initiatives**
6. How You Can Help!



# UCPath

## UCPath

Deploy a single payroll system and a single human resources system across all ten campuses and five medical centers that meets the core needs of each location while capturing the efficiencies, improved data and cost-savings associated with unified systems.



# UCPath

- Project led by the UCOP Project Management Office (PMO)
- Task is to configure and deploy a single payroll system and a single human resources system across all ten campuses and five medical centers.
- Payroll Coordination is an active participant in several workgroups and teams, including:
  - Functional Requirements Workgroup
  - Payroll Core Team
  - Benefits Core Team
  - Payroll Subject Matter Experts (SMEs)



# Policy Update

University of California—Policy Act

## Policy on Unrelated Business Income and Expenses



**Responsible Officer:** Executive Vice President-Chief Financial Officer

**Responsible Office:** Financial Management

**Effective Date:** January 17, 2012

**Date of Last Review:** November 13, 2007

**Scope:** This policy applies to the income and expenses of unrelated business activities conducted by the University of California campuses. This policy does not apply to the Lawrence Berkeley National Laboratory (LBNL), or to campus entities which are separately incorporated or exempt under Section 501(c) of the Internal Revenue Code (Code). Examples of such entities include:

- ASUC-operated enterprises;
- Foundations;
- Alumni associations; and
- Faculty clubs.

Those entities are responsible for filing their own annual information and income tax returns with the IRS and the Franchise Tax Board.

**Contact:** John Barrett  
**Email:** john.barrett@ucop.edu  
**Phone #:** 510-987-0903

- I. Policy Summary
- II. Policy Definitions
- III. Policy Text
- IV. Compliance / Responsibilities
- V. Procedures
- VI. Related Information (Forms, hyperlinked references)
- VII. Frequently Asked Questions (optional)
- VIII. Revision History

1 of 10



# Policy Updates

- Project is Part of Initiative to Reduce Number of Policies
- Involves Standardized Template and Format
- Lead staff on Policy Project also includes Nancy Capell in the Ethics and Compliance Group
- Payroll Coordination and Tax Services role is primarily:
  - Total Policies Under Review 56
  - Policies In New Template Posted to Website 3
  - In New Template, Circulating for Comment: 8
  - Outdated/Rescinded Policies 6
  - Policies Needing Update 3



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## How You Can Help Us and We Can Help You

- Follow Our Policies!
- Sign Up for Electronic W-2 and Direct Deposit!
- We prepare Form W-9s and Request New Taxpayer Ids from the IRS (150+ **taxpayer IDs across the system**)
- We Register Campuses for Out-of-State Withholding and Assist with Federal and State Tax Matters
- Can Provide Tax Training Such As: Sales/Use, Nonresident Alien, and Fellowship vs. Scholarship
- Answer Policy-Related Questions (Payroll, Moving, Travel, Meals & Entertainment)





