

USPS Calendar Year-end Review

Calendar Year 2020



FILING DEADLINE

- The Protecting Americans from Tax Hikes (PATH) Act requires that employers file their copies of Form W-2, W-3, to the Social Security Administration, by **Jan. 31.**
- Deadline for submitting to NOACSC is **Friday, January 15th.**

2020 Changes - Important

- SSDT is recommending that files be backed up prior to finishing W2 processing; SSDT has had to load special software for the splits of state tax reporting and SSDT has concerns about the software's performance
- **YOU WILL BE ASKED TO EITHER PERFORM THE W2 PROCESS FIRST THING IN THE MORNING, OR STOP TO LET US BACK UP FILES....WE'LL DISCUSS THIS IN MORE DEPTH LATER IN THE PRESENTATION**

2020 Changes – FFCRA Reporting

Families First Coronavirus Response Act (FFCRA)

- The **Families First Coronavirus Response Act (FFCRA or Act)** requires certain employers to provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. The Department of Labor's (Department) Wage and Hour Division (WHD) administers and enforces the new law's paid leave requirements. These provisions will apply from the effective date through December 31, 2020.
- Generally, the Act provides that covered employers must provide to **all employees**:
- **Self**-Two weeks (up to 80 hours) of **paid sick leave** at the employee's regular rate of pay where the employee is unable to work because the employee is quarantined (pursuant to Federal, State, or local government order or advice of a health care provider), and/or experiencing COVID-19 symptoms and seeking a medical diagnosis; or
- **Other**-Two weeks (up to 80 hours) of **paid sick leave** at two-thirds the employee's regular rate of pay because the employee is unable to work because of a bona fide need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19, and/or the employee is experiencing a substantially similar condition as specified by the Secretary of Health and Human Services, in consultation with the Secretaries of the Treasury and Labor.
- A covered employer must provide to **employees that it has employed for at least 30 days**:
- **Emergency**-Up to an additional 10 weeks of **paid expanded family and medical leave** at two-thirds the employee's regular rate of pay where an employee is unable to work due to a bona fide need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19

2020 Changes – State Taxes

- State of Indiana is requiring electronic file submission for employers with 25 or more W-2 forms
 - There is an option to create the IN submission tape file
 - Contact NOACSC for this option
- State of Indiana is requiring electronic file submission for employers with 25 or more W-2 forms
 - There is an option to create the IN submission tape file
 - Contact NOACSC for this option
- State of Kentucky – electronic file submission required for employers with 100 or more
- State of West Virginia – electronic file submission required for employers with 50 or more
- State of Pennsylvania – all submissions must be electronic

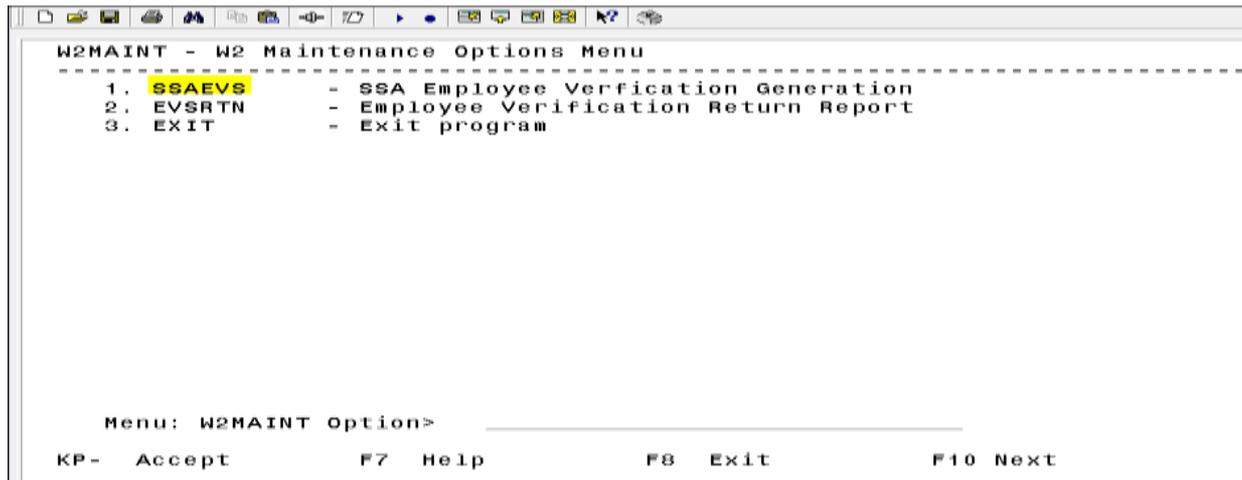
W2MAINT

<https://wiki.ssdt-ohio.org/display/usps/W2MAINT+-+W2+Maintenance>

The SSAEVS option in W2MAINT can be processed

<https://www.socialsecurity.gov/employer/ssnv.htm#a0=3>

Register at the above website to register with SSNVS.



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W2MAINT - W2 Maintenance Options Menu
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 1. SSAEVS - SSA Employee Verification Generation
 2. EVSRTN - Employee Verification Return Report
 3. EXIT   - Exit program

Menu: W2MAINT Option>
KP- Accept      F7 Help      F8 Exit      F10 Next
```

W2MAINT (cont.)

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SSAEVS - SSA Employee Verification Service

Report File Specifications:
Electronic or paper submission? (E,P):      E

Selection Criteria:

To select ALL employees on file, leave the following options blank.

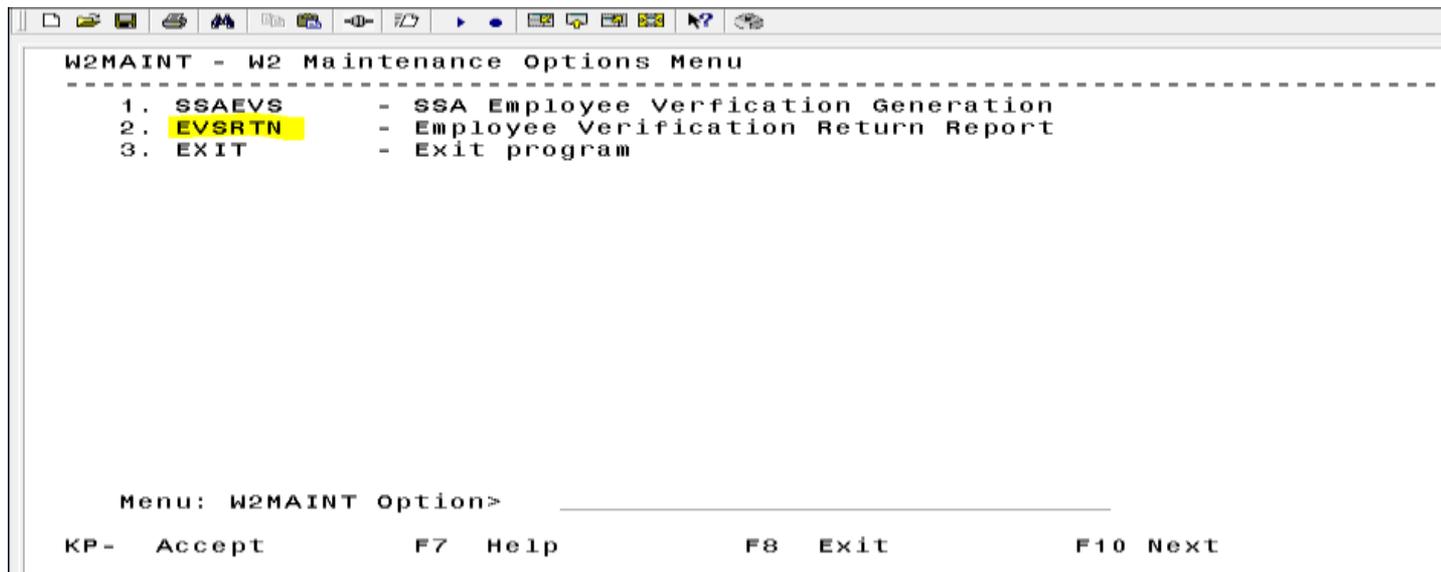
Termination date:      _/_/_
Hire date:              _/_/_
Last paid date:        _/_/_

1 of 1
```

An EVSREQ2K.SEQ file is created and this file needs to be uploaded to the SSA for SSN verification.

W2MAINT (cont.)

The SSA will return a file to the user with any errors. This file needs to be renamed EVSVER2K.SEQ and then FTP'd to the user's directory and then the EVSRTN option in W2MAINT needs to be processed to create a printable report with listing any errors. (ITC intervention may be needed)



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W2MAINT - W2 Maintenance Options Menu
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1. SSAEVS      - SSA Employee Verification Generation
2. EVSRTN     - Employee Verification Return Report
3. EXIT       - Exit program

Menu: W2MAINT Option> _____

KP-  Accept      F7  Help      F8  Exit      F10 Next
```

Pre-W2PROC

- OSDI abbreviations ****IMPORTANT-REQUIRED**** for proper reporting on W2.
 - Include OSDI code number and district name in the W2 Abbrev field in USPSDAT on the DEDNAM record

Find: 800 Add Type: _____

Code: 800 Type: OSDI Name: CLIFFORD SCHOOL DIST. IN. TAX

Required: 1 Abbrev: CLIFFORD W2 Abbrev: 1991CLIF

PAY TO INFORMATION

Vendor: 1271 Name: SCHOOL DISTRICT INCOME TAX Phone: (____)____-____

Address: 66 SCHOOL HOUSE ROCK RD FAX : (____)____-____

WHOVILLE, OH 66890-____ Payment cycle : M

Electronic Pmt: N

Suppress SSN/ID:

OSDI Code: 1991

Pre-W2PROC

- Verify 'Entity code' in USPSDAT/DEDNAM is completed for any magnetic reporting to any city.





Pre-W2PROC

Find: ____ Add Type: _____

Code: 023 Type: CITY Name: ROSSFORD CITY
 Required: _ Job Level: _ Abbrev: ROSSFORD W2 Abbrev: ROSSFORD

P A Y T O I N F O R M A T I O N

Vendor: _____ Name: R.I.T.A Phone: (800)860-7482
 _____ FAX : () -
 Address: PO BOX 94736 Payment cycle : Q
 _____ Electronic Pmt: N
CLEVELAND , OH 44101-4736 Suppress SSN/ID: S
 _____ Honor Annuities

Tax Entity code: ROSS RITA: 703 Y 401a: N 401k: N
 Tax Med/FICA pickup: N ROSSFORD 403b: N 408k: N
 Tax Non-Cash Earn : N CCA : - 457 : N 501c: N
 Tax Board Amounts : N 125 nonwages: Y
 _____ 125 as wages: N
 _____ Other: N

Pre-W2PROC



- CCA/RITA Reporting
 - Verify values in USPSDAT/DEDNAM are set
 - RITA/CCA codes are required for tax data to be included on a submission file
 - See information from RITA/CCA web sites on codes as defined

Pre-W2PROC

Find: _____ Add Type: _____

Code: 023 Type: CITY Name: ROSSFORD CITY
Required: _ Job Level: _ Abbrev: ROSSFORD W2 Abbrev: ROSSFORD

P A Y T O I N F O R M A T I O N

Vendor: _____ Name: R.I.T.A Phone: (800)860-7482
FAX : () -
Address: PO BOX 94736 Payment cycle : Q
CLEVELAND , OH 44101-4736 Electronic Pmt: N
Suppress SSN/ID: S
Honor Annuities

Tax Entity code: ROSS RITA: 703 Y ←
Tax Med/FICA pickup: N ROSSFORD ←
Tax Non-Cash Earn : N CCA : _ -
Tax Board Amounts : N

401a: N 401k: N
403b: N 408k: N
457 : N 501c: N
125 nonwages: Y
125 as wages: N
Other: N

CCA Addresses

- Want to make sure the addresses are correct for CCA reporting or may have issues
- Have your districts verify that they adhere to the USPS Standards

<https://pe.usps.com/text/pub28/welcome.htm>

CCA Setup

- Make sure your districts know the following about CCA for the RS record:

<http://ccatax.ci.cleveland.oh.us/?p=mmspec>

- Districts must have CCA set up accordingly:

- * If CCA city is in Appendix A, they need the following in DEDNAM for CCA:

- CCA flag = Y, valid CCA code and valid CCA city name.

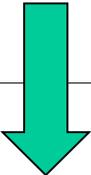
- * If CCA city is not in Appendix A but in Appendix B, they need the following in DEDNAM for CCA: CCA flag = blank, valid CCA code and valid CCA city name.

- * If CCA city is not in Appendix B or C, they name the following in DEDNAM for CCA:

- CCA flag = blank, CCA code = blank and valid CCA city name found in OHIO
Municipal Income Tax Rate Table

Pre-W2PROC

- Verify DEDSCN “Employ/Residence” value must be on all city deductions that report to CCA or RITA
 - Is this city **tax** record required because of the employees place of:
C = Employment R = Residence
- See the following web sites for complete details regarding C-Employment and R- Residence reporting for RITA and CCA:
- <https://www.ritaohio.com/Businesses>
 - <http://ccatax.ci.cleveland.oh.us/?p=rulesregs#Section301>



```
Deduction type - Municipality Tax      Name: VILLAGE OF HOLLYWOOD
Tax percentage   :   1.000             Start: 00/00/0000      Employ/Residence:  _
Addt'l withhold :                    Stop  : 00/00/0000
Error adjustment:                    User Defined Fields:
Percent of gross:                    Amount 1:             Amount 2:
Err adj paycode :                    Code 1:  __  Code 2:  __  Date: 00/00/0000
Text: _____
```

Pre-W2PROC

- Health Savings Account (HSA)
 - Type in DEDNAM must be set to “I” even if there are no employee amounts withheld





Pre-W2PROC

- DEDNAM

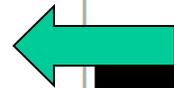
```

Code: 510      Type: ANN      Name: HEALTH SAVINGS ACCOUNT
Required: 1    Annuity Type Options
Vendor: _____
Print Board   A - 401 (k)
Certified 0   B - 401 (a), SERS and STRS
Classified   C - 403 (b)
Other Objec  D - Section 125, treated as nonwages
PFkey F6     E - 457
             F - 408 (k) (6)
             G - 501 (c) (18) (d)
             H - Section 125, treated as wages
             I - Section 125, Health Savings Acct(HSA)
             <CR> - Other
DEDNAM - De

```

 * For Section 125 annuities, please contact *
 * legal or tax advisors for information on *
 * processing. *

ne: (____) ____ - ____
 : (____) ____ - ____
 ment cycle : M
 ctronic Pmt: N



Pre-W2PROC



- Employee Expense Reimbursements
 - If district desires amounts paid through warrant to appear on the W2 form as wages
 - Look at ‘Reimbursements of Employee Expenses’ options
 - Special processing may be needed
 - Manual changes may be needed

Pre-W2PROC

- Excludable moving expenses ****Active Military Only****
- Reimbursements, including payments made directly to a third party, for ACTIVE MILITARY employees only, be entered in the **Moving Expense** field. The amount in this field is treated as an excludable fringe benefit
 - Contact legal advisor with questions
 - Manually enter excludable amounts into the Federal tax field.

Deduction type - Federal Tax		Name: MID AM		
Calculate option: <u>E</u>	# exemptions: <u> </u>	Fringe benefits: <u> </u>		
Tax percent : <u> </u>	Pension plan: <u>A</u>	Life Ins. cost : <u> </u>		
Add'l withhold : <u> </u>	Hth Reimb: <u> </u>	Adopt. assist. : <u> </u>		
Error adjustment: <u> </u>	Emplr Hth: <u> </u>	Dependent care : <u> </u>		
Marital status : <u>2</u>	Move Exp : <u>1600.00</u>	Third party pay: <u> </u>		
	Tax. Ben : <u> </u>	Vehicle lease : <u> </u>		
	Accum	QTD Totals	YTD Totals	YTD Totals
Deduct total :	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Gross pay :	<u>62.00</u>	<u>928.00</u>	<u> </u>	<u>990.00</u>
Taxable gross :	<u>55.80</u>	<u>921.80</u>	<u> </u>	<u>983.80</u>
Add withhold :	<u> </u>	<u> </u>	<u> </u>	<u> </u>



Pre-W2PROC



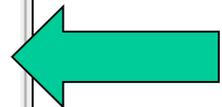
- Fringe benefit amounts

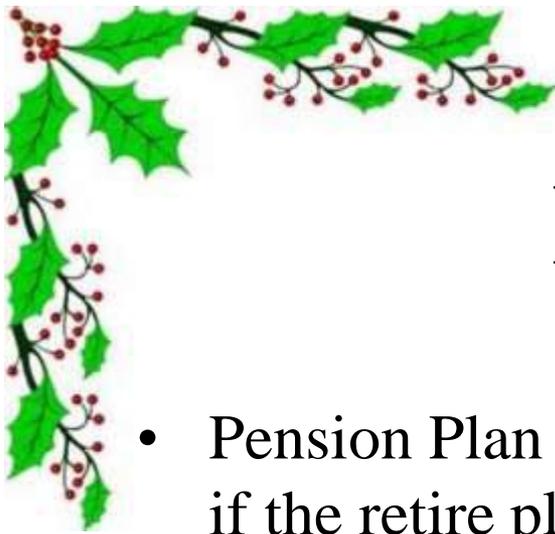
- Contact legal advisor with questions

- *Enter taxable amount in fringe benefit field on the Federal tax record

- All tuition reimbursement above \$5250.00 are considered Fringe benefits and would be subject to regular taxation. So this figure would go in the fringe Benefit field on the 001 record.

Deduction type - Federal Tax		Name: MID AM			
Calculate option:	<u>E</u>	# exemptions:	<u> </u>	Fringe benefits:	<u>150.00</u>
Tax percent :	<u> </u>	Pension plan:	<u>A</u>	Life Ins. cost :	<u> </u>
Add'l withhold :	<u> </u>	Hth Reimb:	<u> </u>	Adopt. assist. :	<u> </u>
Error adjustment:	<u> </u>	Emplr Hth:	<u> </u>	Dependent care :	<u> </u>
Marital status :	<u>2</u>	Move Exp :	<u> </u>	Third party pay:	<u> </u>
		Tax. Ben :	<u> </u>	Vehicle lease :	<u> </u>
	Accum	QTD Totals	FYTD Totals	YTD Totals	
Deduct total :	<u>255.82</u>	<u>1757.07</u>	<u>2118.39</u>	<u>2118.39</u>	
Gross pay :	<u>3202.70</u>	<u>19291.20</u>		<u>22493.90</u>	
Taxable gross :	<u>2825.40</u>	<u>17405.13</u>		<u>20309.97</u>	
Add withhold :				<u> </u>	





Pension Plan

- Pension Plan in DEDSCN 001 – this is used to determine if the retire plan box on W2 form should be marked.
 - A = Automatically check the retire plan box per the calculations of W2PROC (must have an active Retirement Deduction).
 - Y= Yes, always check the retire plan box.
 - N = No, do not check the retire plan box
- Employees eligible for STRS or SERS who have waived the option (typically students or board members), must have the Pension Plan field on the 001 record set to “Y.”

Pre-W2PROC

- Employee Name must match the Social Security card.
 - The W2 form will only show the middle initial.
 - The report FULL_EMP shows employee names.
 - Legal name is on BIOSCN, page 2.



Pre-W2PROC

- **Life insurance purchased for withheld annuities-Notice received from annuity company-Entered in payroll before last pay.**
- **IRS Publication 15-B Section 2 pages 12-14 (<http://www.irs.gov/pub/irs-pdf/p15b.pdf>) contains the calculation table to figure the cost.**
- **USPSCN/UPDCAL_CUR or USPSCN/UPDCAL_FUT program, the amount should be entered using a pay type of NC1. This pay type represents one kind of non-cash earnings for the employee. Do not enter amount in Life Ins field on 001 deduction record. This gets updated when CHKUPD is ran. This pay type will be treated differently for taxation purposes. Using this non-cash earnings amount, the tax amounts for Medicare and Social Security will be calculated during the CALCPAY and UPDCAL_CUR programs. No Federal, Ohio, or OSDI tax amounts will be calculated. All of these will be treated according to the Federal rules. The software provides the ability to withhold city tax on non-cash earnings. This can be activated by setting the "Tax non-cash earnings" flag to Y (yes) on the city tax record in the USPSDAT/DEDNAM program.**

Life Insurance

-- **Life insurance was not entered before the last pay:**

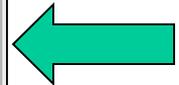
- **If the NC1 pay** not was not used prior to the last pay of the calendar year, the following manual procedure must be used in order for the NC1 pay to show correctly on the W2 form and to ensure that the QRTRPT balances. Follow these procedures prior to generating W2 forms.
- **Increase** the QTD and YTD gross and the QTD and YTD taxable gross figures on the Federal tax record by the amount of the taxable premium.
- **Increase** the YTD gross and YTD taxable gross figures on the state tax deduction record to reflect the taxable premium.
- **Increase** the YTD gross and the YTD taxable gross figures on the municipality tax deduction record IF required by the municipality. It may be necessary to contact the city tax department to determine if the premiums on life insurance over \$50,000 are considered taxable or not.

Life Insurance (continued)

- **Increase** the YTD gross and YTD taxable gross figures on the FICA and/or Medicare deduction records to reflect the taxable premium.
- **Obtain** payment from the employee for the FICA (6.2% of the taxable premium) and/or Medicare (1.45% of the taxable premium) withholding amounts. Include this amount on the YTD Deduct Total field of the FICA/Medicare Deduction record(s). The board of education must match these same amounts calculated in this step (process as a USAS transaction).
- **Enter** the taxable premium of life insurance on the Federal tax deduction record in DEDSCN on the "Life Insurance Cost" line.
- **Enter** the taxable premium of life insurance on the QTD, YTD and FYTD amount fields for Non-cash earnings on JOBSCN (3 of 3). This will ensure that the QRTRPT non-cash earnings will balance.

Life Insurance (continued)

Deduction type - Federal Tax		Name: MID AM			
Calculate option:	<u>E</u>	# exemptions:	<u> </u>	Fringe benefits:	<u> </u>
Tax percent :	<u> </u>	Pension plan:	<u>A</u>	Life Ins. cost :	<u> </u>
Add'l withhold :	<u> </u>	Hth Reimb:	<u> </u>	Adopt. assist. :	<u> </u>
Error adjustment:	<u> </u>	Emplr Hth:	<u> </u>	Dependent care :	<u> </u>
Marital status :	<u>2</u>	Move Exp :	<u> </u>	Third party pay:	<u> </u>
		Tax. Ben :	<u> </u>	Vehicle lease :	<u> </u>
	Accum	QTD Totals	FYTD Totals	YTD Totals	
Deduct total :	<u>255.82</u>	<u>1757.07</u>	<u>2118.39</u>	<u>2118.39</u>	
Gross pay :	<u>3202.70</u>	<u>19291.20</u>		<u>22493.90</u>	
Taxable gross :	<u>2825.40</u>	<u>17405.13</u>		<u>20309.97</u>	
Add withhold :				<u> </u>	



Pre-W2PROC



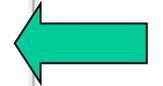
- Dependent Care
 - If not using the DPCARE deduction type

*Manually enter dependent care amounts into the Federal tax field for dependent care. (Max-\$5000.00 or \$2500.00 married filling separate)

```

Deduction type - Federal Tax           Name: MID AM
Calculate option: E                   # exemptions:      Fringe benefits:       
Tax percent      :                    Pension plan: A    Life Ins. cost :       
Addt'l withhold :                    Hth Reimb:         Adopt. assist. :       
Error adjustment:                    Emplr Hth:         Dependent care :       
Marital status  : 2                   Move Exp :         Third party pay:       
Tax. Ben       :                    Vehicle lease :       

                                     Accum   QTD Totals   FYTD Totals   YTD Totals
Deduct total  :  255.82              1757.07     2118.39     2118.39
Gross pay     :  3202.70            19291.20                  22493.90
Taxable gross :  2825.40            17405.13                  20309.97
Add withhold  :       
    
```



Pre-W2PROC

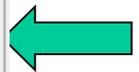


- Use of Company Vehicle
 - Calculate leased vehicle value
 - Manually enter leased vehicle value amount into the Federal tax field.

```

Deduction type - Federal Tax          Name: MID AM
Calculate option: E                   # exemptions:      Fringe benefits:       
Tax percent      :                    Pension plan: A    Life Ins. cost :       
Addt'l withhold :                    Hth Reimb:         Adopt. assist. :       
Error adjustment:                    Emplr Hth:         Dependent care :       
Marital status  : 2                   Move Exp :         Third party pay:       
Tax. Ben :                              Vehicle lease :       

          Accum      QTD Totals      FYTD Totals      YTD Totals
Deduct total :  255.82       1757.07       2118.39       2118.39
Gross pay     :  3202.70       19291.20       22493.90
Taxable gross :  2825.40       17405.13       20309.97
Add withhold  :       
    
```





Employer Sponsored Health Care Cost in W2

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. This is informational purposes only.

- **If any employee** is paying for their insurance out of pocket, this will need to be manually added to the 'Emplr Hth' field on the employee's 001 Deduction record. This total includes both employee and employer contributions.
- **If the employee** is paid half a year out of pocket and the other half through payroll, these two amounts will need to be added together and reported on field 'Emplr Hth' .
- **If the district** only tracks the employee portion of health care costs in the USPS system, the district will need to create a spreadsheet with the employee YTD costs for health insurance and the Board YTD costs for Employee Health Insurance and then total these two amounts. Then using USPLOAD, this figure will need to be loaded into the 'Emplr Hth' field on the 001 Federal deduction record.

Employer Sponsored Health Care Cost on W2

- Must **report the cost of employer-sponsored Health Coverage** in Box 12 using Code DD if the district filed 250 or more W2's for the preceding calendar year
- **Life, Dental and Vision** are not required to be included in the total if they are separate plans and not included as part of the medical plan
<http://www.irs.gov/uac/Form-W-2-Reporting-of-Employer-Sponsored-Health-Coverage>
- The contribution amount by Employee and Employer for Health Saving Account (HSA) is **NOT** to be included as employer-sponsored health coverage. This is reported in Box 12 using (Code W).

Employer Sponsored Health Care Cost on W2

- The flag “Include as employer-sponsored health coverage?:” on the REG and ANN deduction screens in DEDNAM is used for calculating the Employer Sponsored Health Care Cost:
- If answered “Y” the YTD deduction totals will be included in the total moved to the employees W2



Employer Sponsored Health Care Cost on W2

Find: █ Add Type: _____

Code: 510 Type: ANN Name: HEALTH SAVINGS ACCOUNT
Required: 1 Abbrev: HSA W2 Abbrev: _____

PAY TO INFORMATION

Vendor: _____ Name: _____ Phone: (____) ____ - ____
FAX : (____) ____ - ____

Address: _____ Payment cycle : M
1410 MONEY STREET Electronic Pmt: N
GREENSVILLE , OH 32981- Suppress SSN/ID: _

Print Board Amts: _ Annuity type: I ACH Transfer Type/Id: HSA001
Certified Obj : _ Include as employer-sponsored health coverage?: _
Classified Obj: _
Other Object : _



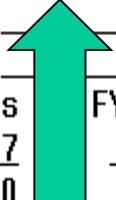
Employer Sponsored Health Care Cost on W2

- The “Emplr Hth:” field on the 001 Federal Deduction record will allow a specific value to be reported in Box 12 Code DD.
- This will override any automatic totaling done by W2PROC based on the DEDNAM records



Employer Sponsored Health Care Cost on W2

Deduction type - Federal Tax		Name: MID AM		
Calculate option: <u>E</u>	# exemptions: <u> </u>	Fringe benefits: <u> </u>		
Tax percent : <u> </u>	Pension plan: <u>A</u>	Life Ins. cost : <u> </u>		
Add'l withhold : <u> </u>	Hth Reimb: <u> </u>	Adopt. assist. : <u> </u>		
Error adjustment: <u> </u>	Emplr Hth: <u> </u>	Dependent care : <u> </u>		
Marital status : <u>2</u>	Move Exp : <u> </u>	Third party pay: <u> </u>		
	Tax. Ben : <u> </u>	Vehicle lease : <u> </u>		
	Accum	QTD Totals	FYTD Totals	YTD Totals
Deduct total :	<u>255.82</u>	<u>1757.07</u>	<u>2118.39</u>	<u>2118.39</u>
Gross pay :	<u>3202.70</u>	<u>19291.20</u>		<u>22493.90</u>
Taxable gross :	<u>2825.40</u>	<u>17405.13</u>		<u>20309.97</u>
Add withhold :				<u> </u>



Employer Sponsored Health Care Cost on W2

- When processed, W2PROC will total the employee and board contribution amounts from all deductions flagged as applicable in DEDNAM
- If there is a value in the Emplr Hth field on the Federal DEDSCN field, this value will be used
- The total will be copied to Box 12 Code DD
- The submission files created by W2PROC will also contain the total in the appropriate fields.



Employer Sponsored Health Care Cost on W2

- If district only tracks Employee portion in USPS
 - Spreadsheet needs to be created containing total of the employee and employer contributions for Employer Sponsored Health Care

Employer Sponsored Health Care Cost on W2

- USUPLOAD/DEDSCN can be used to load data into the employer sponsored health coverage field on the Federal DEDSCN record
 - EMPLR_HEALTH_COV
 - Must be numeric



Employer Sponsored Health Care Cost

- Note-If you are not currently processing the board portion of paid medical insurance through USPS you can track Employer Sponsored Health Care portion through USPS-
 - If not wanting to use BRDDIS, leave OBJ code fields in DEDNAM record blank.



HEALTH REIMBURSEMENT ARRANGEMENT

- The IRS has added a new Code FF for Box 12. It will report the total amount of permitted benefits under a qualified small employer health reimbursement arrangement. This will allow eligible employers to pay or reimburse medical care expenses of eligible employees after the employees provide proof of coverage. Use this code to report the total amount of permitted benefits under a QSEHRA. The maximum reimbursement for an eligible employee under a QSEHRA is \$5,150 (\$10,450 if it also provides reimbursements for family members), before indexing for inflation.
- Eligible employers are those small employers with less than 50 Full-Time Equivalent employees (those who work 130 hours a month or 30 or more hours a week for 120 consecutive days). Another eligibility is that the employer does NOT offer a group health plan to any of their employees.
- If a user enters a value in USPSCN/DEDSCN for Hth Reimburse on the Federal record, then this value will appear on the W2Tape file and W2FORM.DAT as a code FF with the amount in Box 12. The Health Reimbursement amount will also appear on the W2CITY.DAT file. The Health Reimbursement amount (HLTH REIMBURSE) will appear on the W2REPT.TXT under the employee's Federal heading, if there is an amount to report. The HLTH REIMBURSE amount will also total and appear in the Grand Totals and Report Totals, if there are any.

Health Reimbursement Arrangement on W2

Deduction type - Federal Tax		Name: MID AM	
Calculate option: <u>E</u>	# exemptions: <u> </u>	Fringe benefits: <u> </u>	
Tax percent : <u> </u>	Pension plan: <u>A</u>	Life Ins. cost : <u> </u>	
Add'l withhold : <u> </u>	Hth Reimb: <u> </u>	Adopt. assist. : <u> </u>	
Error adjustment: <u> </u>	Emplr Hth: <u> </u>	Dependent care : <u> </u>	
Marital status : <u>2</u>	Move Exp : <u> </u>	Third party pay: <u> </u>	
	Tax. Ben : <u> </u>	Vehicle lease : <u> </u>	
			
	Accum	QTD Totals	YTD Totals
Deduct total :	<u>255.82</u>	<u>1757.07</u>	<u>2118.39</u>
Gross pay :	<u>3202.70</u>	<u>19291.20</u>	<u>22493.90</u>
Taxable gross :	<u>2825.40</u>	<u>17405.13</u>	<u>20309.97</u>
Add withhold :			<u> </u>

Pre-W2PROC

- Run W2PROC before last pay of 2020 has been completed
 - Balance to-date data
 - Review and correct warnings and errors
 - Do not create the Tape file at this point
 - W2PROC can be run multiple times



Pre-W2PROC



- Complete Regular Month-end Closing
- Balance QRTRPT
 - Run for Demand Option ‘N’
 - Check all totals for accuracy
 - Do **NOT** Run QRTRPT for Option Y
- Balance Deductions
 - Run PAYDED to verify all deductions have been paid
- Run ODJFS
 - 13 weeks in this quarter

W2PROC

- Program used to generate
 - Balancing reports
 - W2 print forms
 - W2 .DAT files for laser printing



W2PROC

- W2CITY.DAT file used for special city submissions
- W2 tape submission file
 - W2TAPE.SEQ
 - Federal
 - States (states reported separately)
 - Cities (RITA/CCA)



STOP!

- When you run actual W2 processing, please either do so first thing in the morning OR call us right away to back up your files. DO NOT PROCEED WITHOUT BEING SURE YOUR BACKUP IS DONE.

W2PROC

- User must decide
 - Sorting
 - Any sort is acceptable for electronic filing
 - Paper filing must be sorted by name



W2PROC



Sort Options:

- S - Sort by SSN
- N - Sort by Employee Name
- B - Sort by Building/Department and Employee Name
- D - Sort by Building/Department, Pay Group, and Employee Name
- P - Sort by Pay Group
- Y - Sort by Zip Code and SSN
- Z - Sort by Zip Code and Employee Name
- C - Sort by Check Distribution and Employee Name

Enter Sort Option <S>:

W2PROC



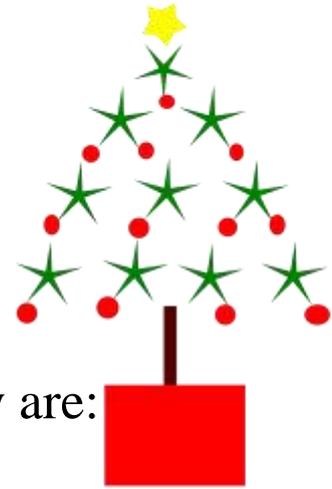
If your employees have had Third Party Sick Pay (Disability Payments) paid to them and the Third Party withheld Federal Tax from these payments, the total amount of all Federal Tax withheld for all employees must be entered in this program to be included on the W2 tape file.

If you believe your employees may have received these types of payments and you have not been notified, you should not create the magnetic tape for submissions yet. These amounts are required for submission on the magnetic tape.

Your district would have been notified by the Third Party in writing, if these payments have been made. Included in this notification would have been an explanation of any tax amounts withheld and paid.

Enter Federal Tax amounts withheld by a Third Party Payer: _____
(Zero if none)

Kind of Employer



- Your districts will need to specify what type of employer they are:
 - The Kind of Employer can be one of the following:
 - F = Federal Government
 - S = State and Local Governmental Employer (non 501c)
 - T = Tax Exempt Employer
 - Y = State and Local Tax Exempt Employer (501c)
 - N = None Apply

If the school district is part of a local government and has NOT applied for 501C status, they will check the box for State/local non 501c (S) .

If the school has applied for 501C status and was granted that non profit status they would check State/local 501c. (Y)



Contact Information

- The Contact Name information will be used on the W2 and is a *****REQUIRED***** field.
- The following contact information will be used on the W2 tape file.
- Enter contact name: _____

W2PROC



- Additional deduction codes
 - Allows districts to print additional information in box 14, “Other”
 - Six can be entered
 - Leased vehicle value is always included
 - Other user values are secondary
 - Prints the first 3 for each employee in the order entered
- Alignment forms-Would you like to print a dummy W2 for form alignment?

W2PROC



Additional deduction information can be provided to your employees using the box labeled 'Other' on the W2 forms. Entering deduction code(s) will cause the year-to-date amount to print on the forms. You may enter up to 6 deduction codes, but only the first 3 deductions it encounters for the employee will print in the box.

Enter a deduction code <999>: ___
Enter 999 to exit. 590

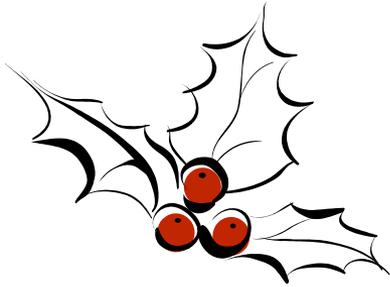
Enter a deduction code <999>: ___
Enter 999 to exit. 591

Enter a deduction code <999>: ___
Enter 999 to exit. 999

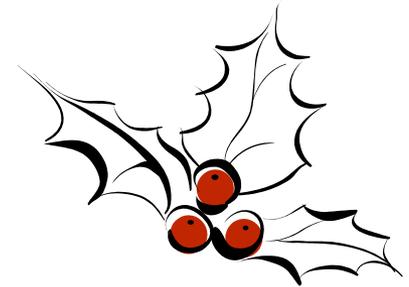


W2 Balancing

- Information on W2REPT.TXT should balance to:
 - 941 totals as reported
 - ERNREG/ERNSUM figures
 - Represents amounts as withheld from employees
 - QRTRPT figures
 - Represents amounts as current in the YTD figures
 - Balance Federal, Ohio, and City taxes and gross amounts



W2 Balancing



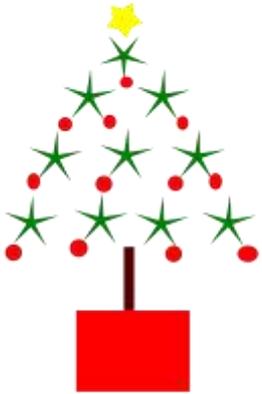
941 data

.....

Federal tax w/h	
1st qtr	_____
2nd qtr	_____
3rd qtr	_____
4th qtr	_____
YTD	_____
W2REPT Total	_____

These 2 totals
should equal except
for special payments





W2 Balancing

	GROSS	DOCK	NET	!DED.CODE	DED.AMT	BD.AMT
TOTALS	2315223.17	2895.26-	1616371.93!	001	248885.28	
				! 002	74945.46	
				! 301	3657.31	
				! 302	5454.74	
				! 303	3029.41	
				! 304	1308.89	
				! 306	229.42	
				! 307	920.93	
				! 308	1112.95	
				! 309	4859.91	
				! 310	3528.05	

Amounts in this column on
ERNREG should be used
for balancing

W2 Balancing



DEDUCTION NAME	DED	QTD TOTAL	YTD TOTAL
FED TAX	001	60,758.46	503,200.36
OHIO TAX	002	18,010.59	140,338.97
BRYAN	003	115.69	581.97
DELTA	004	687.16	5,328.06
PERRYSBG	006	76.47	586.27
SYLVANIA	007	53.53	995.13
TOLEDO	008	928.05	6,715.98
SWANTON	009	140.73	1,163.66
WAUSEON	010	574.58	4,270.96
NAPOLEON	011	45.54	75.90
METAMORA	013	883.60	6,990.99
WATERVIL	014	206.64	2,473.63
BG CITY	015	0.00	0.00
WHITEHOU	017	178.26	1,369.80
MICHIGAN	390	1,574.46	10,263.78
----	----	----	----

Amounts in this column on QTRPT should be using for balancing

W2 Balancing

0000273 ** REPORT TOTALS

	COUNT	
001 FED TAX	269	503,200.36
MEDICARE PICKUP		5,636.24
403(B)		114,558.61
SECTION 125		20,034.23
002 OHIO TAX	269	140,338.97
003 BRYAN	1	581.97
004 DELTA	15	5,328.06
006 PERRYSBURG	1	586.27
007 SYLVANIA	4	995.13
008 TOLEDO	12	6,715.98
009 SWANTON	10	1,163.66
010 WAUSEON	15	4,270.96
011 NAPOLEON	1	75.90
013 METAMORA	27	6,990.99
014 WATERVILLE	4	2,473.63
017 WHITEHOUSE	2	1,369.80
390		263.78



Amounts in this column on
W2REPT.TXT should be used for
balancing

W2 Balancing

- Items that affect balancing between W2PROC and QRTRPT (See Specific Affects documentation)
 - Dependent care benefits over limit
 - Fringe Benefits
 - Medicare pickup amounts
 - Taxable third party sick pay
 - Use of company vehicle
 - Employee expense reimbursements paid through warrant





W2 Balancing

- Dependent care benefits
 - Amounts over limit (\$5,000.00) added to total and taxable gross amounts on Federal, Ohio and City total and taxable gross fields on the W2REPT
 - Ex-If \$6000.00 is added to Dependent Care field on 001 record \$1000.00 will be added to total and taxable gross fields.
 - Will cause gross amounts on W2REPT to be higher.

Dependent Care



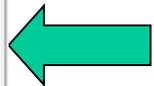
Find: ALLO00010 1 Y Add: 000 Mask:

SSN/ID Code Last name First name Conceal
 ID: ALLO00010 Code: 001 Name: TIMOTHY ALLEN

Deduction type - Federal Tax

Name: MID AM

Calculate option: E # exemptions: Fringe benefits:
 Tax percent : Pension plan: A Life Ins. cost :
 Addt'l withhold : Hth Reimb: Adopt. assist. :
 Error adjustment: Emplr Hth: Dependent care : 6000.00
 Marital status : 2 Move Exp : Third party pay:
 Tax. Ben : Vehicle lease :



	Accum	QTD Totals	FYTD Totals	YTD Totals
Deduct total :	<u>255.82</u>	<u>1757.07</u>	<u>2118.39</u>	<u>2118.39</u>
Gross pay :	<u>3202.70</u>	<u>19291.20</u>		<u>22493.90</u>
Taxable gross :	<u>2825.40</u>	<u>17405.13</u>		<u>20309.97</u>
Add withhold :				<u> </u>

Changes made as requested



W2 Balancing

- Fringe Benefits
 - Adds all fringe benefit amounts to total and taxable gross amounts on Federal and Ohio records
 - Will cause gross amounts on W2REPT to be higher



Fringe Benefits

Find: ALL000010 1 _____ Y Add: 000 Mask: _____
 SSN/ID Code Last name First name Conceal
 ID: ALL000010 Code: 001 Name: TIMOTHY ALLEN

Deduction type - Federal Tax Name: MID AM
 Calculate option: E # exemptions: Fringe benefits: _____
 Tax percent : _____ Pension plan: A Life Ins. cost : _____
 Addt'l withhold : _____ Hth Reimb: _____ Adopt. assist. : _____
 Error adjustment: _____ Emplr Hth: _____ Dependent care : 6000.00
 Marital status : 2 Move Exp : _____ Third party pay: _____
 Tax. Ben : _____ Vehicle lease : _____



	Accum	QTD Totals	FYTD Totals	YTD Totals
Deduct total :	<u>255.82</u>	<u>1757.07</u>	<u>2118.39</u>	<u>2118.39</u>
Gross pay :	<u>3202.70</u>	<u>19291.20</u>		<u>22493.90</u>
Taxable gross :	<u>2825.40</u>	<u>17405.13</u>		<u>20309.97</u>
Add withhold :				_____

Changes made as requested

W2 Balancing



- Medicare Pickup
 - Amount added to total and taxable gross amounts on Federal, Ohio and OSDI records
 - Will cause gross amounts on W2REPT to be higher.

W2 Balancing

- If ‘**Tax Board Amounts**’ option is not used on the city tax record in DEDNAM -(Flag set to “N” on DEDNAM record.)
 - Tax Med/FICA Pickup should be “Y” if the city taxes the Medicare pickup
 - The Medicare pickup is added to the city total and taxable gross amounts on the W2REPT.
 - Employee pays tax after the fact



W2 Balancing



Find: ____ Add Type: _____

Code: 003 Type: CITY Name: VILLAGE OF SWANTON
Required: 2 Job Level: _ Abbrev: SWAN VLG W2 Abbrev: SWANTO

P A Y T O I N F O R M A T I O N

Vendor: _____ Name: VILLAGE OF SWANTON Phone: (419)826-9515
R.I.T.A. FAX : () -
Address: PO BOX 477900 Payment cycle : M
BROADVIEW HTS., OH 44147-7900 Electronic Pmt: N
Suppress SSN/ID: S
Honor Annuities
401a: N 401k: N
403b: N 408k: N
457 : N 501c: N
125 nonwages: Y
125 as wages: N
Other: N

Tax Entity code: R0784 RITA: 784 Y
Tax Med/FICA pickup: Y SWANTON
Tax Non-Cash Earn : N CCA : _____
Tax Board Amounts : N _____

Changes made as requested

DEDNAM - Deduction Name Maintenance Program



W2 Balancing

- If the ‘Tax Board Amount’ is used on the city tax record-(Flag set to “Y” on the DEDNAM record.)
 - The tax is withheld during the payroll
 - Just a note: The ‘Tax Med/FICA pickup’ flag field is not used and is replaced by the ‘Tax Board Amount’ field if this field is populated with Board Pickup deduction codes



W2 Balancing



Code: <u>004</u>	Type: <u>CITY</u>	Name: <u>CITY OF STARS INC TAX</u>
Required: <u>1</u>	Job Level: <u>Y</u>	Abbrev: <u>STARS</u> W2 Abbrev: <u>STARS</u>
PAY TO INFORMATION		
Vendor: _____	Name: _____	Phone: (____) ____ - ____
	Address: <u>INCOME TAX DIVISION</u>	FAX : (____) ____ - ____
	<u>STARS</u> , <u>OH 33333</u> -____	Payment cycle : <u>Q</u>
		Electronic Pmt: <u>N</u>
		Suppress SSN/ID: <u> </u>
		Honor Annuities
Tax Entity code: <u>STARS</u>	RITA: <u>133</u>	401a: <u>N</u> 401k: <u>N</u>
Tax Med/FICA pickup: <u>N</u>	<u>STARS</u>	403b: <u>N</u> 408k: <u>N</u>
Tax Non-Cash Earn : <u>N</u>	CCA : <u> </u>	457 : <u>N</u> 501c: <u>N</u>
Tax Board Amounts : <u>Y</u>	_____	125 nonwages: <u>Y</u>
<u>691 694</u> _____	_____	125 as wages: <u>N</u>
_____	_____	Other: <u>N</u>



W2 Balancing



- Taxable Third Party Sick Pay
 - Users need to add the Third Party Sick pay amount to the total and taxable gross fields on the Federal, Ohio, OSDI and Medicare records as needed
 - Will cause gross amount on W2REPT to be higher
 - See Third Party Sick Pay Instructions
 - See Third Party Sick Payment Notification example

Third Party Sick Pay

If non-taxable

- Enter the amount of non-taxable in the third party sick pay field on the federal record. This will cause the amount to print in box 12 with code 'J'.

If taxable

- Increase the total and taxable gross amounts on the following deductions by the taxable amount of the benefit received by the employee
 - Federal
 - Ohio
 - OSDI
 - Medicare
- On the medicare record, increase the total medicare tax by any amounts the company withheld from the benefit
 - If the district wants the corresponding board amount for this payment to show on the BRDDIS for the month
 - Enter a board error adjustment equal to the employee share withheld by the third party in the medicare record
 - If the district does not want the corresponding board amount for this payment to show on the BRDDIS
 - The amount can be included as a payment due on the 941 for that tax year
- Contact any city involved for the employee, ask if the amount is city taxable
 - If yes
 - Increase the total and taxable gross amounts on the corresponding city records
 - If desired, calculate the tax amount due on the payment and enter that figure as an error adjustment for a remaining payroll; otherwise the employee will have to pay the tax later

Note: There is a special field on the 941 for adjustments needed due to Third Party sick payments and how they relate to medicare withholdings. The district should reference the 941 instructions as well as the information in IRS Publication 15-A on these payments as needed

Note: If the notice from the company indicates FICA tax was withheld, the district will need to contact the agency as it is our understanding most school district employees should not have FICA tax withheld from this payment. The agency will need to correct this and issue a new statement as the employee cannot recover the incorrect withholding on a tax return, tax returns are for federal income tax, not federal FICA or medicare.

EXAMPLE : Third Party Sick Payment Notification

IMPORTANT TAX INFORMATION
YEAR-TO-DATE THIRD PARTY SICK PAY DISABILITY REPORT PREPARED QUARTERLY
PREPARED BY AMERICAN FIDELITY ASSURANCE COMPANY
AMERICAN FIDELITY EDUCATION SERVICES

(A)	(D)	(E)	(G)	(H)	(I)	
EMPLOYEE SSN NAME & ADDRESS	PLAN	GROSS DISABILITY BENEFIT PAID	FIT WITHHELD	BENEFIT PAID DURING 1ST MOS OF DISABILITY OR FICA/MEDICARE WAGES (BASED UPON EMPLOYER %)	FICA WITHHELD	MEDICARE WITHHELD
	809	3,000.00	0.00	3,000.00	0.00	0.00
	809	1,400.00	84.00	1,400.00	0.00	20.30
TOTAL		4,400.00	84.00	4,400.00	0.00	20.30
		 IF TAXABLE, INCREASE GROSS & TAXABLE GROSS ON FED, OH & OSDI RECORDS BY THIS AMOUNT	 AMOUNT SHOULD BE ENTERED IN W2PROC AS TAX WITHHELD BY 3RD PARTY	 IF TAXABLE, INCREASE GROSS & TAXABLE GROSS ON MEDICARE & FICA RECORDS BY THIS AMOUNT	 IF THERE IS AN AMOUNT HERE AND IT SHOULD BE THERE, INCREASE THE FICA WITHHELD FOR EMPLOYEE BY THIS AMOUNT. THIS IS UNUSUAL.	 INCREASE MEDICARE WITHHELD FOR EMPLOYEE BY THIS AMOUNT. YOU WILL ALSO NEED TO ADJUST YOUR QUARTERLY 941 REPORT.
PLEASE REVIEW THIS REPORT IMMEDIATELY!! A REFUND MAY BE DUE TO YOUR EMPLOYEES WHO PAID THEIR DISABILITY PREMIUMS WITH AFTER TAX DOLLARS. ALL REQUESTS FOR REFUND OF FICA, MEDICARE AND/OR FIT TAXES WITHHELD IN ERROR MUST BE RECEIVED BEFORE THE W-2 DEADLINE. QUESTIONS? CALL VICKI WITT @ 1-800-662-1113 EXT. 5420						

Non-Taxable Third Party Sick Pay

- Non-taxable third party sick pay
 - Does not affect balancing
 - Does not affect taxes
 - Entered on Federal record by the user
 - District is notified how much to enter
 - This amount will print in Box 12 with a code ‘J’



Non-Taxable Third Party Sick Pay

Find: ALL000010 1 _____ Y Add: 000 Mask: _____
 SSN/ID Code Last name First name Conceal
 ID: BOEHM0001 Code: 001 Name: ANDREA BOEHM

Deduction type - Federal Tax Name: MID AM
 Calculate option: E # exemptions: Fringe benefits: _____
 Tax percent : _____ Pension plan: A Life Ins. cost : _____
 Addt'l withhold : _____ Hth Reimb: _____ Adopt. assist. : _____
 Error adjustment: _____ Emplr Hth: _____ Dependent care : _____
 Marital status : 1 Move Exp : _____ Third party pay: _____
 Tax. Ben : _____ Vehicle lease : _____



	Accum	QTD Totals	FYTD Totals	YTD Totals
Deduct total :	<u>283.76</u>	<u>283.76</u>	<u>283.76</u>	<u>283.76</u>
Gross pay :	<u>2115.39</u>	<u>2115.39</u>		<u>2115.39</u>
Taxable gross :	<u>1928.85</u>	<u>1928.85</u>		<u>1928.85</u>
Add withhold :				

W2 Balancing



- Use of Company Vehicle Field
 - Adds the Vehicle Lease amount from the 001 Federal record to the total and taxable gross fields on the Federal, and Ohio total and taxable gross fields on the W2 report.
 - Will cause the gross amounts on W2REPT to be higher

Use of Company Vehicle

Find: ALL000010 1 Y Add: 000 Mask:
 SSN/ID Code Last name First name Conceal
 ID: BOEHM0001 Code: 001 Name: ANDREA BOEHM

Deduction type - Federal Tax Name: MID AM
 Calculate option: E # exemptions: Fringe benefits:
 Tax percent : Pension plan: A Life Ins. cost :
 Addt'l withhold : Hth Reimb: Adopt. assist. :
 Error adjustment: Emplr Hth: Dependent care :
 Marital status : 1 Move Exp : Third party pay:
 Tax. Ben : Vehicle lease :

	Accum	QTD Totals	FYTD Totals	YTD Totals
Deduct total :	<u>283.76</u>	<u>283.76</u>	<u>283.76</u>	<u>283.76</u>
Gross pay :	<u>2115.39</u>	<u>2115.39</u>		<u>2115.39</u>
Taxable gross :	<u>1928.85</u>	<u>1928.85</u>		<u>1928.85</u>
Add withhold :				<u> </u>



Record not modified



Employee Expense Reimbursements



- If district wants employee reimbursements originally paid through warrant to appear on the W2 as wages and manual changes are made, this will create a balancing difference between QRTRPT and W2PROC
- May cause W2PROC to show higher gross amounts than actually paid through USPS
- See ‘Expense Reimburse’ for more details

Balancing Problems

- Voided checks from prior calendar year
 - CHKSTS report
- Refund of annuity withheld in prior calendar year
 - AUDRPT
- Manual Updates
 - AUDRPT
 - Search for YTD changes
 - When VIEWING the AUDRPT.TXT, select 'F' and enter in 'YTD'. Then from here, you can click on 'N' for Next to go to next line with 'YTD' in it.

W2PROC Report

SORTED BY SOCIAL SECURITY NUMBER

STATE ID NUMBER: 51-311111

FEDERAL ID NUMBER: 34-444467

CONTROL NUMBER	SSN	EMPLOYEE NAME	TAX WITHHELD	TAXABLE GROSS	TOTAL GROSS	ANNUITIES	
0000121	**	REPORT TOTALS					
		COUNT					
		001 FED	118	167,319.46	1,554,211.48	1,742,977.42	188,765.94
		DEPENDENT CARE		120.00			
		MEDICARE PICKUP		2,188.75			
		403(B)		16,662.00			
		457		1,700.00			
		SECTION 125		26,077.29			
		002 OHIO	118	54,447.96	1,554,211.48	1,742,977.42	188,765.94
		003 STRYKER	117	25,624.45	1,708,282.41	1,708,282.41	0.00
		800 8607STRYKER	59	9,669.76	640,992.01	724,523.27	83,531.26
		805 2004HICKSVIL	1	176.10	23,239.63	26,128.17	2,888.54
		806 2003DEFIANCE	4	241.10	48,671.81	54,307.95	5,636.14
		807 3501HOLGATE	1	14.15	1,621.48	1,918.02	296.54
		MEDICARE	91	13,908.10	959,174.64	971,450.01	
		FICA		44.64	720.00	720.00	

Special amounts for W2s

Descriptions for W2 boxes from DEDNAM

From DEDSCN

Calculated gross minus taxable gross

Common W2PROC Messages

- Calculated annuity amount exceeds the total annuities
 - Indicates the total gross minus taxable gross is greater than total annuities from the YTD deduction amounts
 - Indicates possible problem with annuity amounts, gross or taxable gross
 - Verify manual updates
 - Verify error adjustments



Common W2PROC Messages

- Invalid SSN
 - SSA defines series of SSNs as invalid
 - Verify SSN with employee's SS card
 - Use MASCHG/CHGSSN to update



Common W2PROC Messages

- Medicare amount does not equal 1.45% of Medicare gross
 - Medicare tax may be incorrect
 - Verify amounts
 - SSA/IRS may not accept with incorrect amounts
 - Medicare taxable gross may be incorrect
 - Verify amounts
 - SSA/IRS may not accept with incorrect amounts



Common W2PROC Messages

- Verify manual updates
- Check Medicare pickup records
 - Must have 692 and 694 *or*
 - Must have 693 and 695
 - The 694/695 records trigger system to calculate Medicare tax on the Medicare paid by the district on the employee's behalf



Common W2PROC Messages

- Negative annuity on file for this employee
 - Usually from refund of a prior year's annuity amount
 - If desire to report it as if withheld and refunded in current calendar year
 - Use DEDSCN and zero annuity amount
 - Use DEDSCN and increase total gross amounts on Federal, Ohio, OSDI and city, if the city honored the annuity initially
 - Increase the YTD Gross Amount on JOBSCN 3 to balance the QRTRPT.



Common W2PROC Messages

- Retire plan box flag on Federal record is overriding W2PROC calculations
 - If Federal has flag marked “N”, but finds an active retirement record
 - If Federal has flag marked “Y” but does not find an active retirement record
 - Common to receive this informational message for students who do not participate in SERS
 - No action is needed



Common W2PROC Messages

- Possible error in OSDI gross or tax
 - Indicates taxable OSDI wages but no tax was withheld
 - Common informational for employees who have smaller wage amounts per payroll
 - Verify amounts
 - Usually no action is needed



Common W2PROC Messages

- Total annuities \$\$\$, do not equal total gross less taxable gross
 - Calculated annuity amount (total gross less taxable) does not match the YTD annuity amounts from DEDSCN
 - Program compares total annuities from deductions to total gross less taxable gross calculation, uses Federal tax record
 - Possible problem with annuity total
 - Possible problem with total gross
 - Possible problem with taxable gross



Common W2PROC Messages

- Total annuities \$\$\$, do not equal total gross less taxable gross (continued)
 - Verify manual updates
 - Verify refund of deductions
 - If refund from prior calendar year and district wants it to appear as if amounts were withheld and refunded in current calendar year
 - » Increase total gross on Federal, Ohio, OSDI and city if they initially honored the annuity



Common W2PROC Messages

- **FATAL:** This employee's Medicare wages are less than their social security wages
 - The Medicare gross wages amount is incorrect or the FICA (Social Security) gross wages amount is incorrect. Please update the gross amount in DEDSCN that has the incorrect amount. This error should be corrected before creating a tape. The Social Security Administration will contact the district if this error is not fixed.

W2PROC Errors

- For more explanations on W2PROC Errors, please see the ‘W2PROC and W2PROC Errors’ list





Printing W2

- When your information is correct, give the command: `W2_PRINT`
- Wait for a mail message and follow the instructions
- All W2's will be printed at the NOACSC. We will contact your office before the printed forms are shipped.



Printing W2

- Send an email to fiscal.support@noacsc.org when your W2 report is ready to be sent on tape. Do not submit form W3 for Federal withholding.

BWC



- Can be done now or during USAS year-end closing.
- Run BWC.
- Will run twice, once for sort option FUND, SCC, FUNC, and OBJ, and again for sort option FUNC, OBJ—**PRINT OR SAVE THE REPORTS!**
- Send an email to you and Fiscal.Support@noacsc.org when complete. We will copy these reports to the web.

Closing the Calendar Year

- Make sure all December late distributions have been posted.
- Do not post anything for January.
- Have you posted all BRDDIS batch files, all December payrolls, etc. Check with your treasurer.



Closing the Calendar Year



- **Run the procedure `CALENDARCD`**
- Select to process **NOW**. This is the default.
(Do not run for later.)
- **You will not receive an email message after running `CALENDARCD`.**

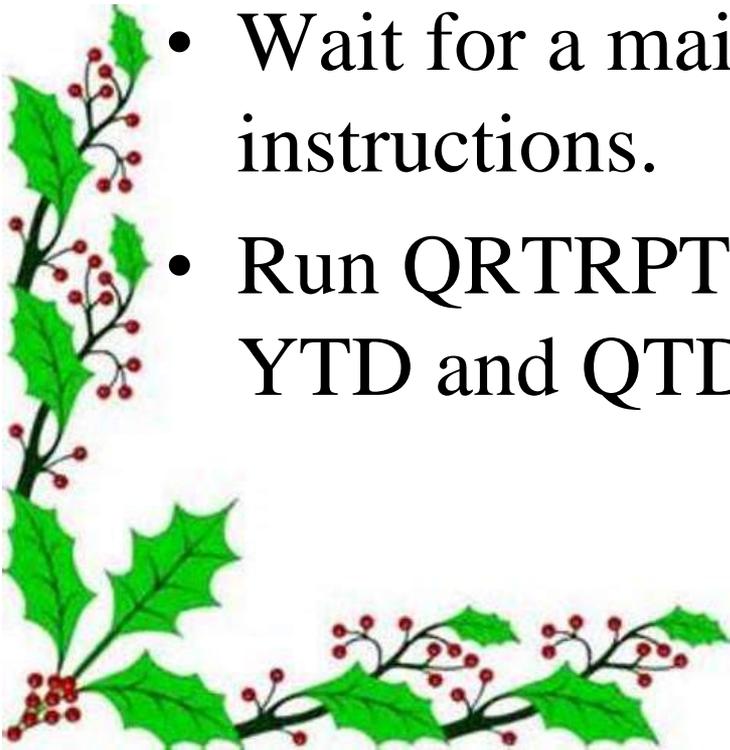
Closing the Calendar Year

- Verify CALENDARCD has finished before continuing.
 - <http://reports.noacsc.org>
 - Payroll Reports
 - District
 - » Calendar Year 2020 Reports
 - » 2020 Calendar Year End Reports
- Contact NOACSC 419-228-7417 Extension 3 to close any hung sessions.



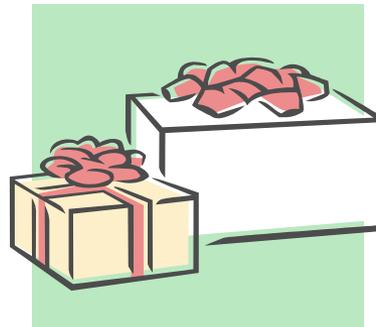
Closing the Calendar Year

- **All users must be logged off the system.**
- Run the program: CALENDUSPS
- Wait for a mail message and follow the instructions.
- Run QRTRPT for **Option N** to verify all YTD and QTD totals are 0.00.



W2 Instructions Reviewed

- Specific details on W2 form reporting requirements
 - Found at
 - <http://www.irs.gov/pub/irs-pdf/iw2w3.pdf>



W2 Instructions Reviewed

- Corrections (Page 24- 2020 Instructions for Forms W-2 and W-3)
 - Use W2-C form
 - A W3-C form must accompany a W2-C form
 - W3-C form corrects totals submitted on tape file by NOACSC
 - Incorrect address
 - W2-C form not required



W2 Instructions Reviewed

- Deceased employee's wages (Page 8 -2020 Instructions for Forms W-2 and W-3
 - If payment is made in year employee died
 - W2 reporting required
 - 1099 reporting required
 - If payment is made in year after the death of employee
 - 1099 reporting required



W2 Instructions Reviewed

- Designated Roth IRA amounts (Page 9 - 2020 Instructions for Forms W-2 and W-3)
- Educational Assistance (pages 9)
 - Verify taxability with legal advisor
- Employee business expense reimbursements
- (Page 9)
 - Verify taxability with legal advisor



W2 Instructions Reviewed

- Employee taxes paid by employer (Page 9 -2020 Instructions for Forms W-2 and W-3)
 - Medicare pickup
- Fringe benefits (Page 10)
 - Verify taxability with legal advisor
- Group-term life insurance (Page 10)
 - Over \$50,000 provided
 - Must use Publication 15-B table and calculate taxable value of premium, page 12-14
 - NOTE: Print 15-B now – IRS updates this early for new tax year



W2 Instructions Reviewed

- Health Savings Account (HSA) (Page 11- 2020 Instructions for Forms W-2 and W-3)
- Lost W2 form (Page 11)
 - Hand type new form
 - Enter “REISSUED STATEMENT” on new copy



W2 Instructions Reviewed

- Moving Expenses (Page 11 -2020 Instructions for Forms W-2 and W-3)
 - Applies only to members of the Armed Forces of the United States
 - Verify taxability with legal advisor
- Third Party (Sick Pay) (Page 13)
 - Verify taxability using information received from annuity company
 - Pages 15 -21 in Publication 15-A includes specific instructions
<http://www.irs.gov/pub/irs-pdf/p15a.pdf>





W2 Instructions Reviewed

- Box a (Page 15 -2020 Instructions for Forms W-2 and W-3)
 - Employee SSN as entered in BIOSCN
- Box b (Page 15 -2020 Instructions for Forms W-2 and W-3)
 - Federal EIN
- Box c (Page 15 -2020 Instructions for Forms W-2 and W-3)
 - Employer information as entered in W2PROC

W2 Instructions Reviewed

- Boxes e and f (Page 15 -2020 Instructions for Forms W-2 and W-3)
 - Employee’s name and address
 - Data from BIOSCN
 - Uses legal name if non-blank
 - Uses name field if legal name is blank
- Box 1(Page 16)
 - Wages from Federal taxable gross amount





W2 Instructions Reviewed

- Box 2 (Page 16 - 2020 Instructions for Forms W-2 and W-3)
 - Tax withheld from YTD field on Federal tax record
- Box 3 (Page 17)
 - Social security wages from 692/693 records flagged with a deduction category of “F”



W2 Instructions Reviewed

- Box 4 (Page 17 -2020 Instructions for Forms W-2 and W-3)
 - Social security taxes withheld from the 692/693 and 694/695 records flagged with a deduction category of “F”
- Box 5 (Page 17)
 - Medicare wages from 692/693 records flagged with a deduction category of “M”



W2 Instructions Reviewed

- Box 6 (Page 17 - 2020 Instructions for Forms W-2 and W-3)
 - Medicare taxes withheld found on the 692/693 and 694/695 records flagged with a deduction category of “M”
- Box 10 (Page 17)
 - Dependent care benefits as found on the Federal tax record or on the dependent care annuity records

W2 Instructions Reviewed

- Box 12-Codes (Pages 18-21 -2020 Instructions for Forms W-2 and W-3)
 - Code C
 - Group-term life over \$50,000 cost
 - Code D
 - 401(k) amounts
 - Code E
 - 403(b)



W2 Instructions Reviewed

- Code F
 - 408(k)(6)
- Code G
 - 457(b) 457(f)
- Code H
 - 501 c(18)(D)
- Code J
 - Non taxable sick pay



W2 Instructions Reviewed



- Code P
 - Excludable moving expenses
- Code T
 - Adoption benefits
- Code W
 - Employer contributions to Health Savings accounts
 - Employer contributions include section 125 annuity amounts the employee contributes
- Code AA
 - Designated Roth contributions under a section 401(k)

W2 Instructions Reviewed

- Code BB
 - Designated Roth contributions under a 403(b)
- Code DD
 - Cost of employer-sponsored health coverage
- Code EE
 - Designated Roth contributions under a governmental section 457 (b) plan
- Code FF
 - Permitted benefits under a qualified small employer health reimbursement arrangement
 - Max reimbursement amount for single \$4950.00 and family \$10,000.00



W2 Instructions Reviewed

- Box 13 – (Page 21-2020 Instructions for Forms W-2 and W-3)
 - Retirement plan
 - 401(a)
 - 401(k)
 - 403(b)
 - 408(k)
 - 501c(18)
 - Notice 87-16 defines “active participant”



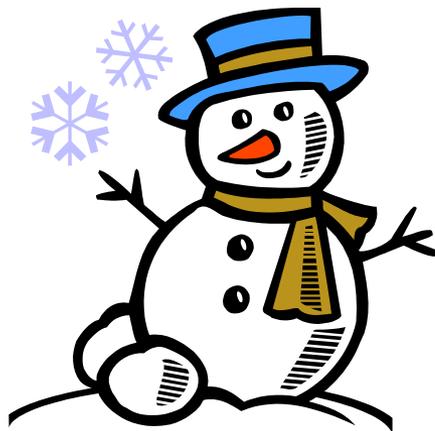
W2 Instructions Reviewed

- Box 14 - Other (Page 22 - 2020 Instructions for Forms W-2 and W-3)
 - Value of vehicle lease from Federal tax record
 - Other deductions entered in W2PROC
 - Optional possibilities include
 - Union dues
 - Retirement



W3 Instructions Reviewed

- W3 form
 - Not required unless filing on paper
 - Totals on W2 submission file created by W2PROC is the substitute for the W3 form



Post W2PROC

- Corrections before files have been submitted to SSA
 - If submission has not occurred NOACSC can restore copied files and allow the district to rerun W2PROC



Post W2PROC

- Corrections after submission of files by NOACSC
 - In this scenario a W2C and W3C will have to be submitted

Post W2PROC

- District can run W2C to make process of creating text file output and forms easier
 - W2C does not create a correcting submission file for reporting entities
- W2C program only creates output in format to match pin fed forms



Preparing for 2021

- Enter changes in tax withholding rates effective January 1, 2021
 - **City rates**
 - http://incometax.columbus.gov/search_taxmunicipalities.aspx?id=13116&menu_id=502
 - **OSDI rates**
 - https://www.tax.ohio.gov/school_district_income.aspx



Preparing for 2021 (continued)

-CCA City Rates-

- <http://ccatax.ci.cleveland.oh.us/?p=taxrates>

-RITA City Rates-

- <https://www.ritaohio.com/TaxRatesTable>

Preparing for 2021 (continued)

- Unsure if employee should be taxed
- https://thefinder.tax.ohio.gov/StreamlineSalesTaxWeb/default_schooldistrict.aspx

Lookup Tax Rate

- Address
- Zip Code 5 digit or 9 digit
- Latitude/Longitude

