



Office of the State Comptroller
PAYROLL BULLETIN

Subject Employees Claiming Tax Exempt Status	Bulletin No. P-402
	Date September 11, 1984

The purpose of this bulletin is to clarify reporting requirements for IRS regulations for "Tax Exempt" and "Student" status.

An employee claiming tax exempt status must complete line 6 of the W-4, and only if A and B apply may he or she enter EXEMPT. In addition, if the employee claiming exempt status is a full time student, block "C" of the W-4 must be completed. This block should not be completed when the employee is a full time student who will not claim tax exempt status.

You must submit an AC-1040 for all employees claiming exempt status with 99 in "No Tax" Blocks 504 and 507. If the employee also reports full time student status, you must also enter 550 in a "Code" Block and an "S" in the "Amount" Block.

Blocks 504 and 507 with 99 must always be completed on an AC-1040 in order for "No Tax" to be effective. Block 550 simply reports the student status to be reported to IRS and does not result in no tax withholding.

Any questions regarding this bulletin should be directed to the Payroll Planning Unit at 518-474-1246.