

Memo

Date: February 6, 2024 [Revised on 2/7/2024; revision in **intense emphasis style**.]

To: Agency Payroll and Human Resources Staff

From: Mary Muellner, Director, Statewide Payroll Services

RE: Deadlines for Tax Exempt Status Employees

This is a reminder of the upcoming deadlines for employees who wish to continue their federal and/or state tax withholding exemption and/or reciprocity status without interruption for 2024.

Claim Exempt from Federal and/or State Withholding

An effective-dated federal and/or state tax withholding record must be entered no later than close of business, **February 14, 2024**, for employees to maintain their exempt status without interruption. The record's effective date must be after December 31, 2023, and no later than **February 14, 2024**. The deadline to enter these transactions in Self Service is 7:00 p.m. on **Wednesday, February 14, 2024**.

The federal tax status of any employee who filed for exempt status on Form W-4 in the year 2023 but did not refile for 2024, will be reset to a Single tax status. The state tax status of any employee who filed for exempt status on their state withholding form in the year 2023 but did not refile for 2024, will be reset to reflect the same tax status appearing on the employee's federal tax record that is in effect on **February 14, 2024**. The new tax status will be reflected beginning with the paycheck dated February 23, 2024.

Employees who claim to be exempt from federal withholding and/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/or Form W-4MN and submit to their agency payroll staff.

Claim Reciprocity Exemption from Minnesota Withholding

For Michigan and North Dakota residents who work in Minnesota:

An effective-dated Minnesota tax withholding record for reciprocity must be entered no later than close of business, **February 28, 2024**, for employees to maintain their reciprocity status without interruption. The record's effective date must be after December 31, 2023, and no later than **February 28, 2024**. The deadline to enter these transactions in Self Service is 7:00 p.m. on **Wednesday, February 28, 2024**.

The Minnesota state tax status of any employee who filed for exempt status on Form MWR in the year 2023 but **did not** refile for 2024, will be reset to reflect the same tax status appearing on the employee's federal tax record that is in effect on **February 28, 2024**. The new tax status will be reflected beginning with the paycheck dated March 8, 2024.

Agency and Employee Responsibilities

It is the **agency's** responsibility to notify employees of the deadlines for refiling in order to maintain their exemption and/or reciprocity status without interruption. 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. Records entered by employees in Self Service will display for agency staff on the Employee Tax Data pages; and similarly, records entered by agency staff will display for employees in Self Service.

Refer back to the memo dated December 4, 2023, [Payroll Tax Withholding & Refiling for Calendar Year 2024](#), for accompanying information. HR/Payroll staff should remember that it is **critical** to add a new row and select the correct value in the Source Documents field on the Federal Tax Data page when entering employee tax information. The correct value for this field is based on the withholding document(s) submitted by the employee. To ensure that you select the correct value in the Source Documents field, refer to SEMA4 Help.

Helpful Reports

Before the refiling deadlines, the following reports will help identify employees who may need to refile:

1. Reports identifying employees who already filed:
These SEMA4 On-Demand reports identify employees who have filed exempt from Minnesota tax withholding (MWR) and/or exempt from state or federal tax withholding with an effective date from January 1 of the current year through the date the report is created.
 - FIHU2442 – Employees Who Have Filed a State MWR
Lists employees who filed an MWR for the current year.
 - FIHU2443 – Employees Who are Claiming Exempt from Federal Withholding
Lists employees who filed exempt from Federal tax withholding for the current year.
 - FIHU2444 – Employees Who are Claiming Exempt from State Withholding
Lists employees who filed exempt from state tax withholding for the current year.
2. Report identifying employees who must refile:
When the reports are run after January 1, they can be used in conjunction with the FIHR8050, *Employees Who Must Refile W-4 and/or Reciprocity Form – Calendar Year 2023* (Standard Report Viewer/InfoPac ID HP8050), to identify those employees who have not refiled.

After the refiling deadlines, the following reports will be available to assist agencies in identifying which employee records were reset:

- FIHR8030, *W-4 Tax Exempt Reset Report – Calendar Year 2024* (Standard Report Viewer/InfoPac ID HP8030), will be available on **Thursday, February 15, 2024**. This report lists employees whose federal and/or state tax records were reset because they filed for exempt status on Form W-4 in the year 2023, but did not refile for 2024.
- FIHR8040, *Minnesota MW-R Tax Exempt Reset Report – Calendar Year 2024* (Standard Report Viewer/InfoPac ID HP8040), will be available on Friday, March 1, 2024. This report lists employees where only the Minnesota state tax record was reset because they filed for exempt status on Form MWR in the year 2023 but did not refile for 2024.

Questions?

Agency Payroll and Human Resources staff should contact Jennifer Goossen at 651-201-8072 or deductions.mmb@state.mn.us if there are questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF