



Memorandum

TO: Payroll Liaisons, Department Chairs, Deans, Directors

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SUBJECT: Social Security Administration Delays in Social Security
Number Issuance to International Employees

DATE: July 1, 2005

Introduction

An employer can hire and pay an individual who does not have a Social Security number. There is no federal law administered by any federal agency that prohibits the hiring of an individual based solely on the fact that the individual does not have a Social Security number. Similarly, there is no federal law that prohibits making payments to an individual based solely on the fact that the individual does not have an Social Security number.

However, there are federal laws and regulations that require reporting of a payee's taxpayer identification number—either a Social Security number or an individual taxpayer identification number (ITIN)—on federal information returns and payee statements such as forms W-2 (Wage and Tax Statement) and 1042-S (Foreign Person's U.S. Source Income Subject to Withholding). Failure to report the required information can result in the imposition of fines and penalties on the reporting entity. In order to prevent this result, payroll systems commonly have edits in place to prevent payments to individuals who do not have valid taxpayer identification numbers.

Delay in Social Security Number Issuance to International Employees



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EMPLOYEE SERVICES



International employees who are authorized to work under immigration law are eligible to apply for a Social Security number. Although many employees will be able to obtain a Social Security number in a reasonable period of time, there may be a substantial delay in receiving a Social Security number because of new screening processes instituted by the Social Security Administration (SSA). Under the new screening processes,

- The individual is required to present immigration documents to the SSA office in person.
- The SSA is required to verify an alien's immigration documents and status with the United States Citizenship and Immigration Services (USCIS—formerly the INS)/Department of Homeland Security (DHS) *before* processing a Social Security number.
- The USCIS/DHS clearance process is done first by using the USCIS/DHS “S.A.V.E.” database, based on the I-94 card that is issued at the port of entry.
- If the applicant cannot be verified in the SAVE database, a fax or mail verification system begins. F and J visa holders must be verified by a USCIS office in Los Angeles. Other visa holders are verified by the local USCIS office (in our case, Denver).
- Applicants are being told by the SSA that additional USCIS/DHS clearance steps may delay Social Security number issuance eight to 12 weeks or more. The best estimation at this time is that for individuals in the Denver/Boulder area, most screening will occur within two weeks.
- Additionally, the SSA will not issue a Social Security number unless the applicant can document employment.





Assignment of Temporary Identification Numbers for the University's Payroll Purposes

Employers such as the university normally require each employee to provide a valid Social Security number for payroll purposes. An employee who has been hired without a Social Security number should apply for one as soon as possible. However, if this is the person's first time in the United States as an employee (F1/J1/H1/O1/TN visa holder), it is recommended that he or she wait 10- 14 days after arrival in the United States or change of nonimmigrant status before visiting a SSA office to apply for a Social Security number, to ensure that the USCIS has sufficient time to enter the entry data into the SAVE database so the SSA can verify his or her immigration information.

There is usually a two-to-four-week period after the international employee's start date before the university's first payroll deadline. If the Social Security number can be obtained within that time frame, the employee's information can be entered into the payroll system using the normal policies and processes.

If the employee has not been able to obtain a Social Security number after 30 days of employment, Employee Services will assign a temporary identification number for payroll purposes under the process described below.

Process to Centrally Assign a Temporary Identification Number for Payroll Purposes

1. Upon employment by the university, an employee must apply for a Social Security number as soon as possible. However, if this is the person's first time in the United States as an F1/J1/H1/O1/TN visa holder, he or she should wait 10-14 days after arrival in the United States before visiting a SSA office to ensure that the SSA can access his or her entry information in SAVE.
2. An employee who does not have a Social Security number after 30 days of employment **must** submit to Employee Services a copy of the letter received when the Social Security number application process is initiated. This will begin the process to establish a temporary identification number.
3. Employee Services will require that the individual sign a document stating that if a valid Social Security number is not obtained within an eight-week period, he/she





acknowledges the position effectively may be terminated. (Employee Services may place the individual on short work break, stopping pay.)

- Employee Services staff will work with the International Student and Scholar Services (ISSS) Office or its equivalent on each campus to inform it of individuals whose HR status is pending termination. In circumstances where the employee has encountered a long delay in obtaining a Social Security number, ISSS will begin a dialog with Employee Services regarding a possible extension to the eight-week period.
 - Note: Placing the individual on short work break does not discontinue his/her benefits and employer contribution to benefits plans. This remains a policy question for the institution.
4. Employee Services will assign the temporary identification number for HR/payroll activities, to be used in CU's human resources system. The individual who receives a temporary identification number will receive documentation of the number, and should provide it to his or her departmental payroll liaison. A numbering sequence will be established so that these temporary identification numbers can be readily identified for later follow up and cleanup.
 5. The departmental payroll liaison will enter appointment data in the payroll system ***using the temporary identification number.***
 6. A Form W-4, Employee's Withholding Allowance Certificate, must be submitted by the employee to the university as the employer. A Form W-4 that does not report the employee's Social Security number is an invalid Form W-4, per federal tax regulations. Therefore, for employees with no Social Security number, the employer is required to withhold on the employee's wages at the rate of single-filing status with zero personal exemptions. Withholding at that rate must continue until the employee submits a properly completed Form W-4 (i.e., with his or her Social Security number).
 7. Treaty benefits, if available, cannot be extended to the employee until all the required paperwork has been properly completed and processed. The paperwork cannot be properly completed until the employee has a valid taxpayer identification number—usually a Social Security number.





8. Once a valid Social Security number has been obtained, the employee will notify the department and Employee Services. Employee Services staff will begin the data clean-up process to move the payroll records from the temporary identification number to the valid Social Security number, assuring that W-2 and 1042-S reporting information will be correct. This process will be tracked within the international tax division of Employee Services. If the employee is eligible for treaty benefits, he or she should make an appointment with an Employee Services international tax specialist to discuss that and complete the required paperwork.
9. Interim data files sent to the Internal Revenue Service (IRS) and the SSA will include those individuals assigned temporary identification numbers as Social Security number equivalents. However, the temporary identification number cannot be used for tax reporting.
10. If payments to an individual with a temporary identification number are reported to the IRS on Forms W-2 or 1042-S, Employee Services will issue corrected forms to the individual and file the changes with the IRS when the individual obtains a valid Social Security number.
11. Within an established time frame (initially eight weeks), the individual assigned the temporary identification number must present a valid Social Security number. If the individual has not received a Social Security number after eight weeks, his or her employment status will be subject to review pending possible termination from employment with the university.
12. Enforcement of the requirement for an employee/visitor to obtain a valid Social Security number falls to a combination of the employee/visitor, ISSS offices on each campus, departmental payroll liaisons and Employee Services. The ISSS Office or its equivalent on each campus will be designated as the campus enforcement office for these actions. Employee Services staff will work with ISSS to inform its staff of individuals whose HR status is pending termination ***at the end of the eight-week period during which the temporary number is valid.***

