Electronic Wage Levy

MSATA 2019
Wisconsin Department of Revenue
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Electronic Wage Levy | **Overview**

The electronic wage project is a way for states to partner with employers (ER) and payroll service providers (PSP) to:
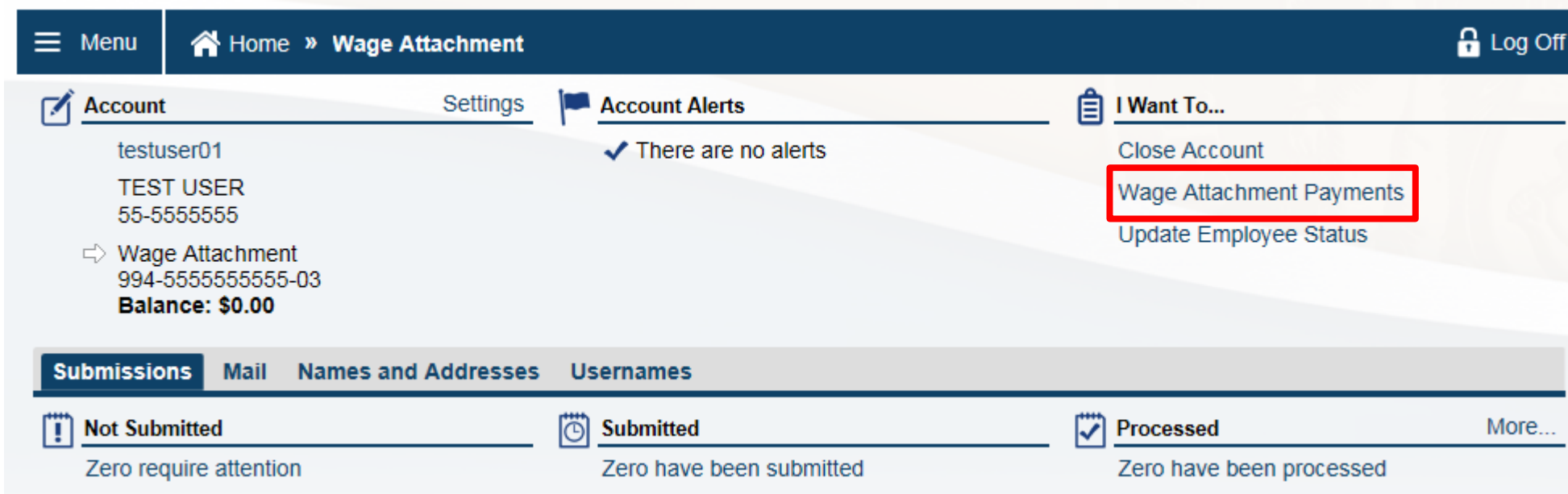
- ✓ Initiate wage orders or updates to original wage orders

- ✓ Respond to wage orders

Method: XML files schema, sFTP portal

Electronic Wage Levy | Background and Problem

➢ We require all ERs and PSPs to submit payments electronically

  ➢ My Tax Account (target: smaller businesses)

  ➢ ACH Credit (target: larger businesses and PSPs)

Electronic Wage Levy | Vision and Strategy

➢ **Goal:** Develop secure portals for XML file exchanges between states and PSPs

  ➢ Reduce paper output and postage costs
  ➢ Improve workflow

➢ **Strategy:** Create a schema based on stakeholder input that can ultimately become a 'standard' for other states to take advantage of

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Electronic Wage Levy | History

➢ Project started in 2014 – a solution for both Wage Levy and Bank Levy were in scope

➢ Meetings with all stakeholders to determine best solution: FTA E-Standards, PSPs, Banks, States

➢ Developed a draft schema

➢ Project stalled – focus on fraud initiatives

➢ Project restarted in 2017 – reduced scope to Wage Levy only

➢ Schema reviewed and improved

➢ Wisconsin and ADP partnership

How It Works

Project Goals:
- ✓ **Reduce paper output and postage costs**
- ✓ **Improve work flow**

Electronic Wage Levy | Communication Flow

Levy Wage Order File
- Originated by the State
- New orders, updates to orders, and releases

Receipt File
- Originated by PSP
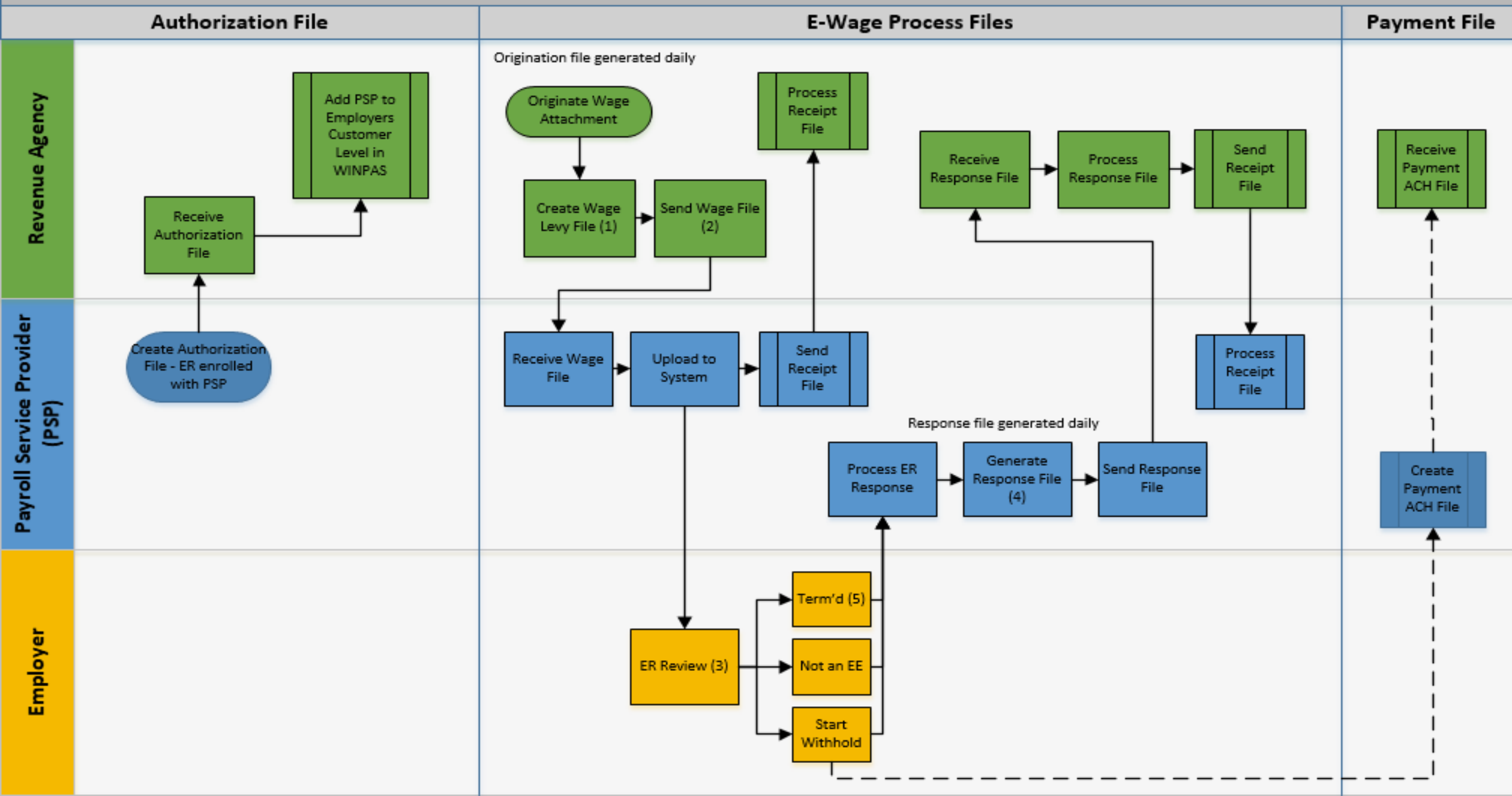- Acknowledges file was received and processed. Contains error notification.

Response File
- Originated by PSP
- Answer to Levy Wage Order – withholding, not employed, never employed, on temporary leave/layoff.

Receipt File
- Originated by State
- Acknowledges file was received and processed. Contains error notification.

E-Wage Flow Chart

	Authorization File	E-Wage Process Files	Payment File

Revenue Agency

- Receive Authorization File
- Add PSP to Employers Customer Level in WINPAS
- Origination file generated daily
- Originate Wage Attachment
- Create Wage Levy File (1)
- Send Wage File (2)
- Process Receipt File
- Receive Response File
- Process Response File
- Send Receipt File
- Receive Payment ACH File

Payroll Service Provider (PSP)

- Create Authorization File - ER enrolled with PSP
- Receive Wage File
- Upload to System
- Send Receipt File
- Process Receipt File
- Response file generated daily
- Process ER Response
- Generate Response File (4)
- Send Response File
- Create Payment ACH File

Employer

- ER Review (3)
- Term'd (5)
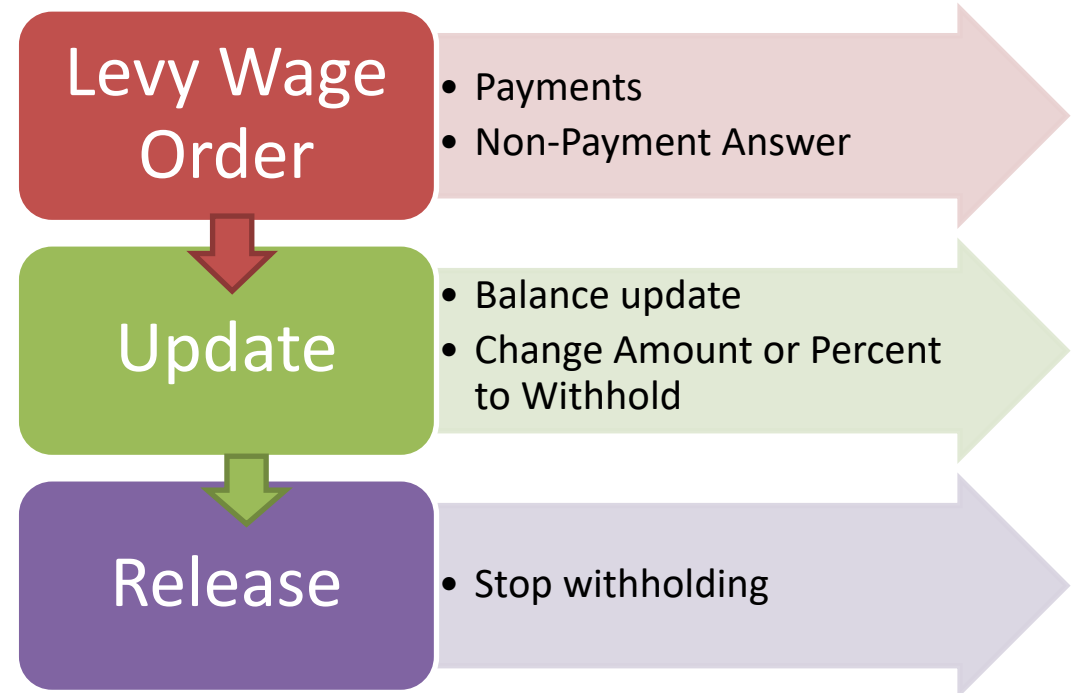- Not an EE
- Start Withhold

Electronic Wage Levy | Process Flow

Levy Wage Order File starts a cycle for collection of an employee (EE) debt. States may change the information on a specific levy at any time in the cycle. Change reasons include:

- ✓ Update balance
- ✓ Change withholding amount or percentage
- ✓ Release wage order

Levy Wage Order
- Payments
- Non-Payment Answer

Update
- Balance update
- Change Amount or Percent to Withhold

Release
- Stop withholding

Electronic Wage Levy | Process Flow

Response file is independent of the Levy Wage Order file. PSP will send a response depending on the payroll cycle. Example:

Employee	Origination Date	Response Date
Adam	**3/1/2019**	**3/8/2019**
Alex	3/2/2019	3/8/2019
Betty	**3/1/2019**	**3/15/2019**
Bob	3/7/2019	3/15/2019
Carol	**3/1/2019**	**3/31/2019**
Carl	3/20/2019	3/31/2019

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Electronic Wage Levy

Construction of the Schema

✓ **Who was involved**
✓ **What steps we took**

Electronic Wage Levy | Construction

Developed schema requirements

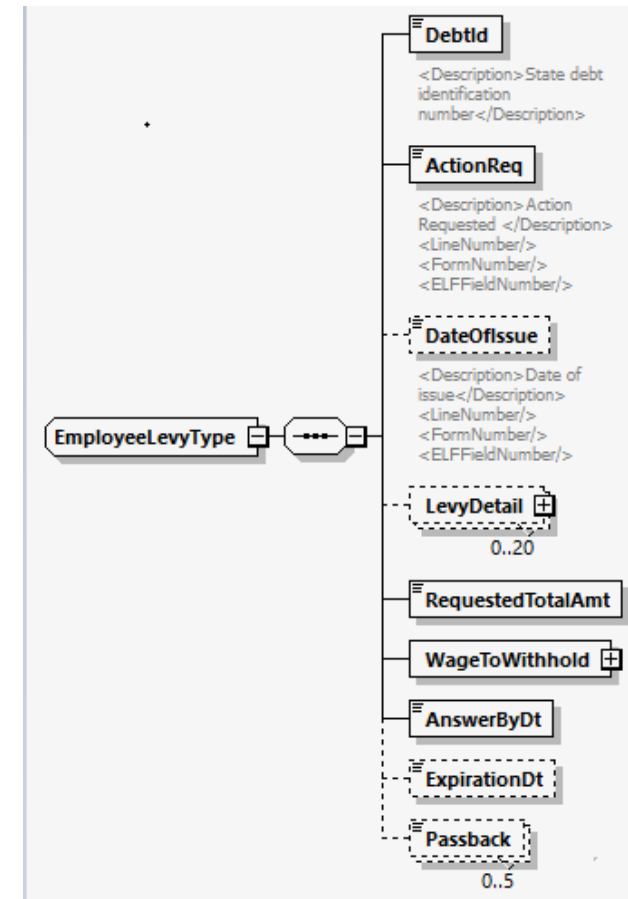   https://www.statemef.com/

    – Levy v1.0

Note: Schema requirements were reviewed and approved at the May e-Standards meeting.

Electronic Wage Levy | Construction
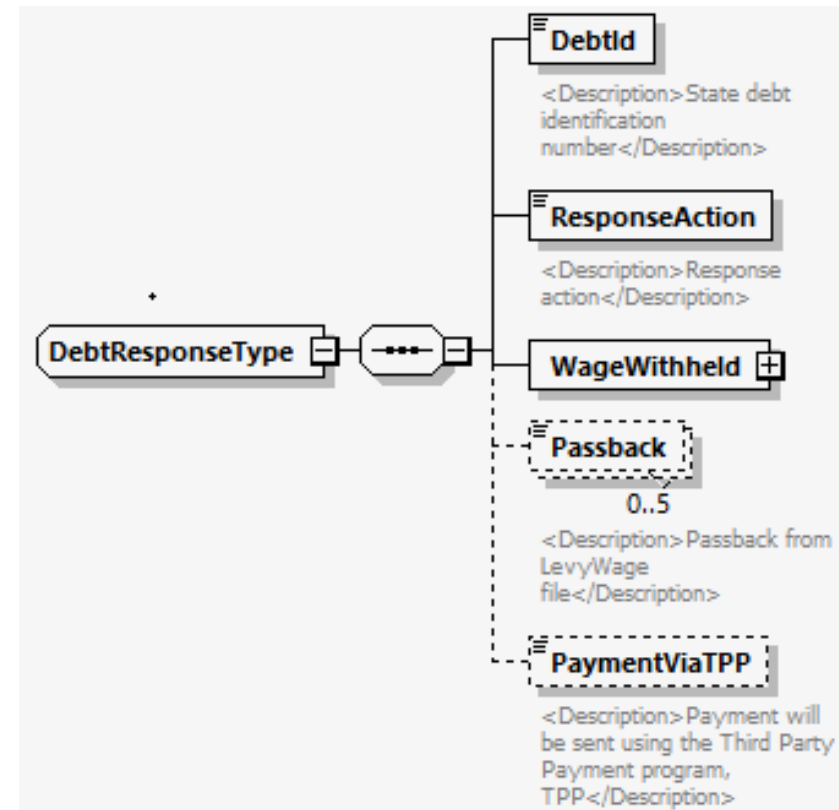
Levy Detail Fields

- **Debt ID** – Unique identifier for this levy
- **Action Requested** – Original, Amended, Satisfy, Release, Expunge
- **Date of Issue** – The date the order starts
- **Levy Detail** – Optional field to provide specific details about he debts being levied
- **Requested Total Amount** – total balance owed on this levy
- **Wage to Withhold** – can be set amount or percentage
  - Levy Amount
  - Levy Percent
- **Answer By Date** - due date of first payment or non-payment answer
- **Expiration Date** - optional

Electronic Wage Levy | Construction

Levy Wage Response

- **Debt ID** – Passed back from Wage Levy Order file
- **Response Action** – Withholding, No Longer Employed, Never Employed, Temporary Leave, Insufficient Funds
- **Wage Withheld** – Acknowledges states order
  - Levy Amount
  - Levy Percent
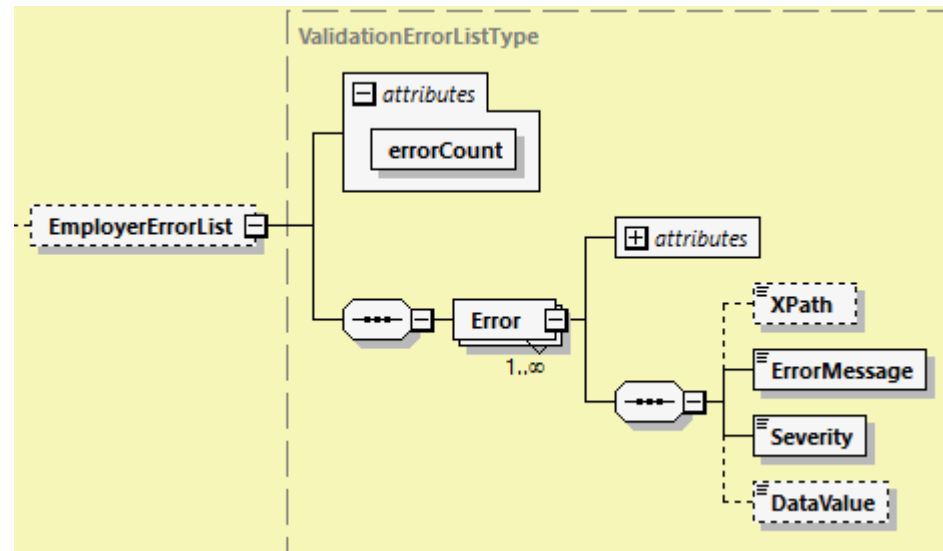- **Payment via TPP** – method of payment (yes/no)

Electronic Wage Levy | Construction

Receipt Files

Both the Wage Levy Order and the Response file will have receipt control files.
- Match to Transmission ID
- Acknowledge record counts
- Validation checks
- Error messaging

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Putting It All Together & Conversion

- ✓ **Looking into the future**
- ✓ **Jan. 2020**

Electronic Wage Levy | Conversion

Step 1: Determine and make system changes

- Create a garnishment (no change)

- Establish employer relationship (no change)
  - Change nightly job to either create letters to mail or create the Levy Wage Order file based on employer profile information.

- Develop non-payment answer processing

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Electronic Wage Levy | Conversion

Step 2: Establish connections

Employee → Employer → PSP
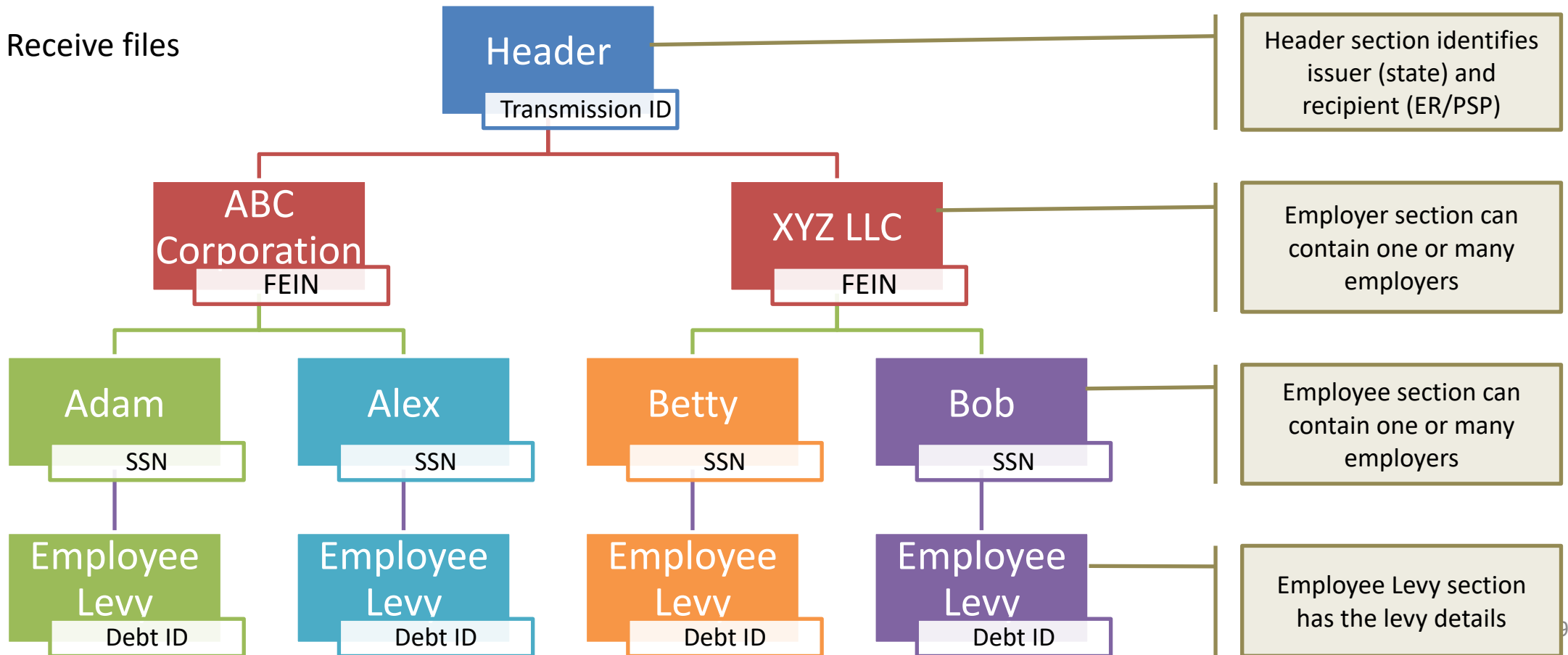
Wisconsin will use an employer tax account profile to identify the Employer/PSP relationship.

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Step 2: Receive files

Header — Transmission ID	Header section identifies issuer (state) and recipient (ER/PSP)
ABC Corporation — FEIN / **XYZ LLC** — FEIN	Employer section can contain one or many employers
Adam — SSN / **Alex** — SSN / **Betty** — SSN / **Bob** — SSN	Employee section can contain one or many employers
Employee Levy — Debt ID (×4)	Employee Levy section has the levy details

Electronic Wage Levy | Details & Advantages

PSP sends Authorization File

- o Agreement file contains a list of employers contracted with PSP, including agreement start date and agreement end date.

- o Agreement type - Levy

State

- o Upload file, set Employer profile information on wage account

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Electronic Wage Levy | Questions

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