**Payroll Tax Segmentation Business Process Update**

After a thorough business process review and testing, we have automated the process required to pay non-retirement eligible additional compensation such as summer salary, awards, stipends and additional compensation requiring tax segmentation.

In the past, you were required to complete a Payroll Adjustment Form to process these payments. The new automated process now calculates the segmentation based on the adjustment (ADJ) entered in Time Entry. Therefore, adjustments to pay should be keyed directly into Time Entry. The Payroll Adjustment form is no longer required for tax segmentation for forms that you have processed in the past for REG or ADJ payments (example below fields highlighted in yellow). Once Time Entry closes, the tax segmentation process will calculate the correct number of pay cycles using the tax segmentation formula below.

**The Payroll Adjustment Form is still required for other transactions not allowed in Time Entry such as:**

* Retirement eligible, such as retroactive salary updates for regular benefit eligible employee due to a retroactive hire or increase to pay
* Leave Payouts
* Accident Leave

**EXAMPLES**

**The formula is as follows:**

**(bi-weekly + additional compensation)/**

**bi-weekly = total pay cycles\***

**Example:**

Bi-weekly salary\*\* $1,000.00

+ Pay adjustment $3,000.00

 $4,000.00

$4,000/$1,000 = 4

\*\* The employee must have a bi-weekly salary in PeopleSoft in order to calculate the tax segmentation