

Date: December 2, 2021
To: Agency Payroll and Human Resources Staff
From: Mary Muellner, Director, Statewide Payroll Services
Subject: **Payroll Tax Withholding & Refiling for Calendar Year 2022**

It is the **agency's** responsibility to notify employees of the tax withholding and refiling deadlines for 2022. It is the **employee's** responsibility to either enter the appropriate records in Self Service or submit paper forms to agency staff for processing by the deadlines. Employees who choose to enter information in Self Service do not need to submit paper forms.

Deadlines

Claim Exempt from Federal and/or State Withholding:

- An effective-dated federal and/or state tax withholding record must be entered no later than February 15, 2022 for employees to maintain their exempt status without interruption.
- The record's effective date must be after December 31, 2021, and no later than February 15, 2022.
- For employees who **do not** refile by this deadline, tax records will be changed to reflect a single marital status with zero withholding allowances beginning with the paycheck dated February 25, 2022.

NOTE: Employees who claim to be exempt from federal withholding or claim to be exempt from Minnesota withholding and choose not to use Self Service for updating their tax withholding are required to complete Form W-4 and Form W-4MN.

Claim Reciprocity Exemption from MN Withholding:

- An effective-dated Minnesota tax withholding record for reciprocity must be entered no later than, February 28, 2022 for employees to maintain their reciprocity status without interruption.
- The record's effective date must be after December 31, 2021, and no later than February 28, 2022.
- For employees who **do not** refile Form MWR by this deadline, Minnesota tax records will be changed to reflect the same marital status and withholding allowances noted on their federal withholding record beginning with the paycheck dated March 11, 2022.

Reminder

- In Self Service, a record's effective date is the date of entry.
- However, in November and December of the year ending, exempt employees can enter a record for the upcoming year to secure their continued exempt status.
- This means that from now through December 31, 2021, an exempt employee can refile a W-4MN or MWR in Self Service if the employee enters 2022 in the Claim Exemption section of the W-4 Tax Information – Federal page so that the record becomes effective January 1, 2022.

- Future effective-dated tax records do not display in Self Service. However, agency staff can view current and future effective-dated records in SEMA4.

Employees who want to remain exempt from federal and/or state income tax withholding for 2022

According to the IRS and state withholding rules, employees must refile each year as follows:

- Employees who want to maintain their exempt status:
 - From federal income tax withholding – must refile an Employee’s Withholding Allowance Certificate (Form W-4).
 - From Minnesota state withholding – must refile a Minnesota Employee Withholding Allowance/Exemption Certificate (Form W-4MN).
 - From a different state’s withholding – should contact that state’s tax agency for the appropriate form.
- Employees who are residents of North Dakota or Michigan and want to remain exempt from Minnesota state income tax withholding must refile a Reciprocity Exemption/Affidavit of Residency (MWR) form.
- Employees who choose to refile by entering information in Self Service do not need to submit paper forms.

Reports

The following reports are available to help agencies identify employees affected by these deadlines:

- Document Direct/InfoPac Report FIHR8050, *Employees Who Must Refile W-4 and/or Reciprocity Form – Calendar Year 2022* (Document Direct/InfoPac ID HP8050), is now available. It lists employees who currently claim exempt status from federal and/or state income tax withholding.
- Three SEMA4 On-Demand reports are available. These On-Demand reports can be used in conjunction with report FIHR8050 to identify those employees who have not refiled and to remind employees of their options. Starting in January 2022, agencies can run these reports, and the reports will include employees that have filed effective January 1, 2022 through the date the report is created. The On-Demand reports are:
 - FIHU2442 – Employees Who Have Filed a State MWR
Lists employees who claimed a reciprocity exemption from Minnesota tax withholding (MWR).
 - FIHU2443 – Employees Who are Claiming Exempt from Federal Withholding
Lists employees who claimed exempt from federal tax withholding.
 - FIHU2444 – Employees Who are Claiming Exempt from State Withholding
Lists employees who claimed exempt from state tax withholding.

Steps for agency staff to complete

1. Notify employees appearing on the FIHR8050 report of the deadlines and the option for entering records in Self Service.

NOTE: There is no need to contact separated/deceased employees. Please follow up with other employees on the report as needed.

2. If/when paper forms are submitted, add new effective-dated records in SEMA4. Effective dates should be after December 31, 2021 and no later than:

Deadline	Exemption
February 15, 2022	Employees who want to remain exempt from federal and/or state income tax withholding (W-4 and W-4MN)
February 28, 2022	Residents of North Dakota or Michigan who want to remain exempt from Minnesota state income tax withholding (MWR form)

NOTE: On the Federal Tax Data page, it is **critical** that HR/Payroll staff select the correct value in the Source Documents field. When in doubt, refer to SEMA4 Help for detailed instructions on which option is appropriate for each specific situation.

3. Retain forms in agency files. If the IRS or the MN Department of Revenue requests that a form be submitted to them, agencies must be able to comply with such a request. Retain the most recent form, plus forms for up to four previous calendar years.
 - Do **not** send the W-4MN or MWR forms to the Department of Revenue.
 - Do **not** send the W-4 form to the Department of Revenue or the IRS.
 - Check the W-4, W-4MN and MWR forms for legibility.
 - No alterations or corrections can be made on any form. If an employee has crossed out and rewritten information on a form, he/she must complete a new one.
 - Forms must be signed and dated by the employee. A form without a date or signature is invalid and should **not** be entered in SEMA4. The agency may **not** write the date on the form for the employee.
 - All forms must be completed in ink.

4. Starting in January 2022, agency staff may choose to run the On-Demand reports FIHU2442, FIHU2443 and FIHU2444. Use these On-Demand reports in conjunction with report FIHR8050 to identify those employees who have not yet refiled and to remind employees of their options.

Assistance and resources

- Year-End Payroll and Tax-Related Reminders bulletin.
- The 2022 W-4, W-4MN, and MWR forms will be on the Minnesota Management & Budget website on the [Forms-Payroll page](#) select Taxes when they become available.
- Agency Payroll and Human Resources staff should contact Jennifer Goossen at 651-201-8072 or jennifer.goossen@state.mn.us if there are questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF