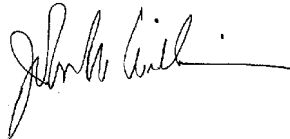


For: State Offices

**Calculating Relocation Income Tax Allowance (RITA) When Year 2 Is Calendar Year 2000**

Approved by: Deputy Administrator, Management



**1 Overview**

**A**

**Background**

The personnel and payroll function for County Office CO employees was transferred to NFC on October 10, 1999. Beginning in calendar year 2000, County Office CO employee moving expenses were paid through NFC's travel system because moving expenses must appear on the employee's W-2. RITA payments must also appear on W-2; however, NFC will not calculate RITA for moving expenses incurred before January 1, 2000, where calendar year 2000 is Year 2.

IRS has provided FSA with a PC version of the software that shall be used by State Offices to calculate RITA for CO employees whose Year 2 is calendar year 2000.

**Note:** This is the last year that State Offices may calculate RITA. All moving expenses after January 1, 2000, were to be paid through NFC; therefore, RITA claims must be filed with NFC.

**B**

**Purpose**

This notice:

- provides instructions for calculating RITA using the IRS PC application
- provides instructions for requesting payment through NFC's MANLOG
- requires a report of RITA claims processed.

Continued on the next page

<b>Disposal Date</b>	<b>Distribution</b>
April 1, 2001	State Offices

**Notice FI-2462**

**1 Overview (Continued)**

---

**C  
Contact**

<b>IF there are any questions about...</b>	<b>THEN contact...</b>
RITA policy	Travel Unit at 703-305-1408
RITA software	Debbie Simmons, FMD at 703-305-1309.

---

**2 Diskette of RITA PC Application**

---

**A**

**RITA Files  
Available on  
Diskette**

Files containing the IRS version of the RITA PC application have been copied to a diskette and mailed to State Offices. State Offices that have a RITA claim pending, where calendar year 2000 is Year 2, shall insert the diskette in a State Office PC and use the files to calculate an employee's RITA allowance. The following files are on the RITA diskette.

- RITA00.EXE
- R0099.EXE
- R0098.EXE
- R0097.EXE
- R0096.EXE

**Notes:** The files shall **NOT** be downloaded to CCE PC. Windows NT cannot run this DOS-based program.

After the program is accessed, the system will build a file labeled "RITA.DTA" to store the RITA calculations.

---

**B**

**Determining  
Taxable Moving  
Expenses**

The Travel Management Desk Reference Guide explains policies and procedures for:

- determining taxable moving expenses
- paying withholding tax allowances
- filing RITA claims.

**Note:** The Travel Management Desk Reference Guide can be found on BBS under the "Travel" library.

---

Continued on the next page

Notice FI-2462

2 Diskette of RITA PC Application (Continued)

---

C

Using PC  
Version of RITA

The following table provides instructions for beginning the RITA program from the diskette.

Step	Action
1	Insert the diskette in the diskette drive.
2	Double-click the left mouse button on the icon "My Computer".
3	Double-click the left mouse button on the icon "3 ½ Floppy (A:)".
4	Double-click the left mouse button on the file labeled "RITA00.EXE".

Exhibit 1 provides instructions for using the PC version of the RITA software to calculate RITA for taxable moving expenses incurred before January 1, 2000, where calendar year 2000 is Year 2.

**Note:** The Federal and State income tax tables are included in the PC version of RITA software. State Offices shall not dataload the tax tables before using the software.

---

Continued on the next page

**2 Diskette of RITA PC Application (Continued)**

---

**D**

**States That Do Not Allow Deduction of Moving Expenses for State Income Tax Purposes**

There are a few States that do not allow taxpayers to claim a deduction of moving expenses for State income tax purposes. If the State does not allow deduction of moving expenses for State income tax purposes, the gross RITA must be adjusted to allow for the additional tax burden. The following table provides the steps to calculate an adjustment in these States, after using the IRS PC diskette for the calculation. Line numbers refer to the line on the IRS calculated printout.

Step	Action		Calculation
1	A	Enter State tax rate shown in line 7.	
	B	1.0 minus YR1 Federal tax rate shown in line 6.	
	Multiply 1 A times 1 B to obtain "Step 1 Result".		
2	A	Enter the "Step 1 Result".	
	B	1.0 minus YR2 Combined Marginal tax rate shown in line 9.	
	Divide 2 A by 2 B to obtain "Step 2 Result".		
3	A	Enter the "Step 2 Result".	
	B	Enter the reimbursed moving expenses in Year 1 that were deductible for Federal tax, but not State tax purposes.	
	Multiply 3 A times 3 B to obtain "Step 3 Result".		
4	A	Enter the "Step 3 Result".	
	B	Enter the Final RITA, Year 2 shown in line 13.	
	Add 4 A and 4 B to obtain the "Adjusted Gross Amount of RITA"		

**3 Making Payment or Collection for RITA**

---

**A**

**Enter Request in MANLOG**

RITA payments or collections must be requested using NFC's MANLOG. Instructions for entering data in MANLOG are contained in NFC Manual Title 1, "Payroll Personnel Manual", Chapter 18, "Document Tracking System", pages 26 through 28.

Continued on the next page

Notice FI-2462

**3 Making Payment or Collection for RITA (Continued)**

---

**A**

**Enter Request in  
MANLOG  
(Continued)**

In the "Remarks" field, enter 1 of the following statements, inserting the correct gross amount and State Office contact information:

- for payments, "Please make backpay of \$xxx.xx gross, with applicable deductions for FICA and taxes. Period covered pp 18, 1999. Payment to address on database. Contact (name), (telephone number)."
  - for collections, "Please collect an overpayment of \$xxx.xx gross, reduced by applicable deductions for FICA. Period covered pp 18, 1999. Contact (name), (telephone number)."
- 

**B**

**MANLOG  
Inquiry**

NFC should make payment within 5 workdays. When payment is issued, NFC will update MANLOG to include the schedule number used. State Offices can use the inquiry function of MANLOG to determine when the payment has been released.

---

**4 State Office Action**

---

**A**

**Notify Employees  
Required to File  
RITA**

State Offices shall immediately notify employees that were reimbursed for taxable moving expenses in 1999 to file for RITA.

**Note:** If an employee received withholding tax allowance (WTA) in 1999, the employee is required to file a RITA claim or refund WTA.

---

**B**

**Process RITA**

Follow the instructions in this notice and process RITA as early as possible in December.

---

**C**

**Report RITA  
Claims Filed**

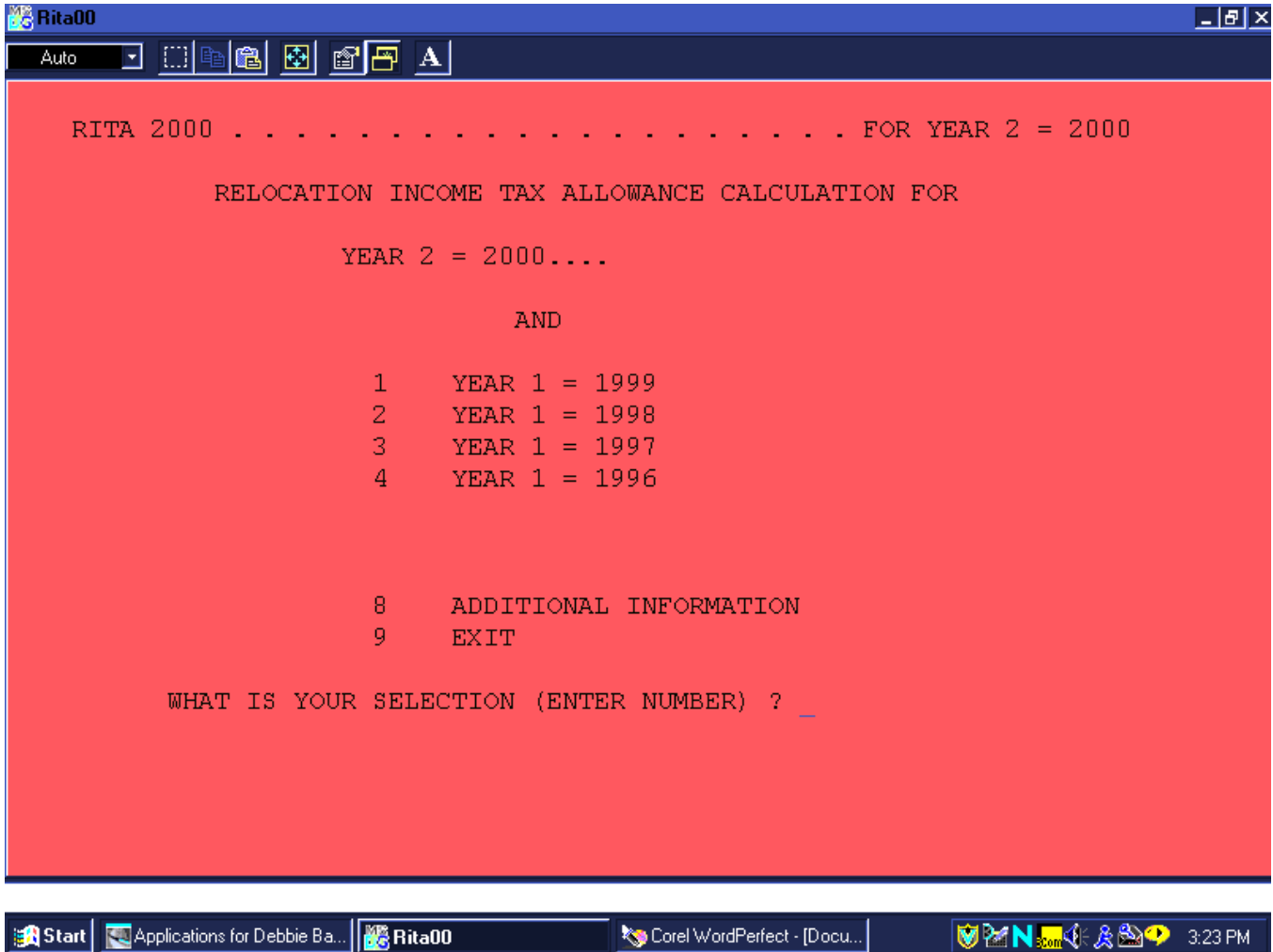
FAX a report of the RITA claims filed to Debbie Simmons at 703-305-1144 and include:

- POI
  - employee's SSN
  - gross amount of RITA
  - date entered in MANLOG
  - State and County code of county relocated to.
-

**Instructions for Using PC Software to Calculate RITA**

---

Access the 2000 RITA software by selecting the file "RITA00.EXE". The following is an example of the beginning screen.



The year that the employee received taxable moving expenses is "Year 1". Select the option that corresponds to the appropriate Year 1 and PRESS "Enter".

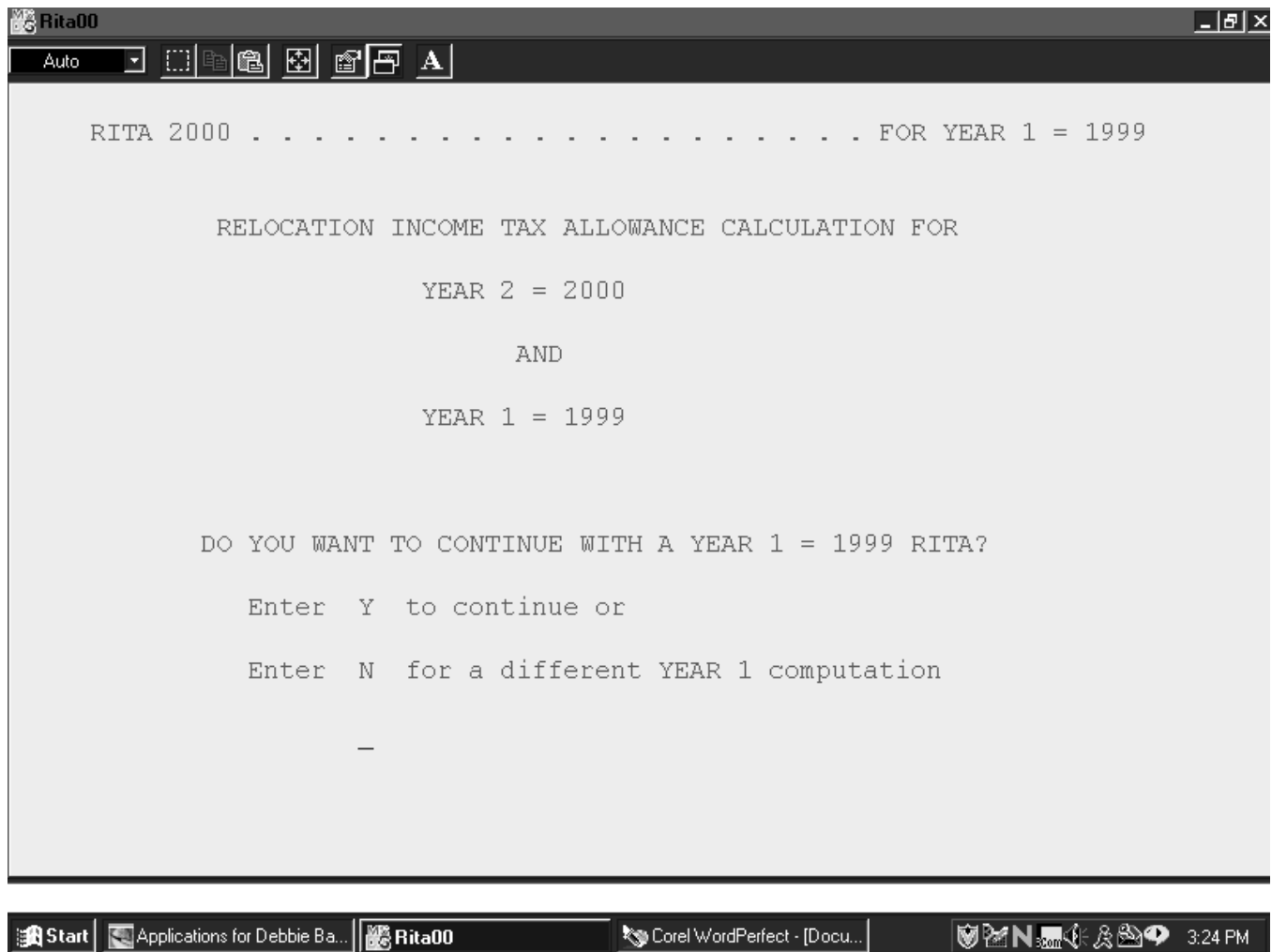
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 2.



This screen verifies the Year 1 selected. ENTER "Y" if correct or "N" to return to Screen 1 to make the correct selection and PRESS "Enter".

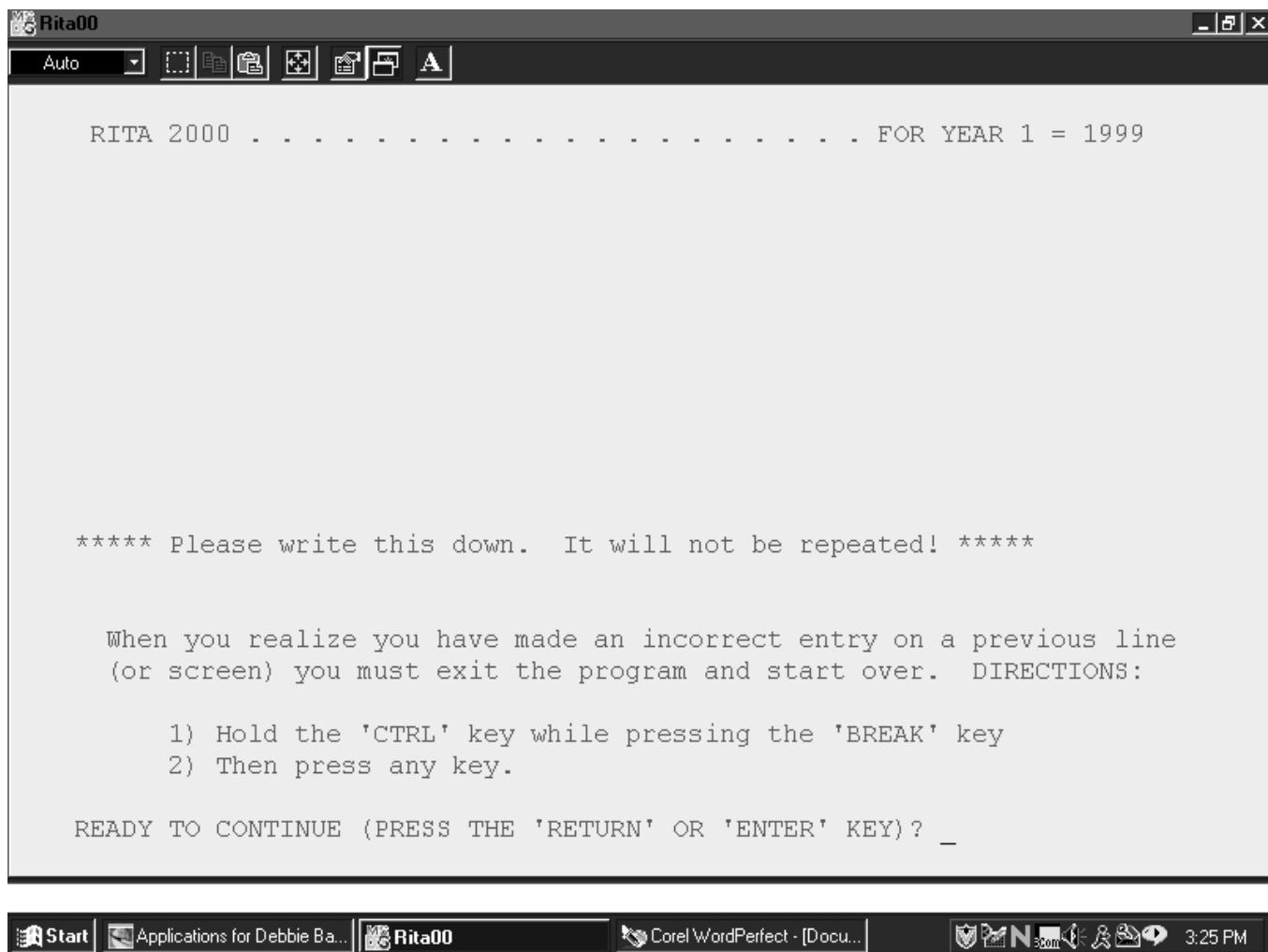
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 3.



PRESS "Enter".

**Note:** If errors are made on the following pages, the user must exit the program and begin again.

---

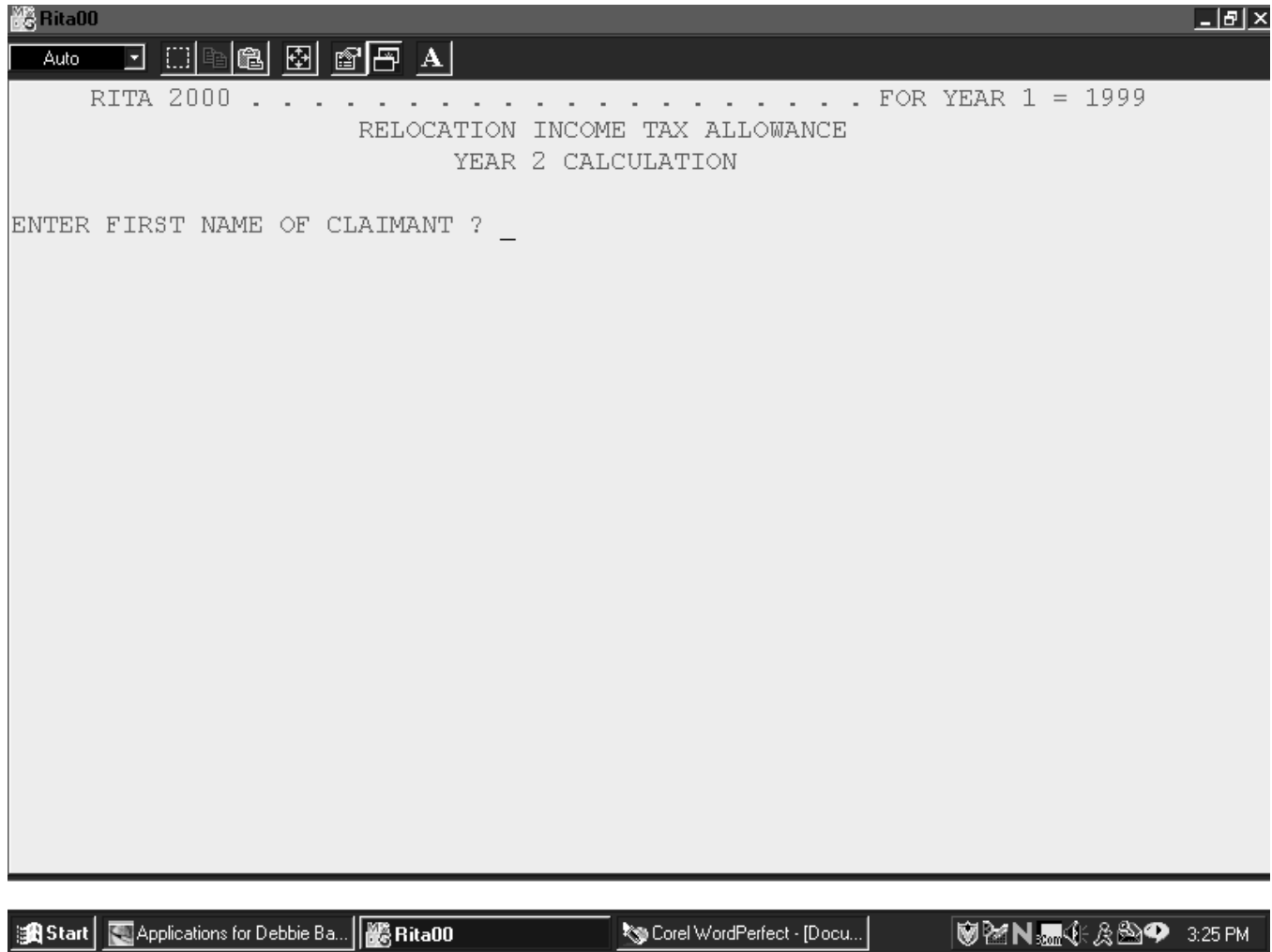
Continued on the next page



**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 4.



Enter the employee's first name and PRESS "Enter".

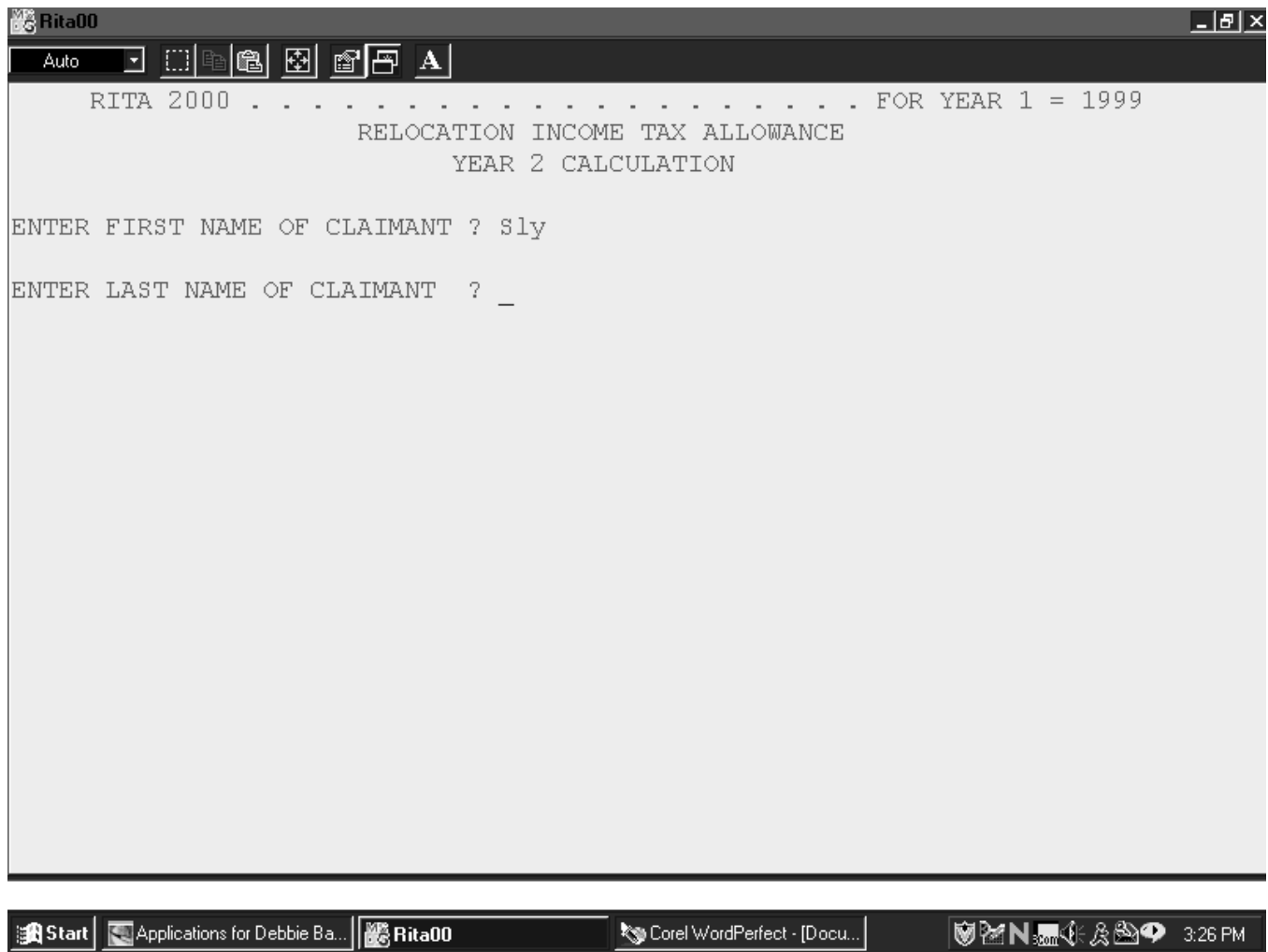
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 5.



Enter the employee's last name and PRESS "Enter".

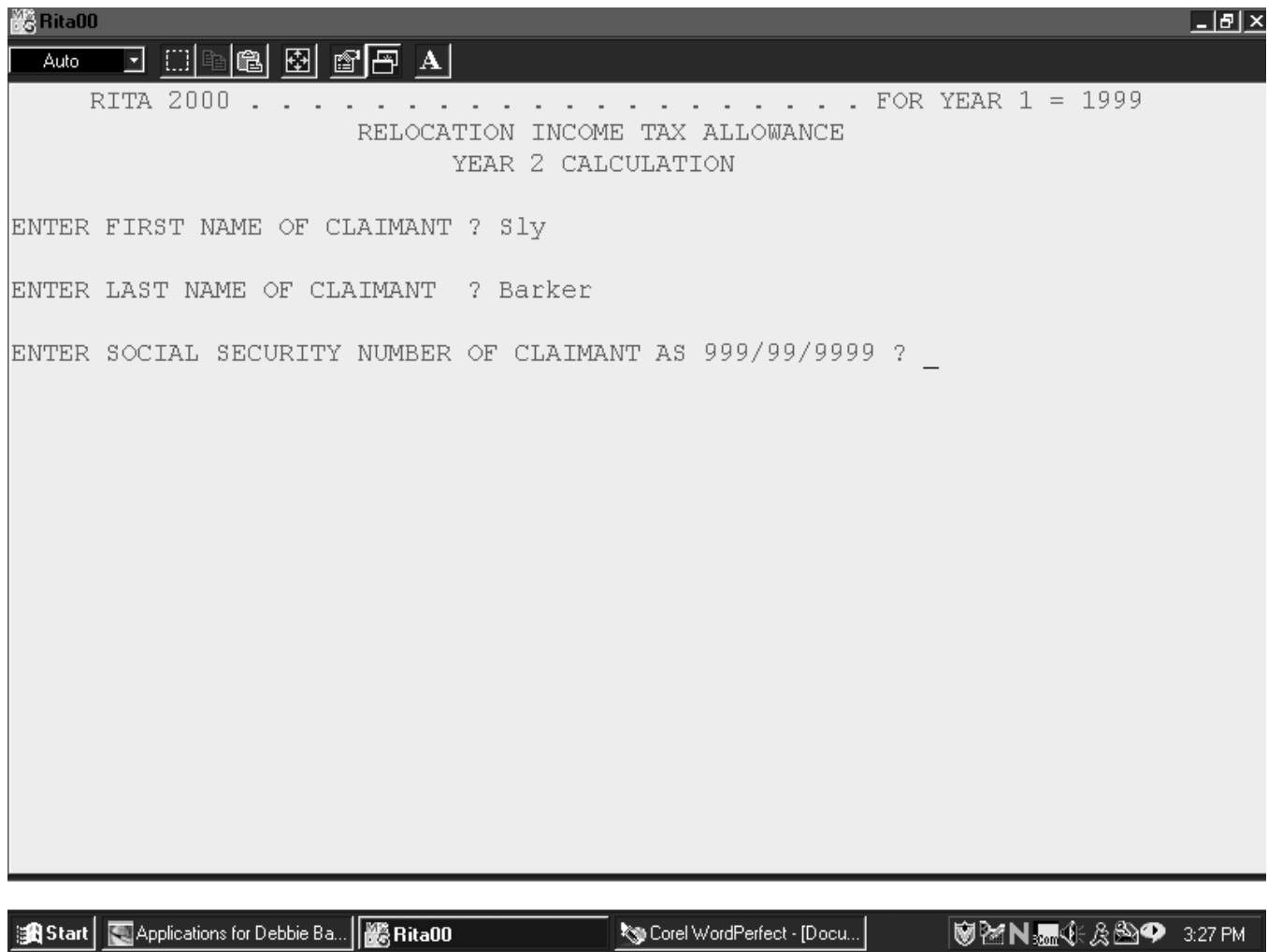
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

This is an example of Screen 6.



Enter the employee's SSN using the back slash to separate the segments.

**Note:** If the back slashes are not included, the system will not accept SSN.

PRESS "Enter".

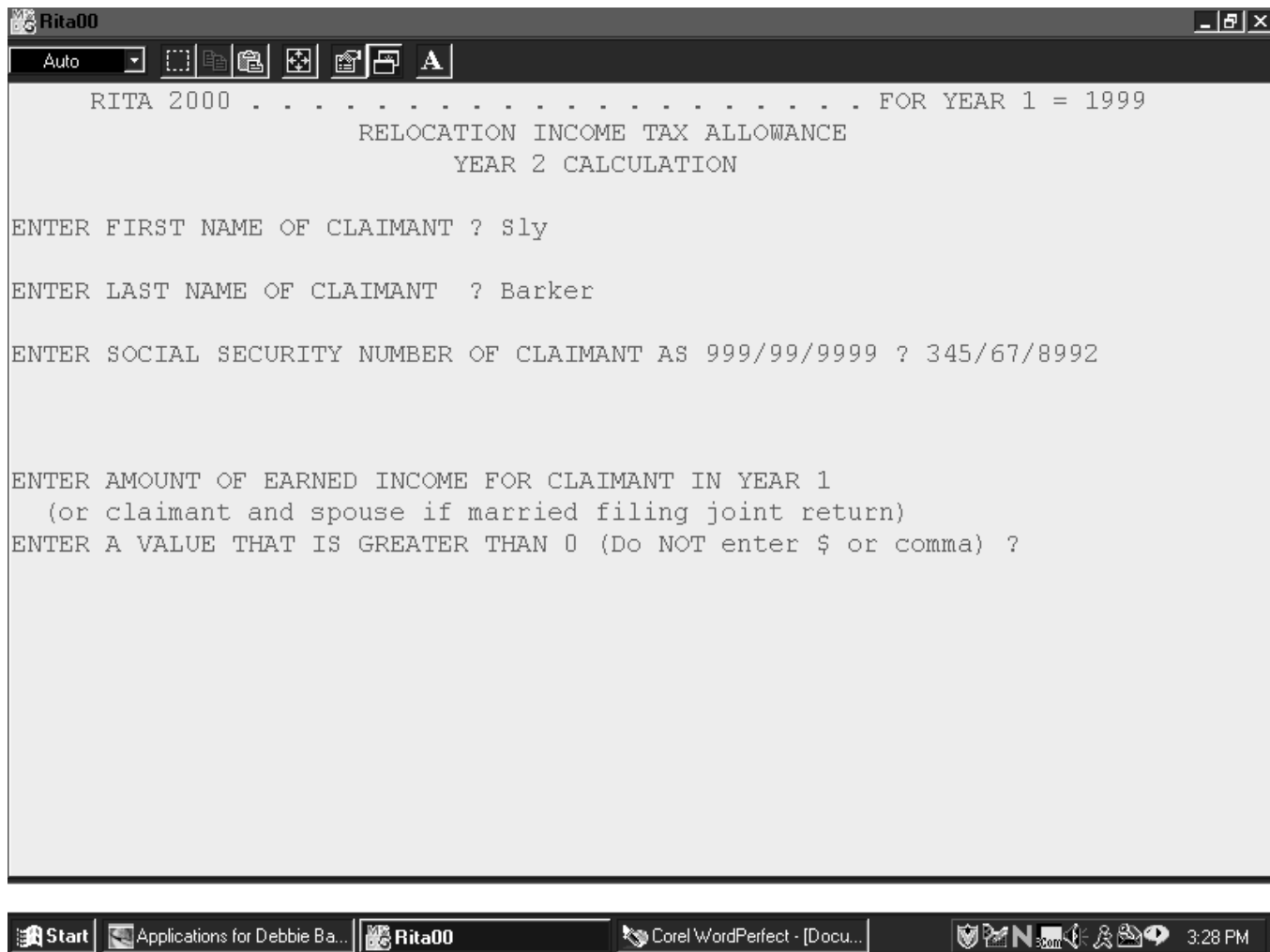
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 7.



Enter the "Total Earned Income" from AD-1000, Section 1.

**Note:** Include the decimal place, but omit the dollar sign and commas.

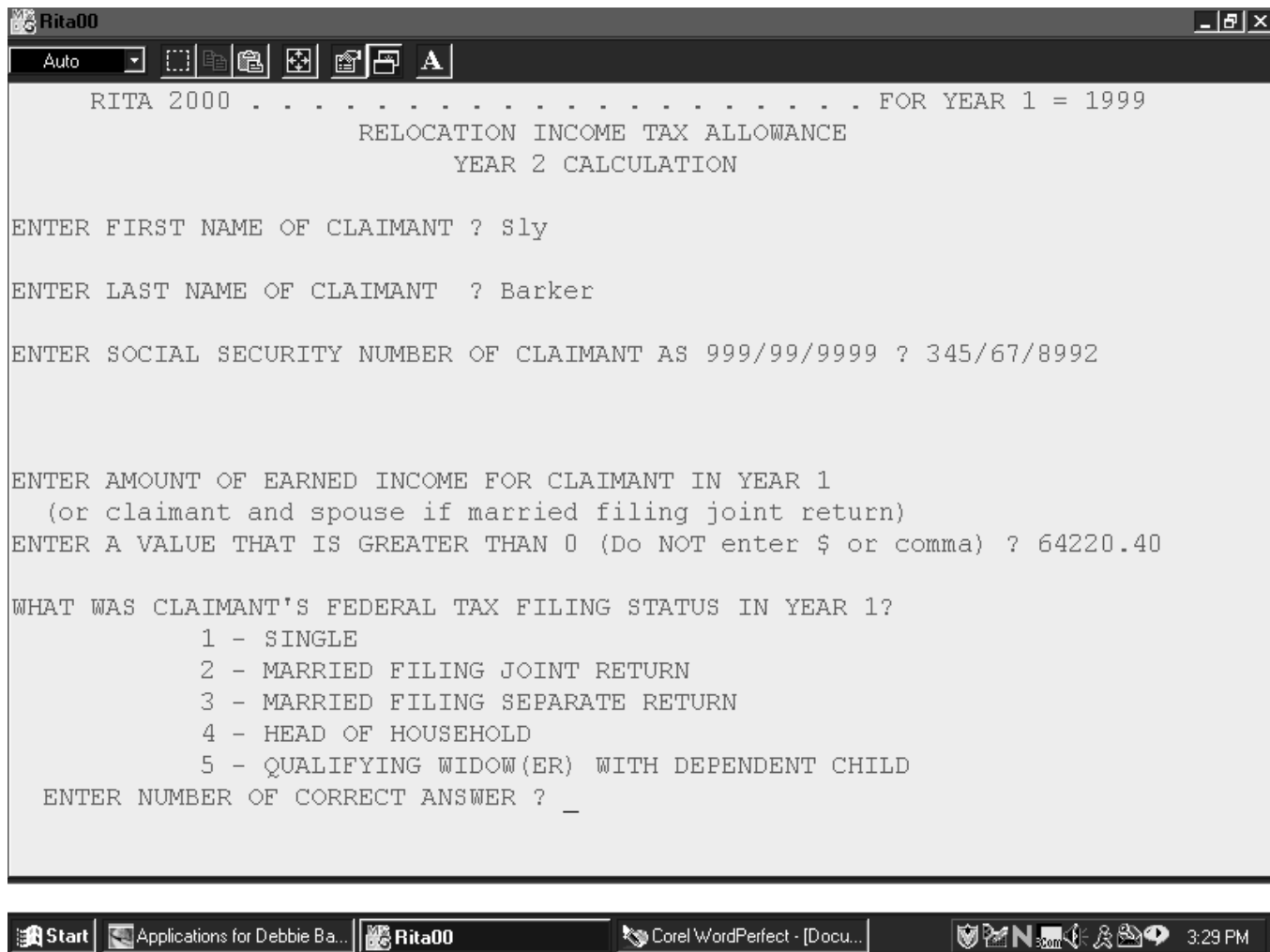
PRESS "Enter".

---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

The following is an example of Screen 8.



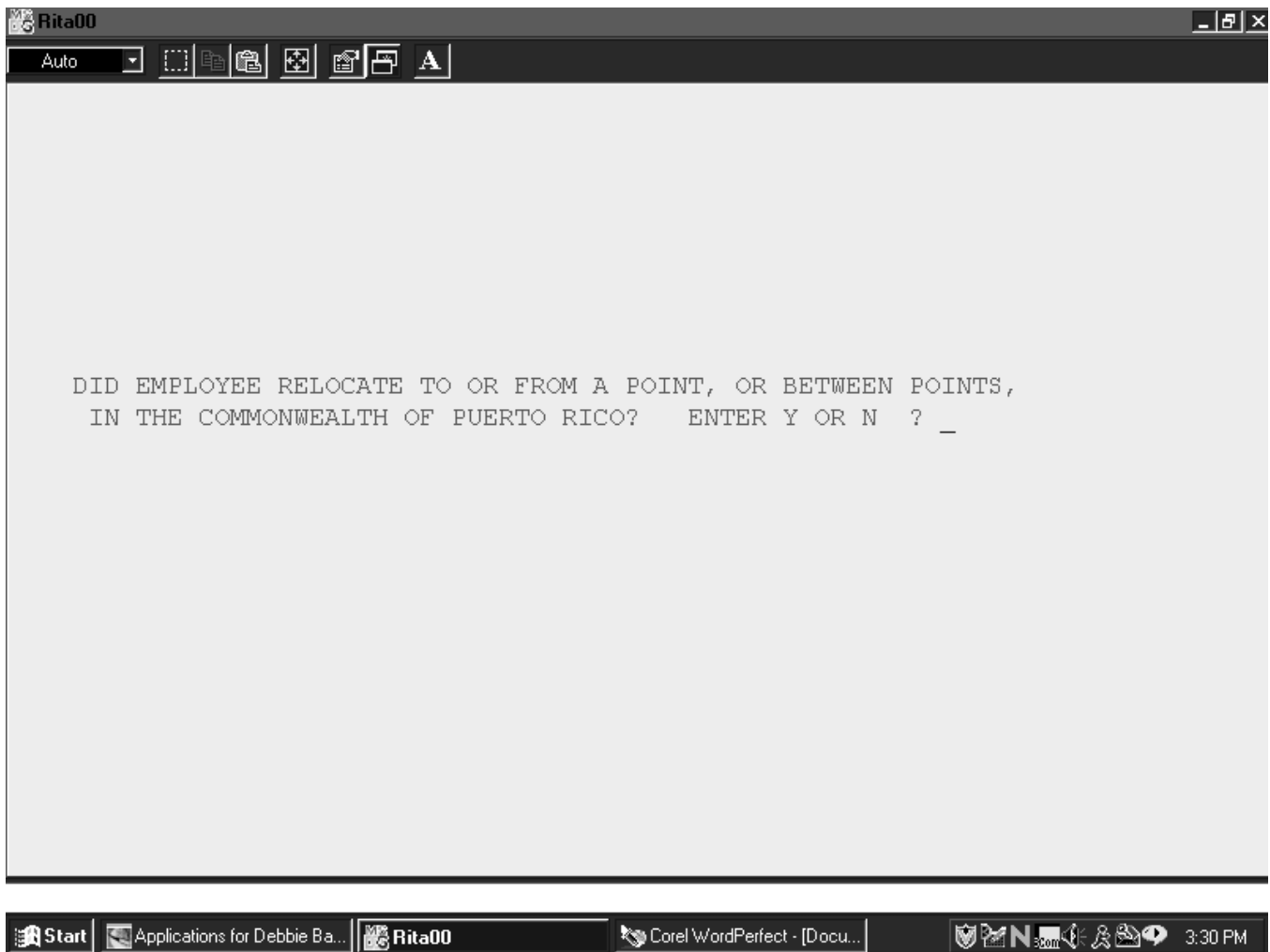
Select the option that reflects the employee’s tax filing status, shown on AD-1000, Section 2 and PRESS "Enter".

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 9.



If the employee's relocation was to or from Puerto Rico, ENTER "Y", if not, ENTER "N" and PRESS "Enter".

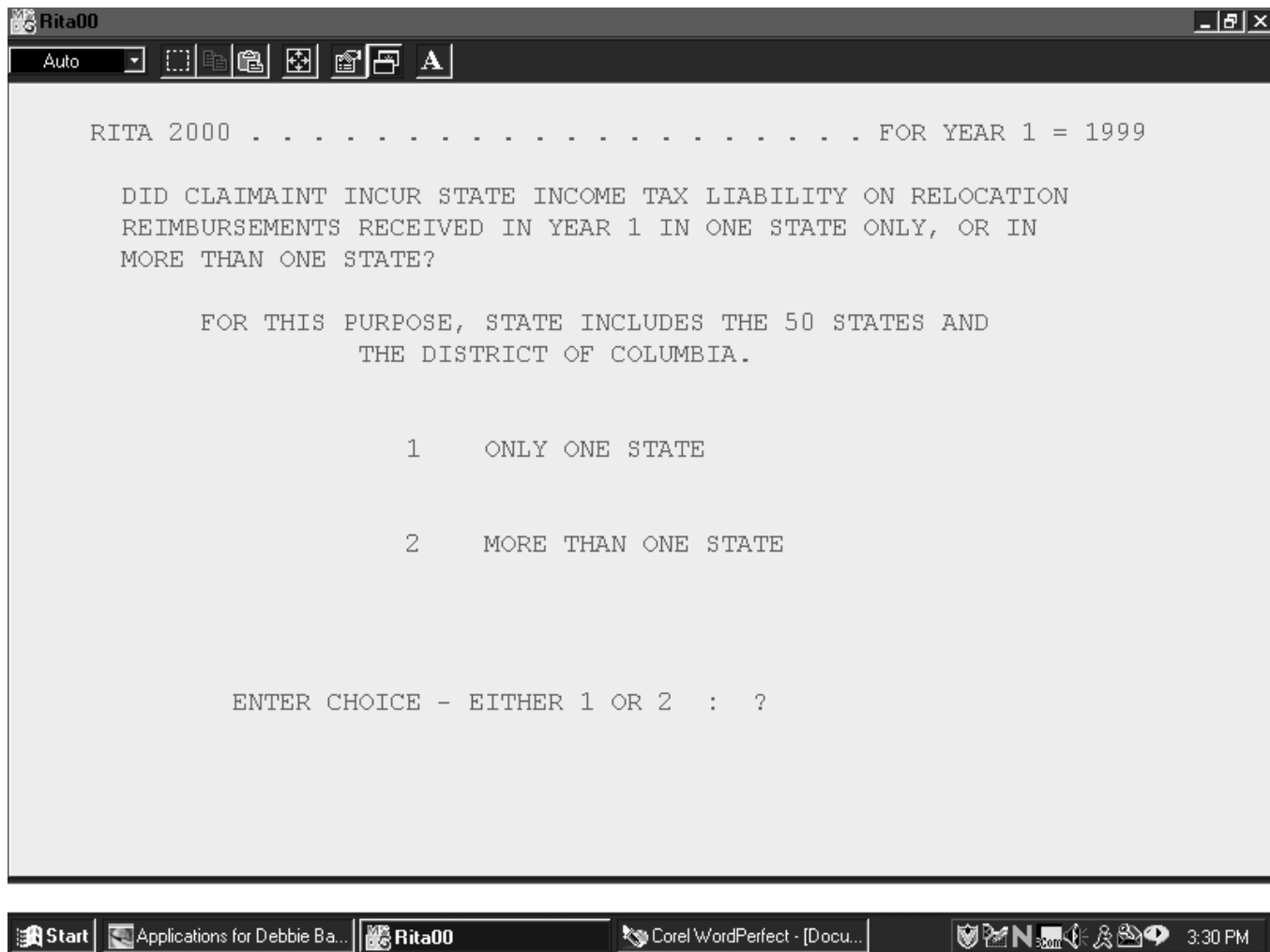
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 10.



If the employee received taxable moving expense reimbursements in:

- only 1 State, ENTER "1"
- more than 1 State, ENTER "2".

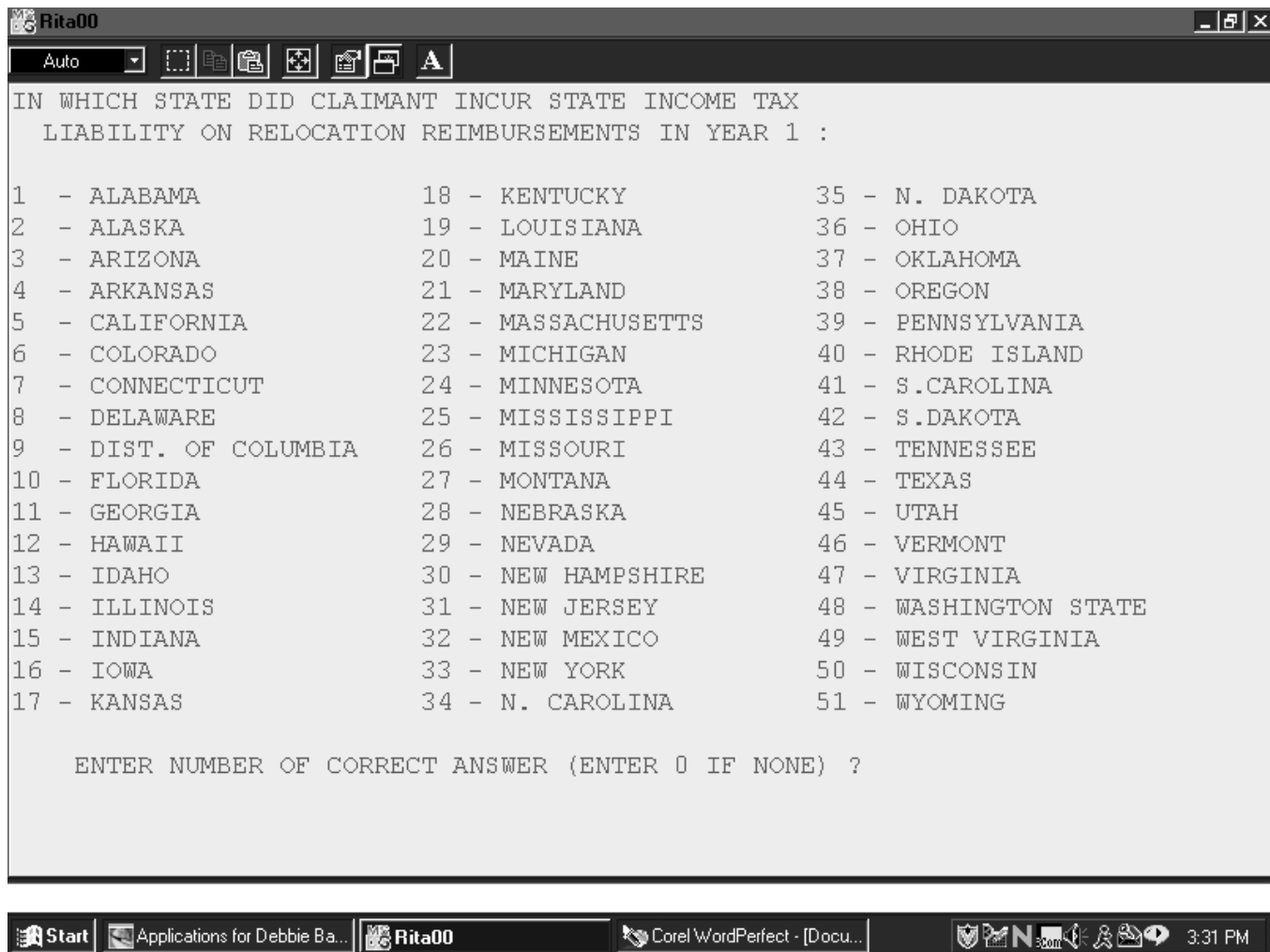
PRESS "Enter".

---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

The following is an example of Screen 11.



Enter the code associated with the State that the employee incurred State income tax liability as a result of taxable moving expenses.

**Note:** The State codes are associated with the RITA software and are **not** the same as the State numeric codes used by FSA.

PRESS "Enter".

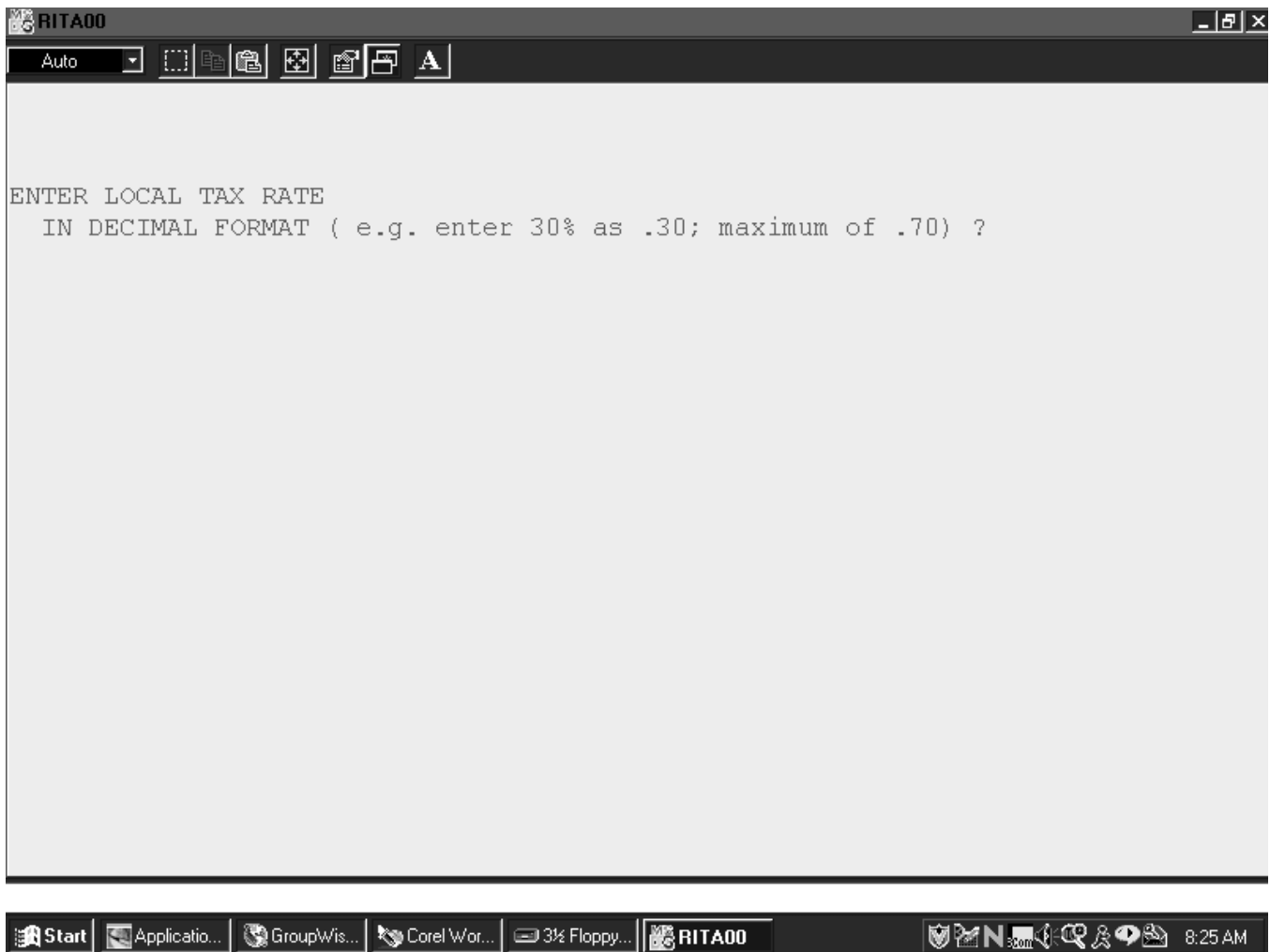
Continued on the next page



**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 12.



If employee is subject to local tax, enter the percentage of local tax. If employee is not subject to local tax, leave blank. The software defaults to "0".

PRESS "Enter".

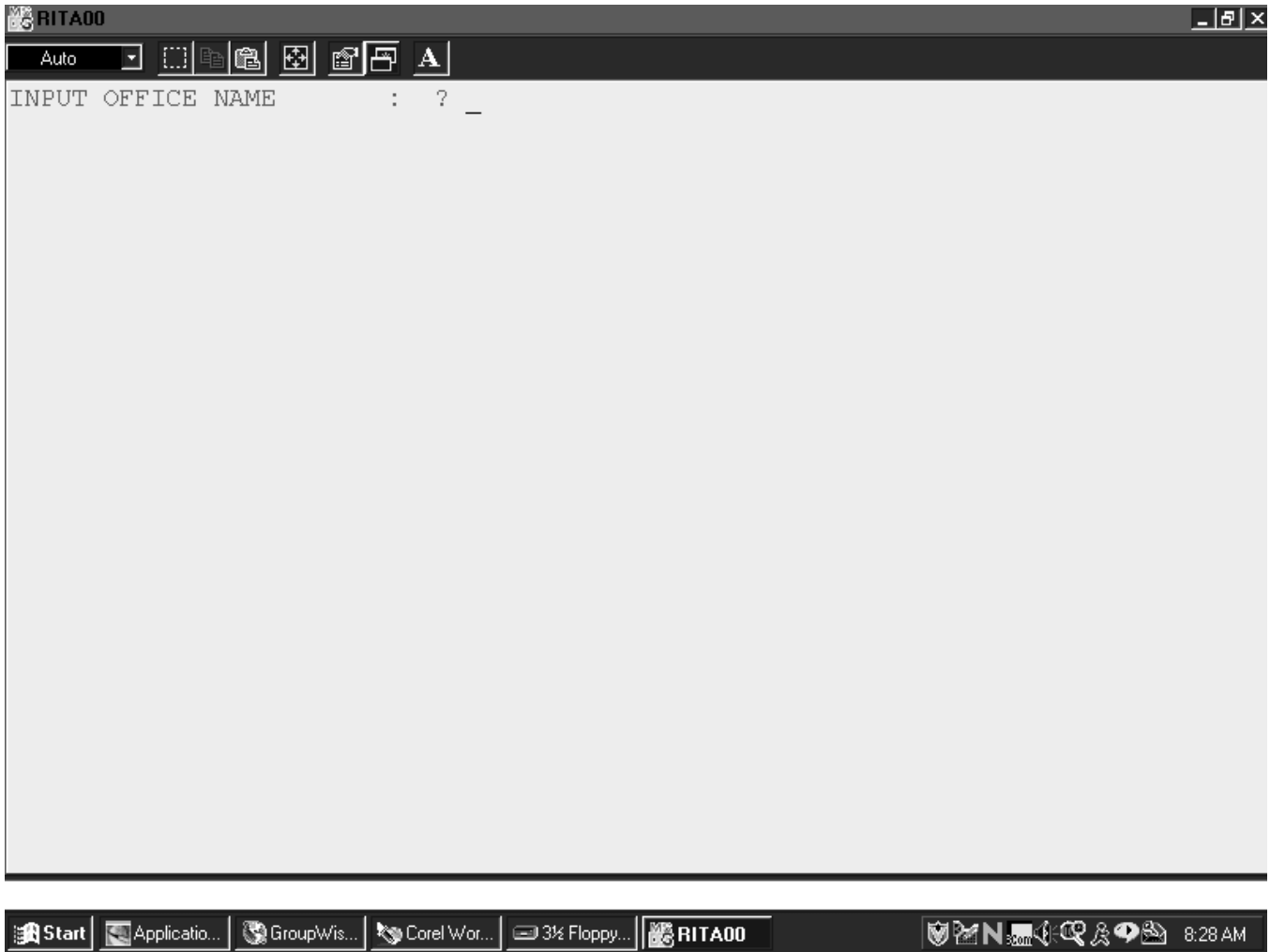
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 13.



Enter the name of the employee's headquarter County Office and PRESS "Enter".

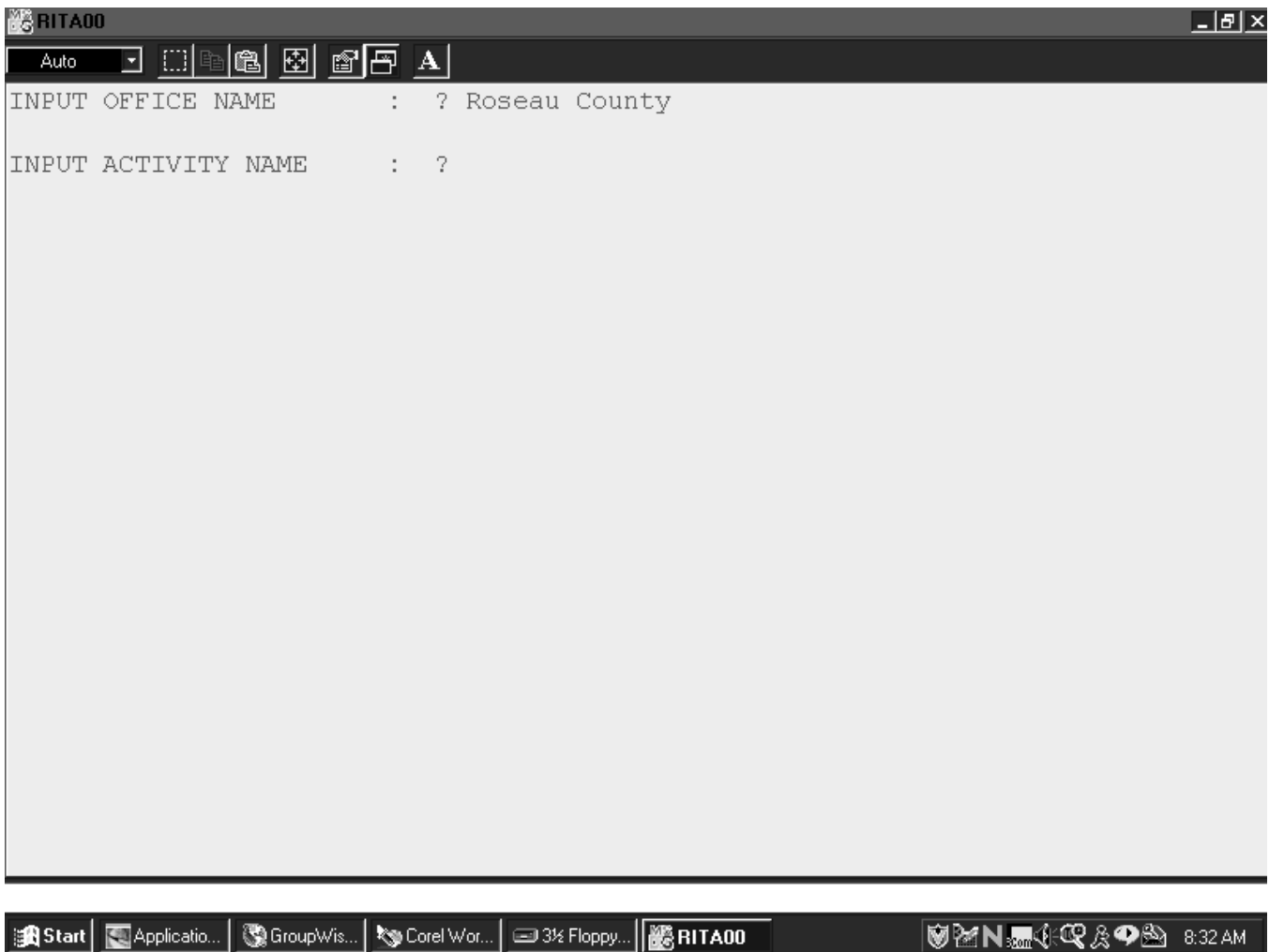
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 14.



ENTER "RITA Calculation" and PRESS "Enter".

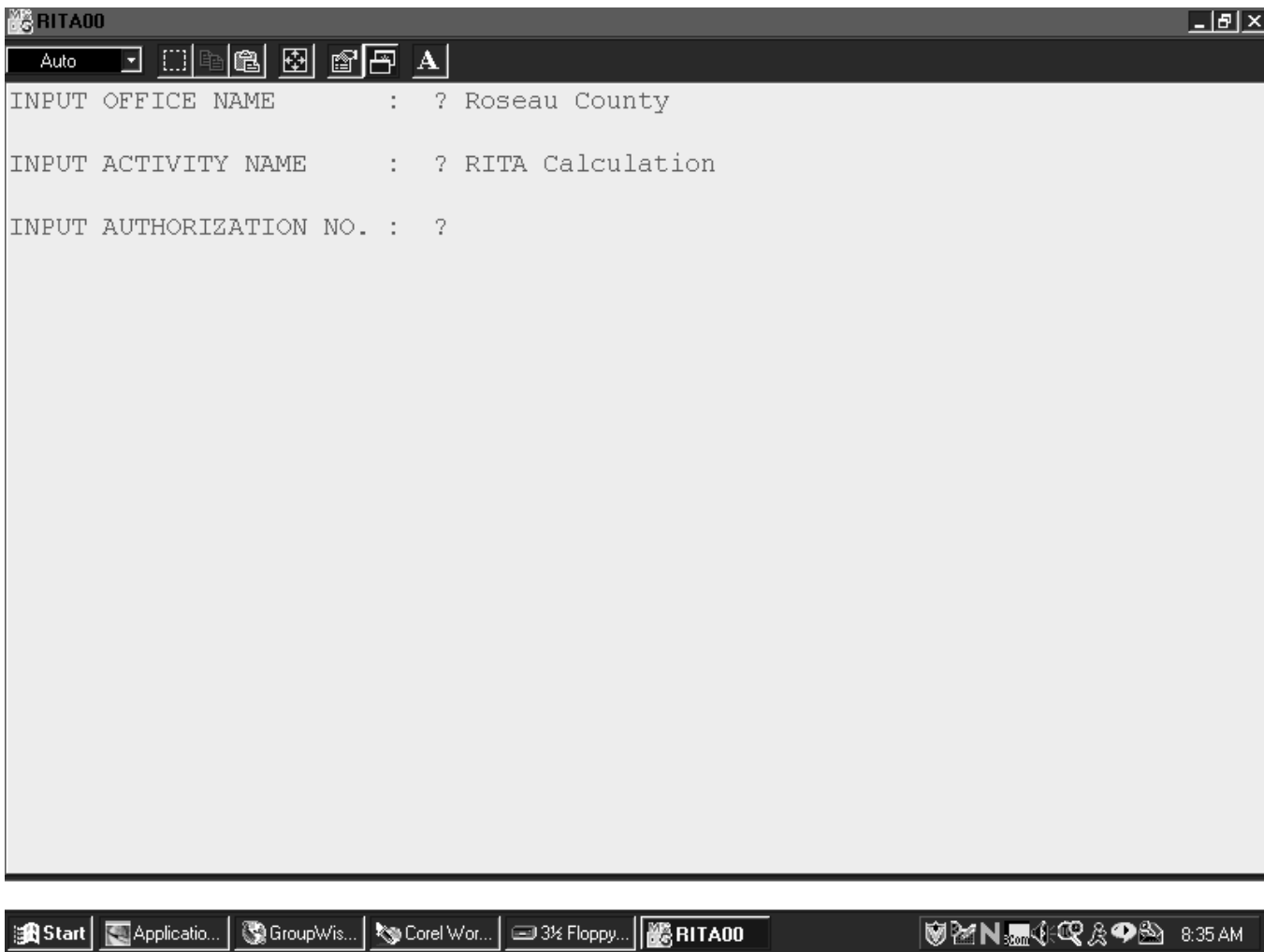
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 15.



Enter the State Office assigned log number associated with the employee's WTA. If there is no log number, leave blank.

PRESS "Enter".

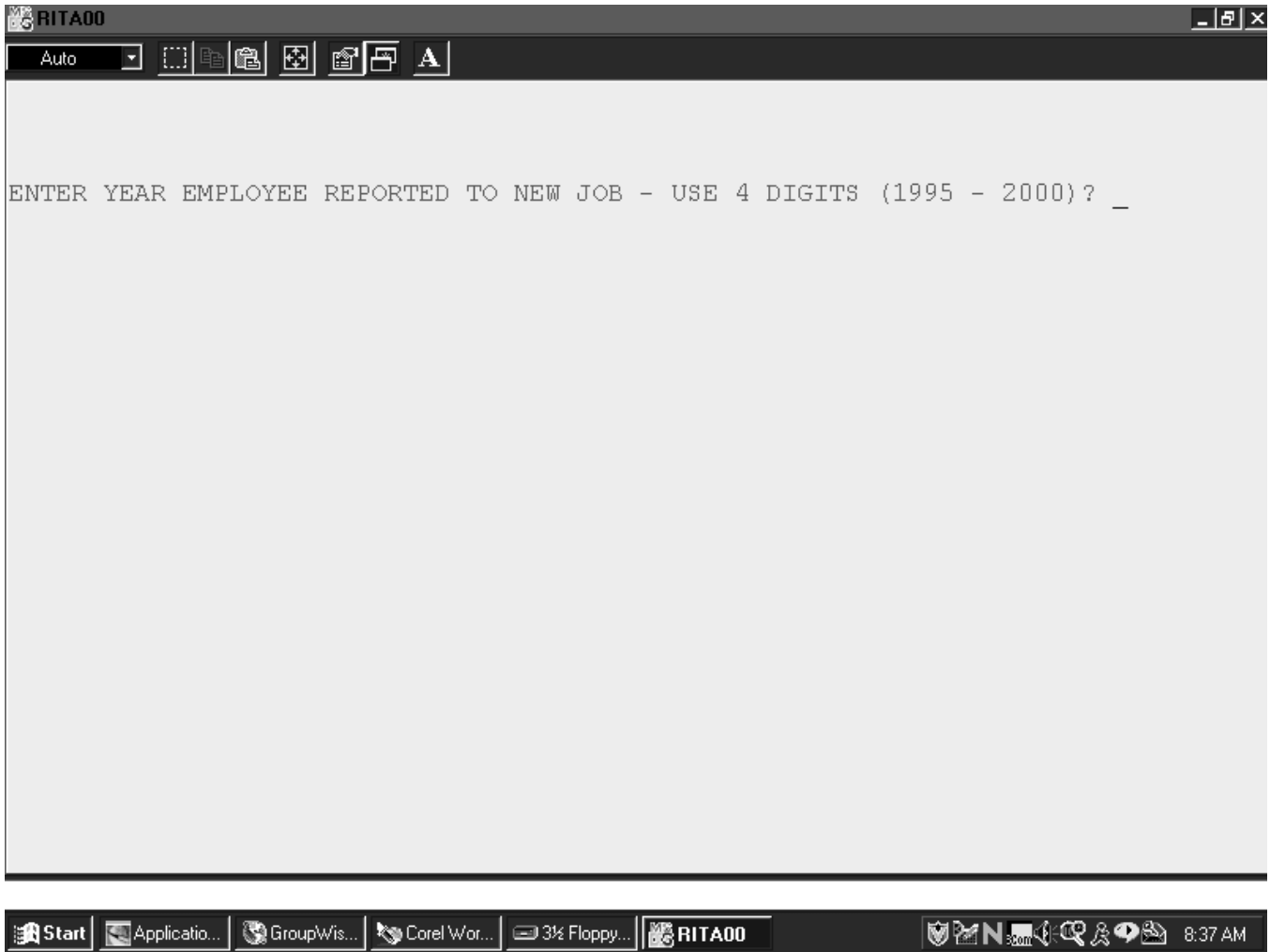
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 16.



Enter the 4-digit year that the employee reported to work in the new county and PRESS "Enter".

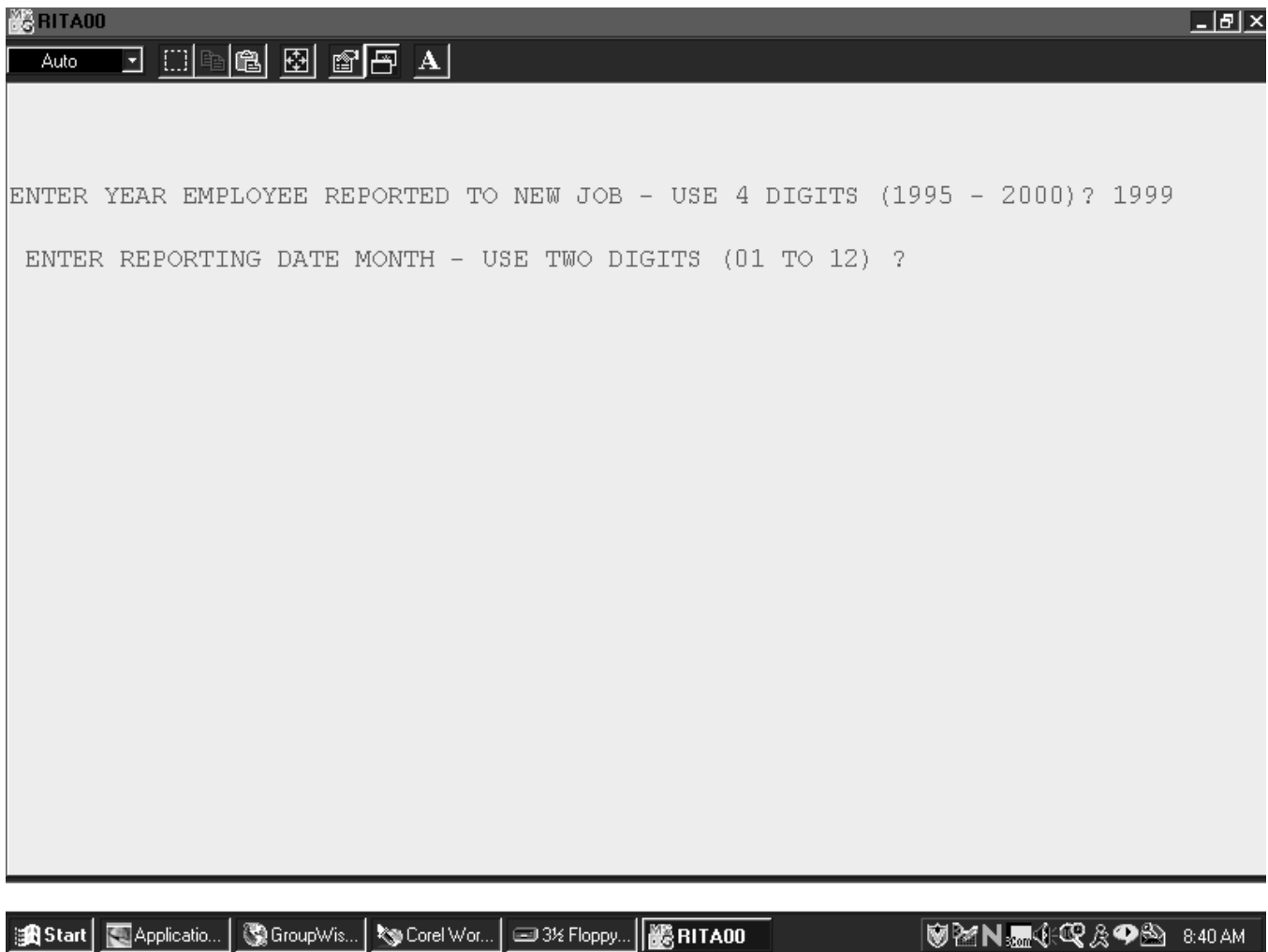
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 17.



Enter the 2-digit month that the employee reported for duty in the new county and PRESS "Enter".

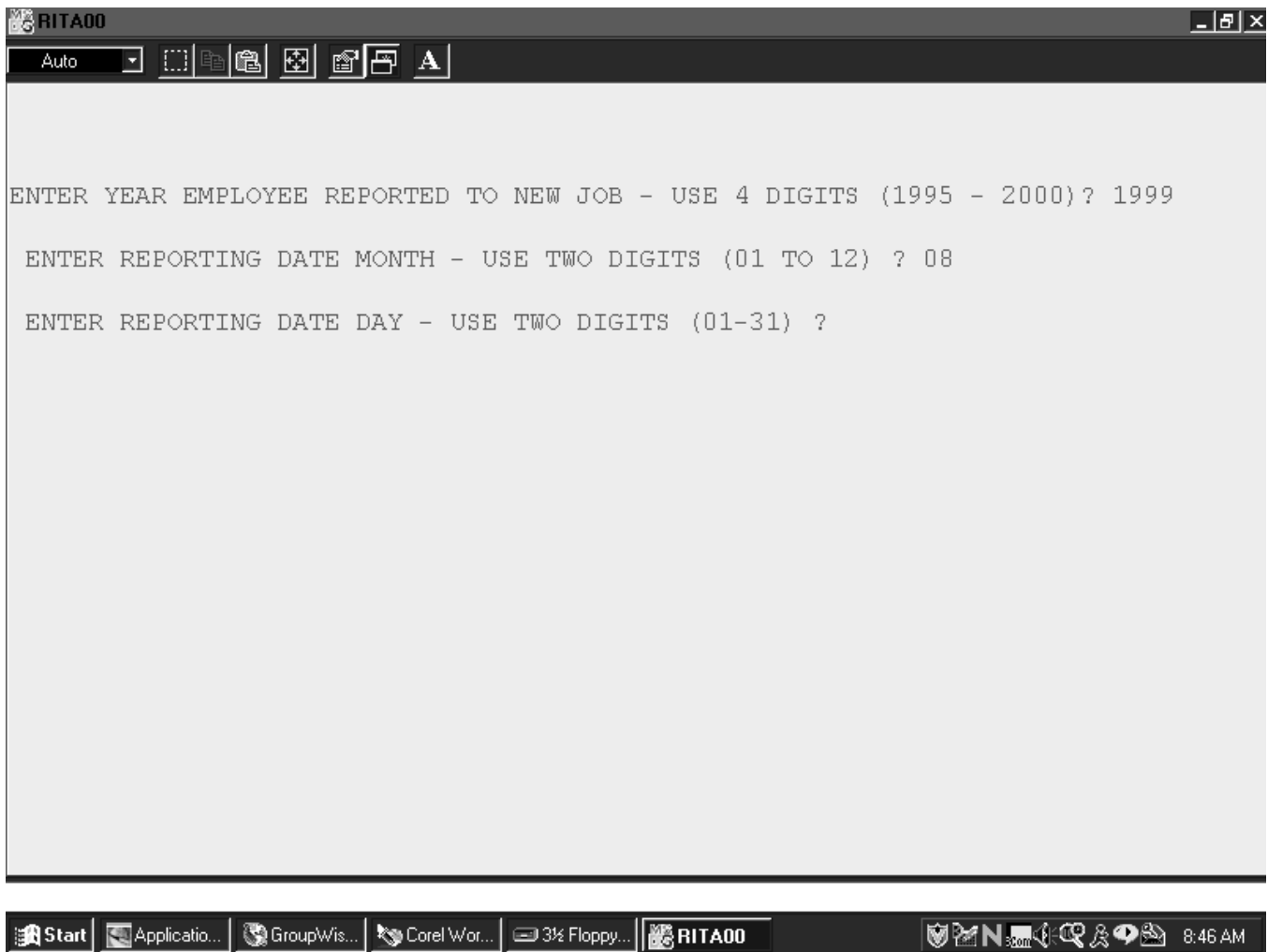
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 18.



Enter the 2-digit day that the employee reported for duty in the new county.

**Note:** If the day is less than 10, enter a leading "0".

PRESS "Enter".

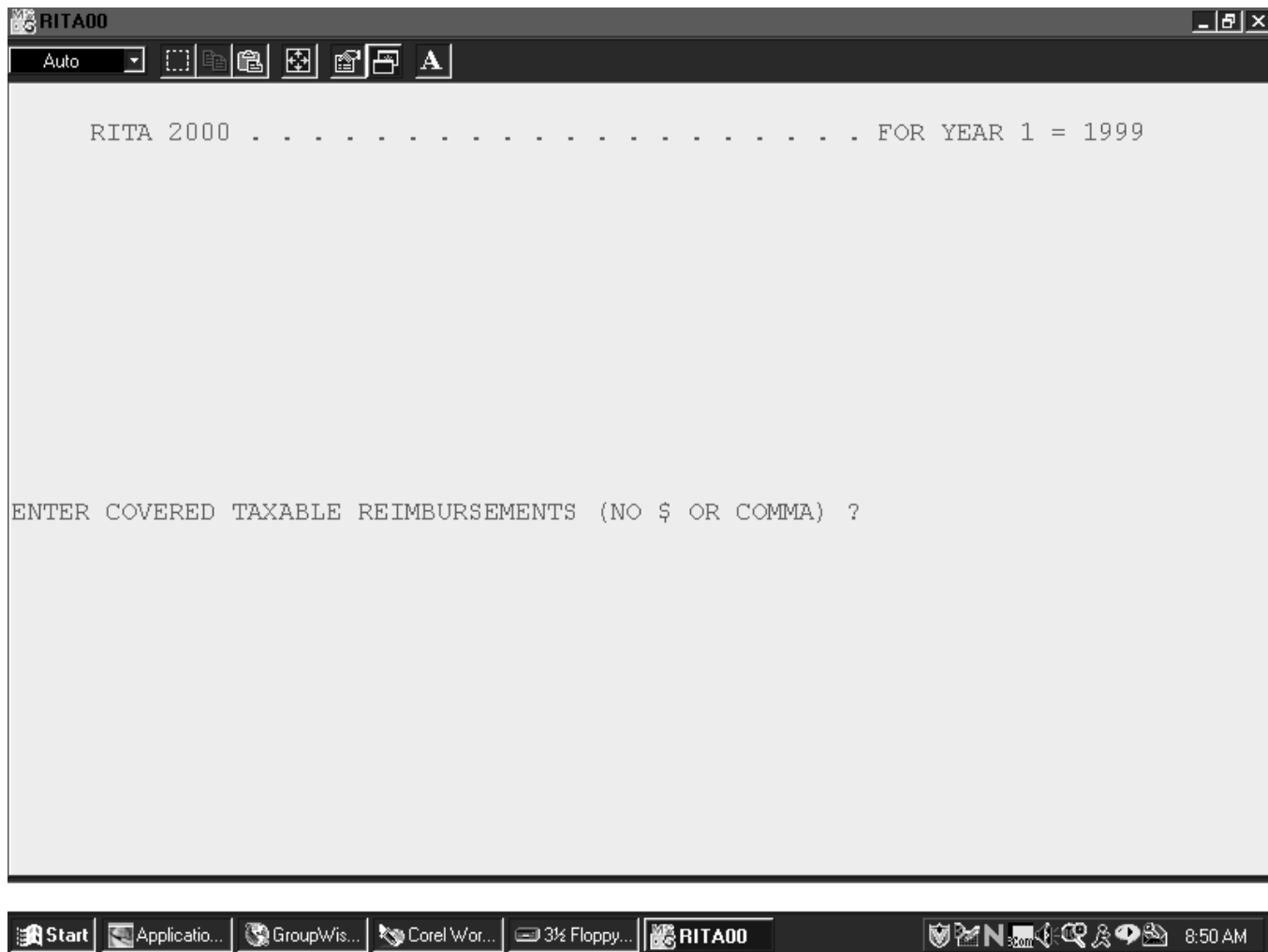
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 19.



Enter the amount of "Covered Taxable Payments" from AD-1000, Block 5.

**Note:** Include the decimals, but omit the dollar sign and commas.

PRESS "Enter".

---

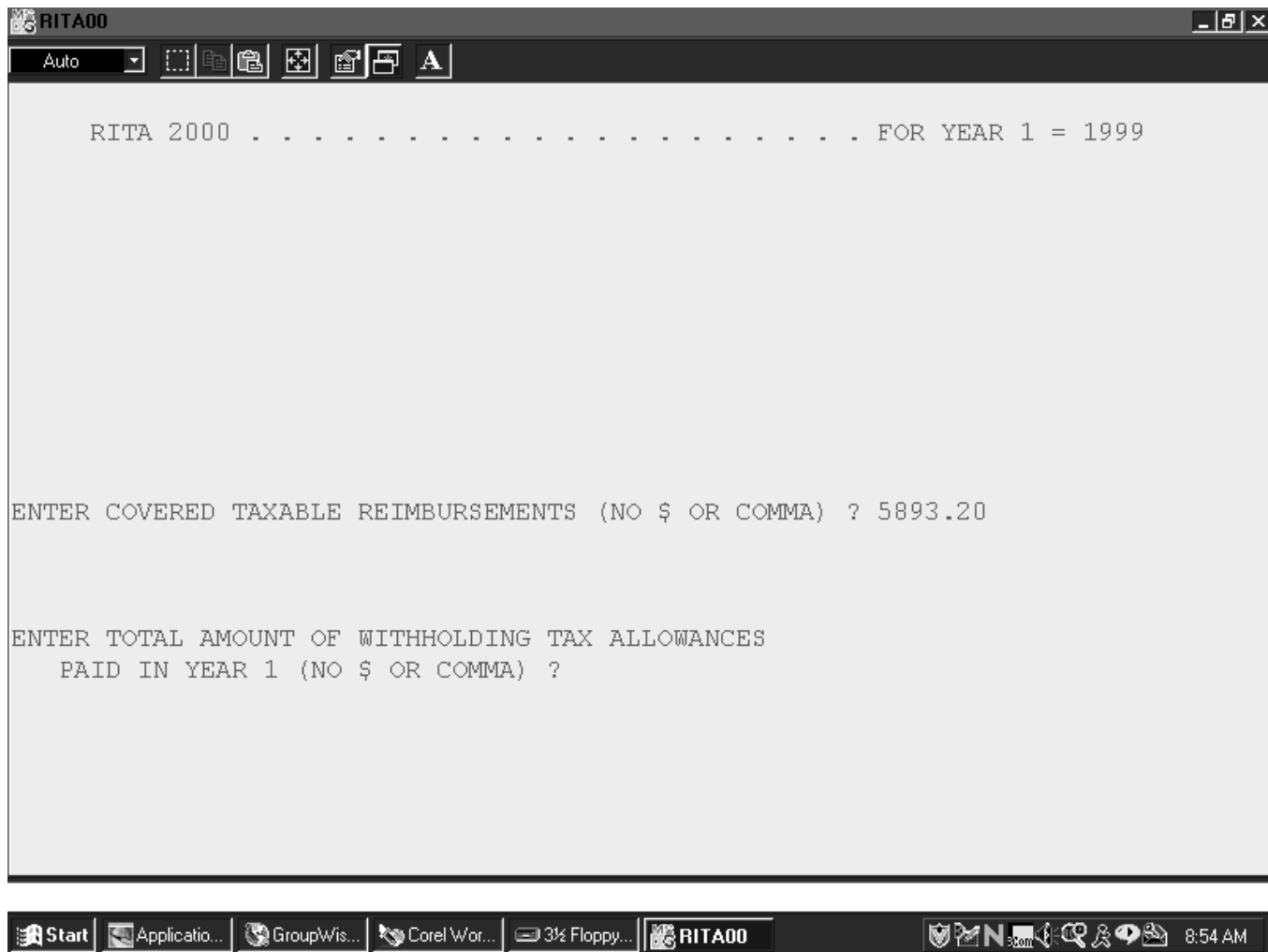
Continued on the next page



**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 20.



Enter the amount of WTA paid in Year 1.

**Note:** Include the decimal, but omit the dollar sign and commas.

PRESS "Enter".

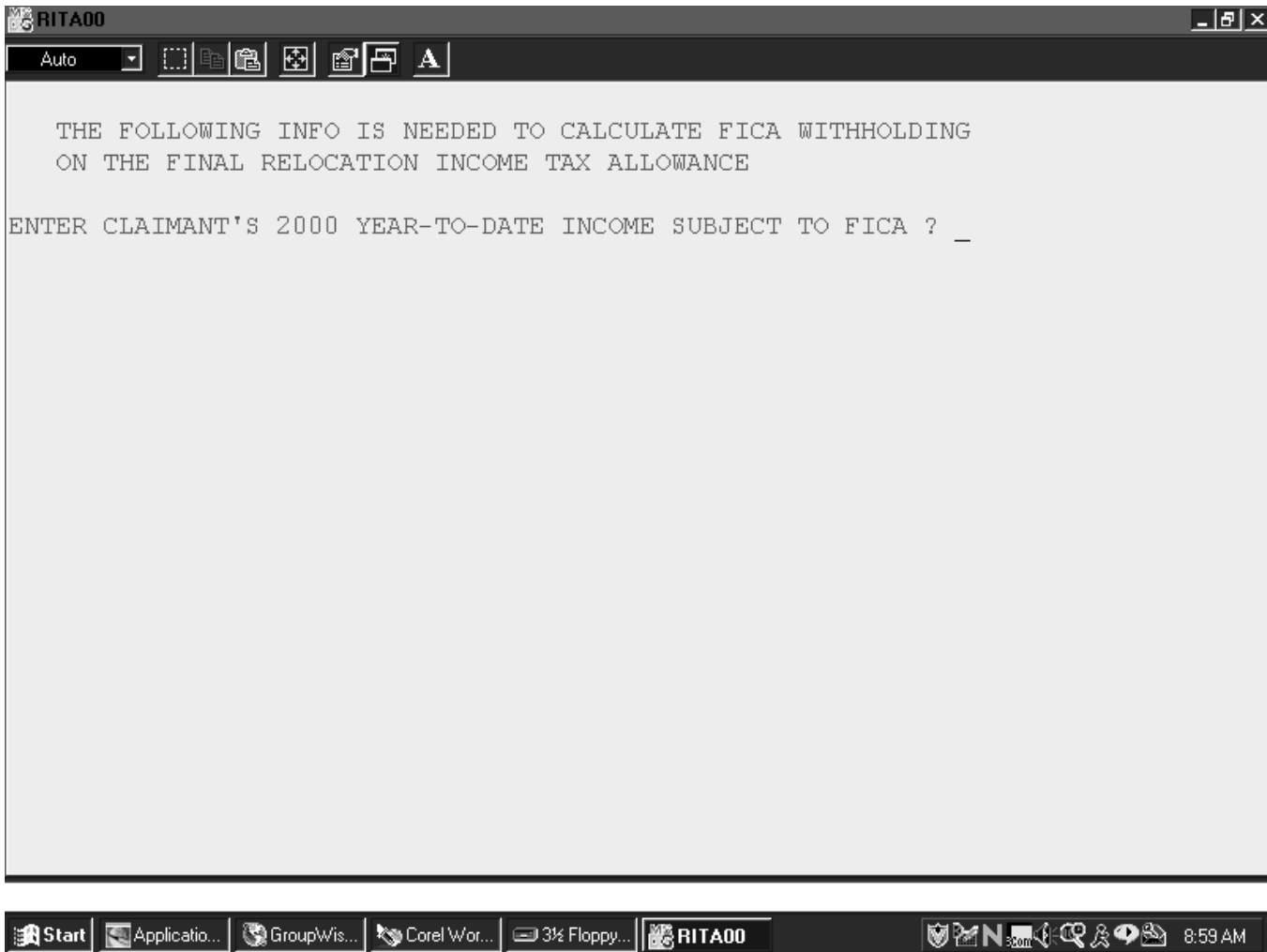
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 21.



Enter the employee's 2000 year-to-date gross income.

**Note:** The year-to-date gross income can be found on NFC's database, using IRIS Screen 103 and PRESS "Enter".

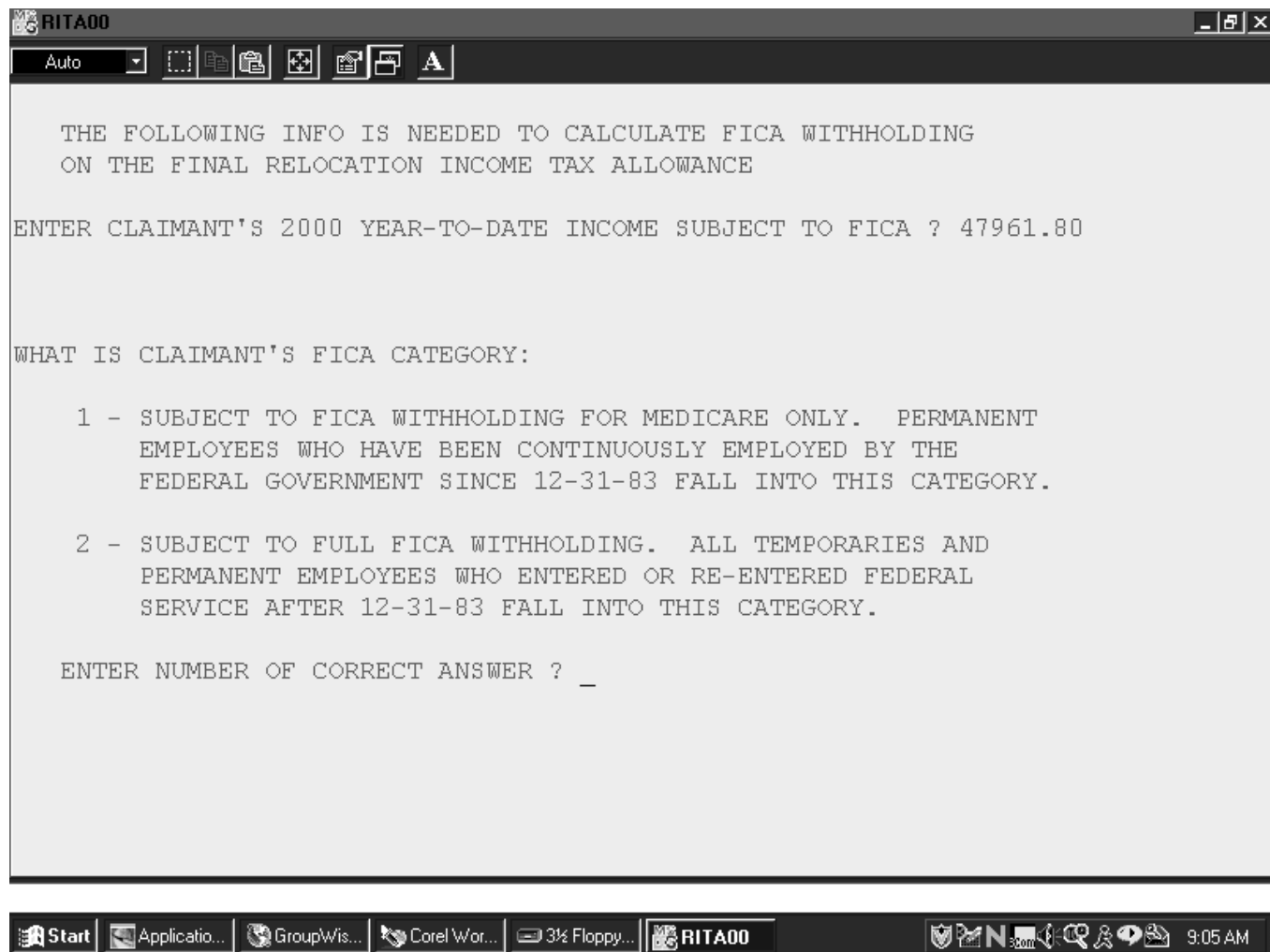
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 22.



If the employee's retirement coverage is:

- CSRS, ENTER "1"
- CSRS-offset, FERS, or FICA only, ENTER "2".

PRESS "Enter".

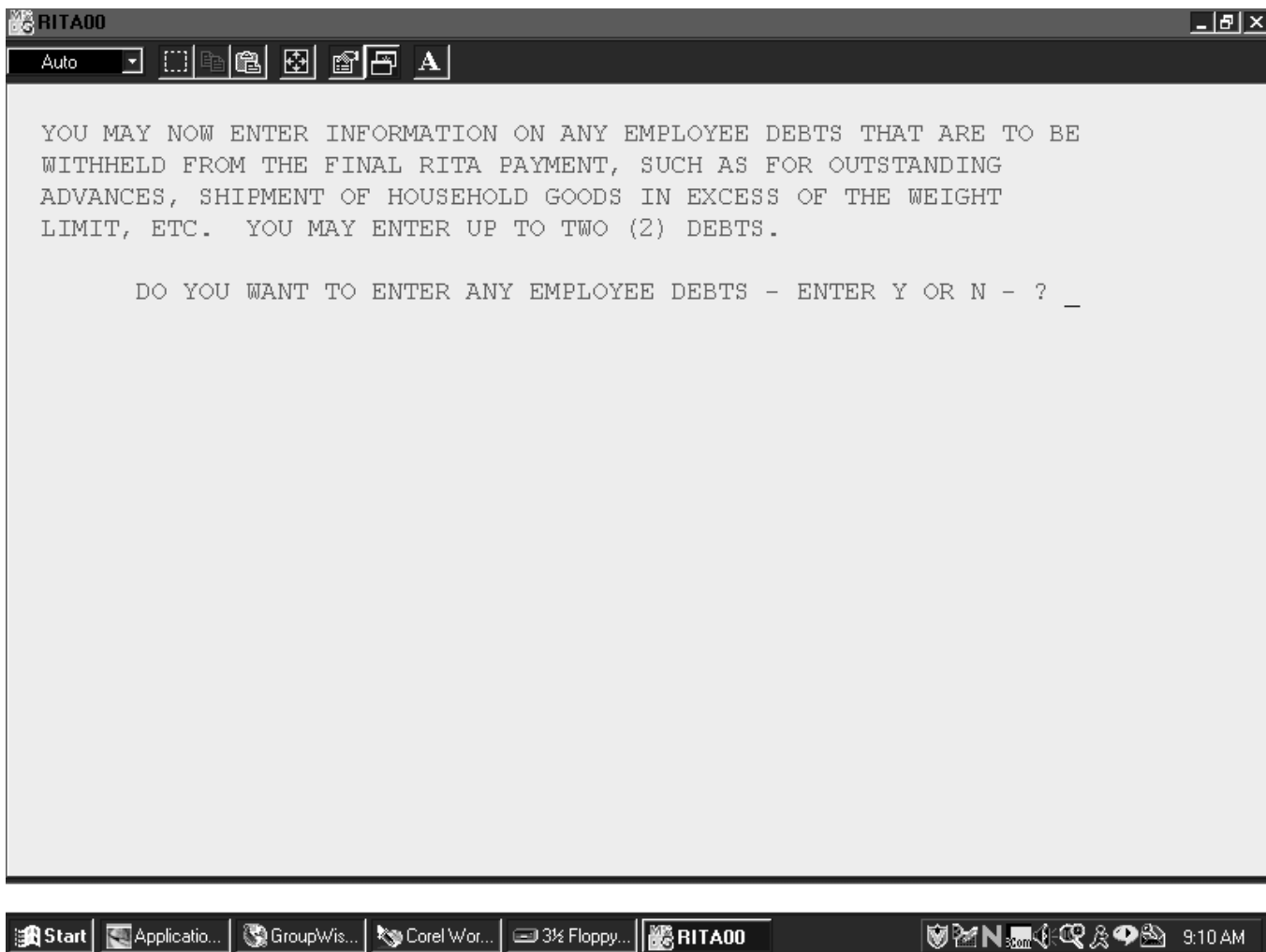
---

Continued on the next page

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 23.



ENTER "N" and PRESS "Enter".

---

Continued on the next page

## Instructions for Using PC Software to Calculate RITA (Continued)

The following is an example of Screen 24.

RITA00

Auto

SELECT THE STATE TO USE FOR CALCULATING WITHHOLDING TAX ON THE  
YEAR 2 RITA PAYMENT (ONE SELECTION ONLY)

1 - ALABAMA	18 - KENTUCKY	35 - N. DAKOTA
2 - ALASKA	19 - LOUISIANA	36 - OHIO
3 - ARIZONA	20 - MAINE	37 - OKLAHOMA
4 - ARKANSAS	21 - MARYLAND	38 - OREGON
5 - CALIFORNIA	22 - MASSACHUSETTS	39 - PENNSYLVANIA
6 - COLORADO	23 - MICHIGAN	40 - RHODE ISLAND
7 - CONNECTICUT	24 - MINNESOTA	41 - S. CAROLINA
8 - DELAWARE	25 - MISSISSIPPI	42 - S. DAKOTA
9 - DIST. OF COLUMBIA	26 - MISSOURI	43 - TENNESSEE
10 - FLORIDA	27 - MONTANA	44 - TEXAS
11 - GEORGIA	28 - NEBRASKA	45 - UTAH
12 - HAWAII	29 - NEVADA	46 - VERMONT
13 - IDAHO	30 - NEW HAMPSHIRE	47 - VIRGINIA
14 - ILLINOIS	31 - NEW JERSEY	48 - WASHINGTON STATE
15 - INDIANA	32 - NEW MEXICO	49 - WEST VIRGINIA
16 - IOWA	33 - NEW YORK	50 - WISCONSIN
17 - KANSAS	34 - N. CAROLINA	51 - WYOMING

ENTER NUMBER OF CORRECT ANSWER (ENTER 0 IF NONE) ?

Start Applications f... GroupWise - ... Corel WordPe... 3 1/2 Floppy (A:) RITA00 9:44 AM

Enter the code associated with the State that the employee will incur income tax liability in 2000. Select the code from the Screen.

**Note:** The State codes are associated with the RITA software and are **not** the same as the State numeric codes used by FSA.

PRESS "Enter".

Continued on the next page

## Instructions for Using PC Software to Calculate RITA (Continued)

The following is an example of Screen 25.

```

RITA00
Auto
RITA CALCULATION, YEAR2 = 2000 AND YEAR1 = 1999
NAME OF CLAIMANT      : Sly Barker
SSN OF CLAIMANT      : 345/67/8992
EARNED INCOME FOR YEAR 1 : $ 64,220.40
FILING STATUS        : MARRIED FILING JOINT RETURN
FEDERAL TAX RATES    : .28 (YR1); .28 (YR2)
STATE TAX RATE AND STATE : .0725 MINNESOTA
LOCAL TAX RATE BASED ON INCOME: 0
COMBINED MARGINAL TAX RATES : .3322 (YR1); .3322 (YR2)
COVERED TAXABLE REIMBURSEMENTS: $ 5,893.20
TOTAL RELOCATION INC.TAX ALLOWANCE (YEAR 2) : $ 2,931.60
LESS WITHHOLDING TAX ALLOWANCES (YEAR 1) : $ -1,473.30
-----
FINAL RELOCATION INC.TAX ALLOWANCE (YEAR 2) : $ 1,458.30
LESS 28% FED.WITHHOLDING TAX FOR YEAR 2 : $ -408.32
LESS FICA TAX : $ -111.56
LESS STATE WITHHOLDING TAX FOR YEAR 2 : $ -87.50
-----
NET PAYMENT FOR YEAR 2 AFTER WITHHOLDING : $ 850.92
LESS OFFSETS : $ 0.00
NET RELOCATION PAYMENT TO CLAIMANT : $ 850.92

DO YOU WANT TO PRINT THIS ( ENTER Y OR N ) ?
  
```

This screen will be displayed with the calculated amount of the payment due the employee or the amount the employee has been overpaid. ENTER "Y" to print the report or "N" if the report is not to be printed and PRESS "Enter".

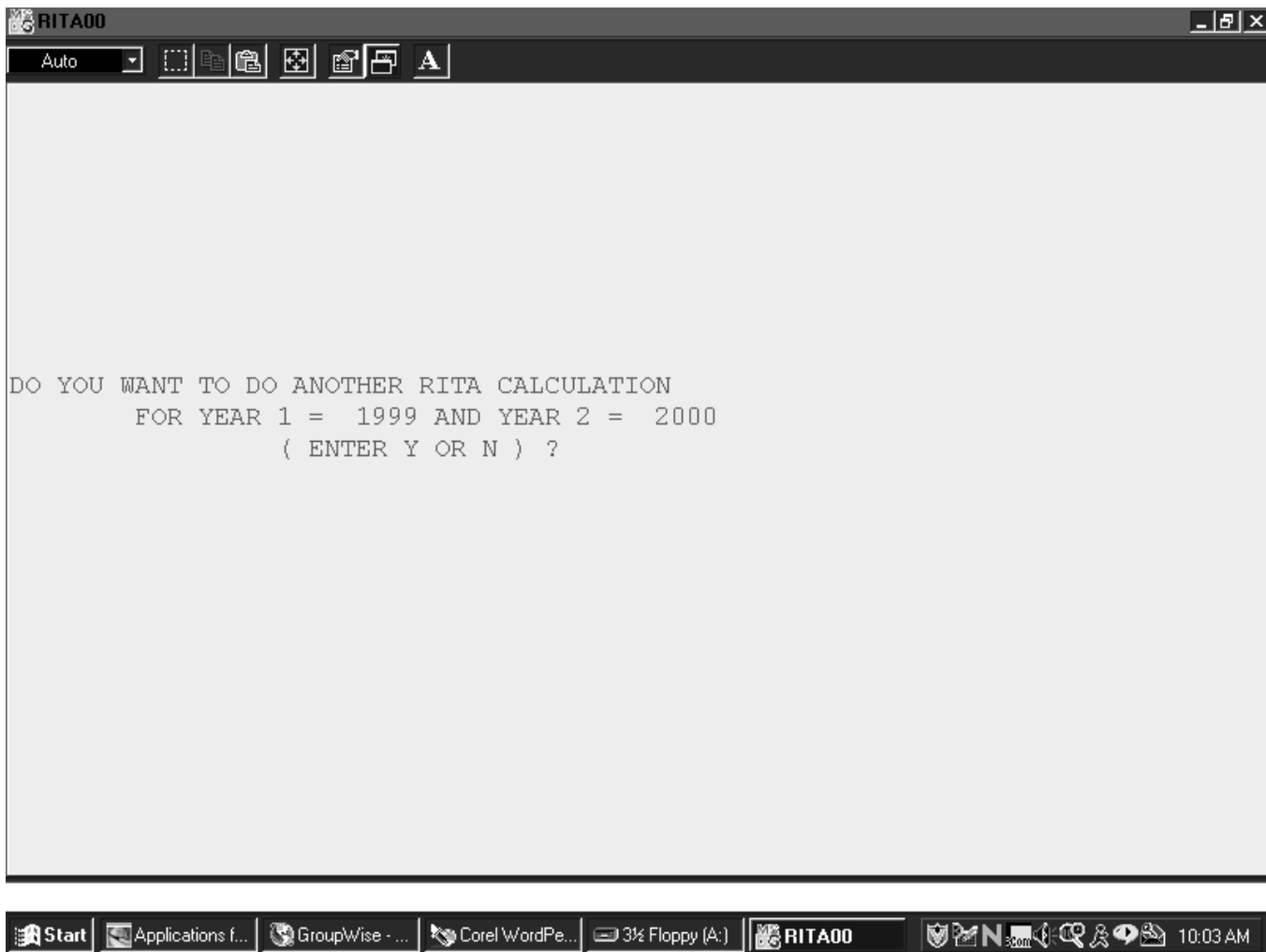
**Note:** Do all of the following if the report does not print from the RITA software properly:

- PRESS the "Print Scrn" key on your keyboard, which will store the image in the PC's clipboard
- open your word processing application to create a new document
- use the "Paste" function in the word processing application to copy the PC's clipboard image of the screen into the document
- use the word processing application's print function to print the document.

**Instructions for Using PC Software to Calculate RITA (Continued)**

---

The following is an example of Screen 26.



If the user has another RITA calculation to perform, ENTER "Y". If not, ENTER "N".

PRESS "Enter".

---