

# USPS-R Calendar Year-end Review

## Calendar Year 2021



# Updates for 2021 Tax Filing

- **Box 12, Code FF – Qualified small employer health reimbursement arrangement**

- QSEHRAs 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 \$5,300 (\$10,700 if it also provides reimbursements for family members), before indexing for Inflation. (previously it was \$5,200 and \$10,600 respectively)

- **Dependent Care- \$10,500**--one-year increase in the exclusion for employer-provided dependent care benefits from \$5,000 to \$10,500 for the 2021 taxable year under the American Rescue Plan Act

# Updates for 2021 Tax Filing

## **Flex Spending(FSA)**

### Limit on Health Flexible Spending Arrangement (FSA)

- For 2021, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of \$2,750.
- Salary reduction contributions in excess of \$2,750 are paid to the employee and reported as wages for income tax withholding and employment tax purposes on the employee's Form W2 (or Form W2c) for the employee's taxable year in which the cafeteria plan year the correction is made.
- Note:  
The salary reduction contribution limit of \$2,750 does not include any amount (up to \$550) carried over from a previous year.
- Contact Tax Advisor with questions.

# FILING DEADLINE

- The Protecting Americans from Tax Hikes (PATH) Act requires employees to file their copies of Form W-2, submitted to the Social Security Administration, by **Jan. 31st**.
- NOACSC recommends you upload these to SSA by **Jan. 21st** to give districts time for any issues that may arise.
- Deadline for distributing W2 to employees is Jan. 31<sup>st</sup> also.

# Pre-W2 Processing



- OSDI abbreviations **\*\*IMPORTANT-REQUIRED\*\*** for proper reporting on W2.
  - Include OSDI code number and district name in the W2 Abbrev field on the School District **Payroll Item Configuration** record. Filter grid for 800 codes.

Payroll Item Configuration

✓ Save   ✕ Cancel

Type: OSDI Tax

abbreviation: MCWUOSDI

Osdi Code: 8604

Options

Suppress SSN ID    Employer Health Coverage    Voluntary

Required    Show On Create Wizard

Payee Information

Payee: SCHOOL DISTRICT INCOME - TAX (Number: ) (Address: P.O. BOX 182388, COLUMBUS, OH, 43218-2388)

W2 abbreviation: 8604 MWUNITY

# Pre-W2 Processing (continued)

- Verify 'Entity code' in **Payroll Item Configuration** is completed for any files that district will send to City on CDs.

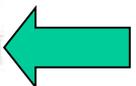




# Pre-W2 Processing (continued)

Payroll Item Configuration

Type	Code	Name
City Tax	003	Riverside Motors
abbreviation	W2 abbreviation	Payment Cycle
City Tax	City Tax	Quarterly
Tax Entity Code		
TEST		
CCA	CCA Description	<input type="checkbox"/> Report To CCA
<b>City Tax Annuity Options</b>		
<input type="checkbox"/> Annuity 401 a	<input type="checkbox"/> Annuity 401 k	<input type="checkbox"/> Annuity 403 b
<input type="checkbox"/> Annuity 406 k	<input type="checkbox"/> Annuity 457	<input type="checkbox"/> Annuity 501 c
<input checked="" type="checkbox"/> Non Wages 125	<input type="checkbox"/> Other	<input type="checkbox"/> Wages 125
<b>Options</b>		
<input type="checkbox"/> Suppress SSN ID	<input type="checkbox"/> Employer Health Coverage	<input type="checkbox"/> Job Level
<input type="checkbox"/> Medicare Pickup	<input checked="" type="checkbox"/> Tax Employer Amounts	<input checked="" type="checkbox"/> Tax Non Cash Earn
<input type="checkbox"/> Voluntary	<input type="checkbox"/> Required	<input checked="" type="checkbox"/> Show On Create Wizard
<b>Payee Information</b>		
Payee		
Nicholls Signs (Number ) (Address: 909 Moore Drive, Savannah, OH, 42608)		
<b>RITA</b>		
RITA	RITA Description	
ezn	sbxcfxorp	





# Pre-W2 Processing (continued)

- CCA/RITA Reporting
  - Verify values in **Payroll Item Configuration** 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-W2 Processing (continued)



Payroll Item Configuration

Save Cancel

Type	Code	Name
City Tax	003	Riverside Motors
abbreviation	W2 abbreviation	Payment Cycle
City Tax	City Tax	Quarterly
Tax Entity Code		
zrqdmybg		

CCA

CCA	CCA Description	<input type="checkbox"/> Report To CCA

City Tax Annuity Options

<input type="checkbox"/> Annuity 401 a	<input type="checkbox"/> Annuity 401 k	<input type="checkbox"/> Annuity 403 b
<input type="checkbox"/> Annuity 408 k	<input type="checkbox"/> Annuity 457	<input type="checkbox"/> Annuity 501 c
<input checked="" type="checkbox"/> Non Wages 125	<input type="checkbox"/> Other	<input type="checkbox"/> Wages 125

Options

<input type="checkbox"/> Suppress SSN ID	<input type="checkbox"/> Employer Health Coverage	<input type="checkbox"/> Job Level
<input type="checkbox"/> Medicare Pickup	<input checked="" type="checkbox"/> Tax Employer Amounts	<input checked="" type="checkbox"/> Tax Non Cash Earn
<input type="checkbox"/> Voluntary	<input type="checkbox"/> Required	<input checked="" type="checkbox"/> Show On Create Wizard

Payee Information

Payee

Nicholls Signs (Number: ) (Address: 909 Moore Drive, Savannah, OH, 42608)

RITA

RITA	RITA Description
123	RIVERSIDE

# Pre-W2 Processing (continued)

Payroll Item Configuration

Save Cancel

Type: City Tax  
Code: 004  
Name: Janis Bakery  
abbreviation: City Tax  
W2 abbreviation: City Tax  
Payment Cycle: Monthly  
Tax Entity Code: ynprobws

**CCA**

CCA: 456  
CCA Description: Test  
Report To CCA:

**City Tax Annuity Options**

Annuity 401 a  
 Annuity 401 k  
 Annuity 403 b  
 Annuity 408 k  
 Annuity 457  
 Annuity 501 c  
 Non Wages 125  
 Other  
 Wages 125

**Options**

Suppress SSN ID  
 Medicare Pickup  
 Employer Health Coverage  
 Tax Employer Amounts  
 Job Level  
 Tax Non Cash Earn  
 Voluntary  
 Required  
 Show On Create Wizard

**Payee Information**

Payee: Lyons Development (Number: ) (Address: 1595 Eastmoor Drv, Needmore, OH, 36120)

**RITA**

RITA:   
RITA Description:

# Pre-W2 Processing (continued)

- Verify Payroll Item “Deduction Type” value must be on all city Payroll Item records that report to CCA or RITA
- Is this city **tax** record required because of the employees place of:  
Employment or Residence

See the following web sites for complete details regarding C-Employment and R- Residence reporting for RITA and CCA:

- [http://www.ritaohio.com/Businesses/Faqs?category=business\\_employerwthholding](http://www.ritaohio.com/Businesses/Faqs?category=business_employerwthholding)
- <http://ccatax.ci.cleveland.oh.us/?p=rulesregs#Section301>

The screenshot shows a payroll configuration form with the following details:

- Configuration Code:** 005, BOWLING GREEN CITY TAX
- Configuration Description:** City Tax
- Employee:** HINES, VIRGINIA A
- Employee Number:** [REDACTED]
- Position:** 1
- Position Description:** SUB TEACHER

The form includes several input fields and dropdown menus:

- Type:** City Tax
- Rate Type:** [Dropdown]
- Rate:** 0.0000
- Pay Cycle:** Every pay of the month (even third pay)
- Additional With Holding:** 0.00
- Deduction Type:** [Dropdown menu highlighted with a green arrow]
- Percent Of Gross:** [Input field]
- Start Date:** [Date picker]
- Stop Date:** [Date picker]
- Standard CF:** [Section header]
- Date:** [Date picker]
- Code 1:** [Input field]
- Code 2:** [Input field]
- Money 1:** [Input field]
- Money 2:** [Input field]
- Text:** [Input field]

# Indiana County Tax

Indiana has an Indiana COUNTY tax code that no other states/counties have. In order to create the file per requirements you will need to have the COUNTY tax setup as a CITY record in Payroll Item Configuration.

# Pre-W2 Processing (continued)

- Payroll Item – Indiana County Tax

Payroll Item Configuration

Type City Tax	Code 200	Name Indiana County Tax
abbreviation IND CTX	W2 abbreviation INDCTX	Payment Cycle Quarterly
Tax Entity Code 123		
CCA	CCA Description	<input type="checkbox"/> Report To CCA

**City Tax Annuity Options**

<input type="checkbox"/> Annuity 401 a	<input type="checkbox"/> Annuity 401 k	<input type="checkbox"/> Annuity 403 b
<input type="checkbox"/> Annuity 408 k	<input type="checkbox"/> Annuity 457	<input type="checkbox"/> Annuity 501 c
<input checked="" type="checkbox"/> Non Wages 125	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Wages 125

**Employer Paid Amounts To Be Taxed**

Select Employer Paid Amounts to be Taxed

Available Employer Paid Payroll Items:

623 - Duessersville Insurance - Regular	690 - Shellman Bluff Landscaping - Employer SERS
624 - Fort Stewart Gymnasium - Regular	691 - Waverly Accounting - Employer STRS
625 - Washington Textiles - Regular	692 - Fitzgerald Textiles - Medicare Tax
626 - Mershon Manufacturing - Regular	
627 - Leesburg Manufacturing - Regular	
630 - Lincolnon Travel - Regular	
631 - Pineview Studios - Regular	

Tax Employer Amounts

**Options**

Successor SCLIS       Employer Health Coverage       Job Cost

# Pre-W2 Processing (continued)

- Payroll Item – Make sure states of IN or MI have the appropriate State ID populated on Payroll Item Configuration

Payroll Item Configuration

✓ Save    ✕ Cancel

Type	Code	Name
StateTax	301	West Virginia State
abbreviation	W2 abbreviation	Payment Cycle
WV State	WV SState	Quarterly
State id		
123456789		

**Options**

<input type="checkbox"/> Suppress SSN ID	<input type="checkbox"/> Employer Health Coverage	<input type="checkbox"/> Voluntary
<input type="checkbox"/> Required	<input type="checkbox"/> Show On Create Wizard	

**Payee Information**

Payee

Manchester Development (Number: ) (Address: 1103 Arch Square, Carrollton, OH, 11942)

**State Annuity Options**

# Pre-W2 Processing (continued)

- Health Savings Account (HSA)
  - Annuity Type on the **Payroll Item Configuration** must be set to “Other” even if there are no employee amounts withheld





# Pre-W2 Processing (continued)

Payroll Item Configuration

Save Cancel

Type: Health Savings Account  
Code: 570  
Name: HEALTH SAVINGS ACCOUNT

abbreviation: HSA  
W2 abbreviation: HSA  
Payment Cycle: Every Payroll

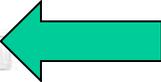
Annuity Type: Other

ACH Information  
Ach Source: HealthSavingsAccountACH, Code: 001

Object Codes  
Certified Object: 241  
Classified Object: 251  
Other Object:

Options  
 Suppress SSN ID  
 Employer Health Coverage  
 Print Employer Amount  
 Voluntary  
 Required  
 Show On Create Wizard

Payee Information  
Payee: FIRST FEDERAL BANK (Number: ) (Address: 211 S FULTON ST, WAUSEON, OH, 43067-)





# Pre-W2 Processing (continued)

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



# Pre-W2 Processing (continued)

- Excludable moving expenses **\*\*Active Military Only\*\***
- Reimbursements, including payments made directly to a third party, for ACTIVE MILITARY employees only, be entered in the **Adjustments** screen. 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.

Adjustment Journal + x

Employee  
Wright, Amber Lloyd - ANON295

**Payroll Item**  
Type: Federal Tax, Code: 001

Type	Transaction Date	Amount	Description
Moving Expense	9/12/18	200.00	

# Pre-W2 Processing (continued)



- Fringe benefit amounts

- Contact legal advisor with questions

- \*Enter taxable amount in fringe benefit field in the **Adjustments** screen

- All tuition reimbursement above \$5250.00 are considered Fringe benefits and would be subject to regular taxation. So this figure would go in **Adjustments** under the Federal tax Payroll Item under the Fringe Benefit Type

## Adjustment Journal

Adjustment Journal

Create New  Save  Cancel  Close

Employee: Richard, Elaine Olivia      Number: ANON1002

Payroll Item  
Type: Federal Tax, Code: 001

Type: Fringe Benefits

Transaction Date: 8/19/20

Amount: 2,000,000

Description:

To Date Options  
 Month To Date  
 Quarter To Date  
 Year To Date  
 Fiscal Year To Date

# Pre-W2 Processing (continued)

- When the Save button is clicked this will update the total and taxable gross fields for any Payroll Item that taxes **Fringe Benefits** (Federal, State). This is then reflected on the W2 Report.

# Pre-W2 Processing (continued)

- **Life insurance purchased for withheld annuities-Notice received from annuity company-Entered in payroll before last pay.**
- **IRS Publication 15-B Section 2 pages 13-15 (<http://www.irs.gov/pub/irs-pdf/p15b.pdf>) contains the calculation table to figure the cost.**
- **In PAYROLL-CURRENT or the PAYROLL-FUTURE program, the amount should be entered choosing the Life Insurance Premium-Pay Type. This pay type represents one kind of non-cash earnings for the employee.**
- **This pay type will be treated differently for taxation purposes. For the Life Insurance Premium amount, the tax amounts for Medicare and Social Security will be calculated during the Initialization of the payroll. 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 Earn" flag to Y (yes) on the city tax record on the Payroll Item Configuration screen.**

# Life Insurance (continued)



- **Life insurance was not entered before the last pay:**
  - If the **Life Insurance Premium** pay type was not used prior to the last pay of the calendar year, the following manual procedure must be used in order for the **Life Insurance Premium pay** to show correctly on the W2 form and to insure that the Quarter Report balances. Follow these procedures prior to generating W2 forms.
  - **Core/Adjustments-** Click on Create: Find the Employee, choose 001 Federal Payroll Item, Type is Life Insurance, Transaction Date and Amount

Adjustment Journal

Save Cancel

Employee  
Morse, Nancy Patty - ANON103

Payroll Item  
Type: Federal Tax, Code: 001

Type	Transaction Date	Amount	Description
Life Insurance	9/12/18	100.00	

# Life Insurance (continued)

- When the Save button is clicked this will update the total and taxable gross fields by for any Payroll Item that taxes **Life Insurance Premiums** (Federal, State, OSDI, City (if applicable) and Medicare). This is then reflected on the W2 Report.
- If the Medicare withholding was paid by the employee, employer or employee and employer, adjustments must be made to the Amount Withheld and Board Amount of Payroll Item. If Medicare is fully board paid (pickup) then the total adjustment should be made to the Board Amount of Payroll Item.

# Pre-W2 Processing (continued)

- **Board paid payment for Non-Cash Taxable Benefits. – NC3**



- If the payment is processed through USPS, no additional action is needed. Use the *Non-cash Taxable Benefit* pay type in Future or Current.
- If the Non-cash Taxable Benefit was **NOT** processed in payroll, an **Adjustment** entry is needed using the Taxable Benefits. This will update the total and applicable gross on the Federal, State, City (if applicable), OSDI and Medicare records. If the Medicare withholding was paid by the employee (1.45%) and employer (1.45%), adjustments must be made to the Amount Withheld and Board Amount of Payroll Item. If Medicare is fully board paid (Pickup), the total Adjustment should be made to the Board's Pickup Amount of Payroll Item (2.9%).

# Pre-W2 Processing Taxable Benefits (NC3)

Adjustment Journal +

Create New        
 Close

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Employee: Flores, Andy Travis      Number: ANON204

**Payroll Item**  
Type: Federal Tax, Code: 001 ▼

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**Type**      Taxable Benefits ▼

Transaction Date     

**Amount**     

Description     

**To Date Options**

- Month To Date
- Quarter To Date
- Year To Date
- Fiscal Year To Date

# Pre-W2 Processing (continued)

- **Dependent Care**



- If not using the Dependent Care deduction type

- \*Manually enter dependent care amounts in through the **Core-Adjustments** screen.

- \*Max \$10,500 for Married Filing Jointly, \$2500 Married Filing Sep

- **Core/Adjustments- Click on Create:**

A screenshot of a software interface titled "Adjustment Journal". At the top left, there are "Save" and "Cancel" buttons. Below them is a form with several fields: "Employee" with a dropdown menu showing "Morse, Nancy Patty - ANON103"; "Payroll Item" with a dropdown menu showing "Type: Federal Tax, Code: 001"; and a table with columns for "Type", "Transaction Date", "Amount", and "Description". The "Type" dropdown is set to "Dependent Care", the "Transaction Date" is "9/12/18", and the "Amount" is "6,000.00".

Type	Transaction Date	Amount	Description
Dependent Care	9/12/18	6,000.00	

# Dependent Care (continued)

- When the Save button is clicked this will update the total and taxable gross fields by any amount above the \$10,500.00 threshold for any Payroll Item that taxes **Dependent Care** (Federal, State, City (if applicable)). This is then reflected on the W2 Report. The total amount of Dependent Care will appear in Box 10 on the W2.

# Pre-W2 Processing (continued)

- Use of Company Vehicle
  - Calculate leased vehicle value
  - Manually enter leased vehicle **Core/Adjustments**
    - Click on Create:

The screenshot shows a software window titled "Adjustment Journal" with a close button in the top right corner. At the top left, there are two buttons: "Save" (with a checkmark icon) and "Cancel" (with a close icon). Below these are two dropdown menus. The first is labeled "Employee" and contains the text "Morse, Nancy Patty - ANON103". The second is labeled "Payroll Item" and contains the text "Type: Federal Tax, Code: 001". Below these is a table with four columns: "Type", "Transaction Date", "Amount", and "Description". The "Type" column has a dropdown menu with "Vehicle Lease" selected. The "Transaction Date" column has a date picker icon and the date "9/12/18". The "Amount" column has a text input field containing "1,000.00". The "Description" column has an empty text input field.

Type	Transaction Date	Amount	Description
Vehicle Lease	9/12/18	1,000.00	

# Vehicle Lease (continued)

- When the Save button is clicked this will update the total and taxable gross fields for any Payroll Item that taxes **Vehicle Lease** (Federal, State). This is reflected on the W2 Report and will appear in Box 14 on the W2.



# Employer Sponsored Health Care Cost on 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 total includes the employee and employer payments for Medical Insurance. This is informational purposes only.

- **If any employee** is paying for their insurance out of pocket, this amount will need to be added as follows:
  - Go to **Core/Adjustments**
  - Click **Create**
  - **Employee**-Find Employee by typing in a few characters of first and last name. Choose employee
  - **Payroll Item**-Use Drop  Choose Federal Tax 001
  - **Type**-From Drop Down  Choose Health Insurance
  - **Transaction Date**-Enter in or choose a date from the calendar
  - **Amount**-Enter in Amount
  - Descri  a Description (optional)
  - Click

# Employer Sponsored Health Care Cost on W2 (continued)

- **If the employee insurance** is paid half a year out of pocket and the other half through payroll, the amount paid by the employee will need to be added as follows:
  - Go to **Core/Adjustments**
  - Click **Create**
  - **Employee**-Find Employee by typing in a few characters of first t last name. Choose employee
  - **Payroll Item**-Use Drop Down  Choose Federal Tax 001
  - **Type**-From Drop Down  Choose Health Insurance
  - **Transaction Date**-Enter in or choose a date from the calendar
  - **Amount**-Enter in Amount
  - Description-Enter a Description (optional)
  - Click

# Employer Sponsored Health Care Cost on W2 (continued)

Manually enter **only** amount **not** tracked in USPS system in **Core/Adjustments**- Click on Create:

Adjustment Journal

✓ Save    ⌵ Cancel

Employee  
Morse, Nancy Patty - ANON103

Payroll Item  
Type: Federal Tax, Code: 001

Type	Transaction Date	Amount	Description
Health Insurance	12/12/18	600.00	

# **Employer Sponsored Health Care Cost on W2**

- When the Save button is clicked this will update the total Employer Health Coverage withheld for W2 reporting purposes.

# Employer Sponsored Health Care Cost on W2 (continued)

- 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>
- **\*\*Note-**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 (continued)

- The box “**Employer Health Coverage**” on the Regular and Annuity **Payroll Item Configuration**, plus any **Core/Adjustments-Health Insurance** entries, are used to calculate the Employer Sponsored Health Care Cost.
- If this **Employer Health Coverage** box is checked, the YTD **Payroll Item** totals will be included in the total moved to the employees W2 for Employer Health Coverage.



# Employer Sponsored Health Care Cost on W2 (continued)

Payroll Item Configuration

Type	Code	Name
Annuity	501	Crawfordville Software
abbreviation	W2 abbreviation	Payment Cycle
Annuity	Annuity	Monthly
Annuity Type		
403B		

**Object Codes**

Certified Object	Classified Object	Other Object
vkly	xrfq	lwkf

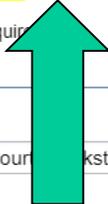
**Options**

<input type="checkbox"/> Suppress SSN ID	<input checked="" type="checkbox"/> Employer Health Coverage	<input type="checkbox"/> Print Employer Amount
<input checked="" type="checkbox"/> Voluntary	<input type="checkbox"/> Require	<input type="checkbox"/> Show On Create Wizard

**Payee Information**

Payee

Hiram Cafe (Number: 52066557) (Address: 979 Langan Court, Wexford, OH, 26811)



# Employer Sponsored Health Care Cost on W2 (continued)

- **If the district** only tracks the **employee** portion of health care costs in the USPS system, the district will need to create a spreadsheet using the appropriate header information with the Board YTD costs for Employee Health Insurance to Mass Load. Importable Entity would be Adjustment Journal.
- See SSDT Wiki on Mass Load: <https://wiki.ssdt-ohio.org/display/uspsrdoc/Mass+Load>



# Employer Sponsored Health Care Cost on W2 (continued)

- **UTILITIES/MASS LOAD/ADJUSTMENTS** can be used to load a spreadsheet with any data not tracked in the payroll system into the **Core/Adjustments** record for Medical Insurance coverage.

USPS Load File  No file chosen

Importable Entities:  ▼

# Employer Sponsored Health Care Cost (continued)

- 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 **Employer Distributions Submission**, leave **Object Codes** fields in Payroll Item Configuration 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 \$5,300 (\$10,700 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.
- You will need to add a value in **Core/Adjustments** for Health Reimbursement. 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 W2 Report 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 (continued)



- Go to Core/Adjustments/Create

Adjustment Journal

✓ Save    ✕ Cancel

Employee  
Wagner, Morgan Joanne - ANON445

Payroll Item  
Type: Federal Tax, Code: 001

Type	Transaction Date	Amount	Description
Health Reimbursement	10/15/18	100.00	

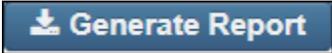
ANON107    Curtis    Jan    Taxable Gross    01/10/2018

# Pre-W2 Reporting



- Go to **Reports/W2 Report and Submission** before last pay of 2021 has been completed. Can be run as many times as necessary.
- **Output Type-Report**
  - **Format**-Choose format type desired from drop down
  - **Report Title**-Default is W2 Report. Can be changed if desired
  - **Federal ID Number**-Defaults from **Core/Organization**
  - **State ID Number**-Defaults from **Core/Organization**

# Pre W2 Reporting

- **Kind of Employer**-S-State and Local Government Employer (non501c) automatically populates. Can be changed by using drop down
- **Sort Options**-Choose from drop down
- **Report for Year**-Current year defaults. Choose from drop down if change needed.
- Click  **Generate Report**
  - Generate for “Report Employees with Errors Only?” first
    - Review and correct warnings and errors
  - Balance to-date data
  - See <https://wiki.ssdt-ohio.org/display/uspsrdoc/W2+Report+and+Submission> for error descriptions and help

# W2 Report Errors

Warning messages are now grouped together with errors and info messages on the W2 Report:

- **Warning Federal Total annuities, \$xxxx.xx, does not equal total gross less taxable gross**
  - The W2 Processing program verifies that the annuity (generally in the 500-599 payroll items code range) payroll item amount equals the calculated annuity amount. The calculated amount is determined by taking the total gross and subtracting the taxable gross. The result is the amount of the annuity that was in effect while the tax was being withheld. If this calculated value differs from the totals on the annuity records, the warning appears.  
This warning is often associated with a change that has been made to the taxable gross but no corresponding change was made to the total gross or vice versa. Manual adjustments in CORE/ADJUSTMENTS option to the annuity amounts may also cause this warning. Run the Audit Trail report to attempt to isolate these situations. If an annuity was in effect for only part of the year, this warning may appear and can be ignored.
- **Warning Payroll Item XXX: Negative annuity on file for this employee. Assuming zero.**
  - A total negative annuity indicates a check was voided from a prior calendar year in the current calendar year. Run the REPORTS/PAYMENT TRANSACTION STATUS REPORT option to attempt to isolate the problem. If this is the case, you will need to zero the negative amount of the annuity and file a W2-C form for the previous calendar year
- **Warning Employee last name contains a comma**
  - Check employee's last name for a comma and remove
- **Warning Federal Total , \$xxxx.xx, does not equal total gross less taxable gross**
- **Warning Payroll Item XXX: Negative amount payroll item can not be reported on W2, reporting zero**
  - This message indicates a check was voided from a prior calendar year in the current calendar year. Run the REPORTS/PAYMENT TRANSACTION STATUS REPORT to attempt to isolate the problem. If this is the case, you will need to file a W2-C form for the previous calendar year.
- **Warning Possible medicare discrepancy detected for amount over 200,000. Amount calculated = \$xxxxxx.xx**
  - This warning will appear if medicare wages are over \$200,000.00 and the medicare amount on the Payroll Item is not within 30 cents of the calculated value. This warning will allow the submission file to be written.
- **Warning Payroll Item XXX: No state ID on payroll item configuration**
  - This warning will appear if No state ID is entered on the State Tax Payroll Item configuration
- **Warning Federal gross is zero**
  - The employee has no gross amount on the Federal tax record (001).
- **Warning Payroll Item XXX: Calculated annuity amount exceeds the total annuities**
  - The calculated annuity value is larger than the amounts showing on the annuity (generally in the 500 through 599 Payroll Item code range) records. The calculated amount is determined by subtracting the taxable gross from the total gross.  
Manual changes may have been made to the payroll items. It is possible the total or taxable gross was changed incorrectly due to an error adjustment, thus causing the calculated annuity amount to be too high.
- **Warning Payroll Item Employer Health Coverage: Negative amount payroll item can not be reported on W2, reporting zero**

# W2 Report Errors

Control #: 42      SSN: 999914640      Name: Justin Danielle Branch

Code	Desc	Tax Withheld	Taxable Gross	Total Gross	Annuities
001	Federal Tax	0.00	224.78	249.76	24.98
002	Ohio State Tax	0.00	224.78	249.76	24.98
003	City Tax	3.75	249.76	249.76	0.00
692	Medicare Tax	3.62	249.76	249.76	
807	OSDI Tax	0.00	224.78	249.76	24.98

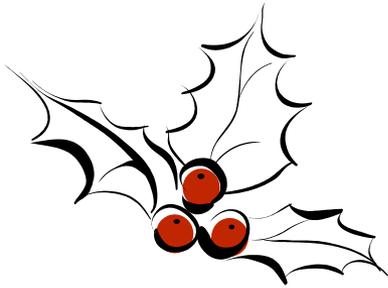
**Retire Plan Box Checked**

- Info** Payroll Item 807: Possible error in OSDI gross or tax.
- Warning** Federal Total annuities, 49.960, does not equal total gross less taxable gross.
- Error** Invalid SSN, verify SSN before printing W2's

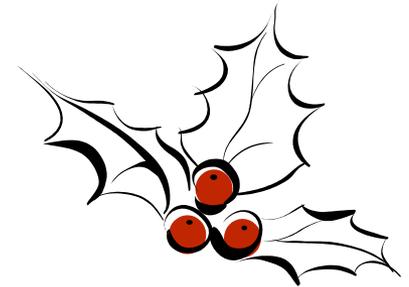


# W2 Balancing

- Information on W2 Report should balance to:
  - 941 totals as reported
  - Run **Reports/Employee Earnings Register**
    - Payroll Items represents amounts withheld from employees for the calendar year
  - Run **Reports/Quarter Report**
    - 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

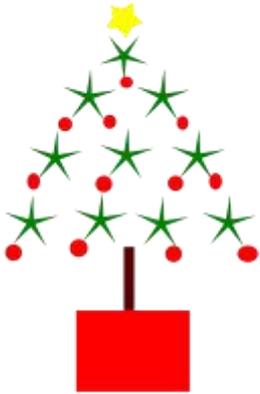
-----

W2REPT Total

-----



These 2 totals  
should equal except  
for special payments



# W2 Balancing Earnings Register

		Payment Totals					
Total Gross		Total Dock			Total Net		
\$3,053,866.89		(\$4,329.14)			\$2,035,161.24		
Pay Items					Pay Accounts		
Code	Abbreviation	Employee Amt	Employer Amt	Position	FND-FUNC-OBJ-SPCC-SUBJCT-OPU-IL-JOB	Chg Amt	%
001	plyexiywitfpldacribb	284,329.02		1	001-1100-111-0000-000000-100-01-000	99,565.95	100.00
002	rmeaclkabxlegnalxkwx	64,181.47		1	001-2310-171-0000-000000-300-00-000	1,530.00	100.00
003	gybatrotaytqlfhlwn	44,026.00		1	001-4590-113-0000-000000-200-00-000	26,628.86	100.00
006	vvcroarwdgliydgskfp	631.71		1	001-2510-149-0000-000000-300-00-000	31,698.54	100.00
008	uhcjkbfgtcgkqxnvpd	266.56		1	001-2510-141-0000-000000-300-00-000	66,573.19	0.00
009	iuievuitxxrubfvqjgcb	2,460.29		1	001-2510-152-0000-000000-300-00-000	270.00	0.00
400	zjwfxffjolezhlgchwi		81,886.26	1	001-2822-142-0000-000000-000-00-000	2,425.22	100.00
450	yehgrznqpnoxlzztzm		344,151.26	1	001-1100-111-0000-000000-100-14-000	131,142.49	100.00
508	rodgxsibsksnzqbjtsbb	21,100.00		1	001-2700-142-0000-000000-000-00-000	3,250.60	100.00
514	bvxpodzgsugxijwutcyi	2,400.00		1	001-4530-113-0000-000000-200-00-000	13,393.34	100.00
550	cmnjzpfxoemwvonnann	600.72	39,415.50	1	001-1100-111-0000-060000-200-00-000	42,126.20	100.00
563	wxgynxjcwbpnpoeibtd	1,111.29		1	001-1100-111-0000-000000-100-03-000	90,693.32	100.00
564	dgprjbmzczsjuccfyrug	284.44		1	001-4550-143-0000-000000-200-00-000	3,569.72	100.00
565	girazzyovibxuyhldme	1,170.81		1	001-1280-111-0000-000000-100-15-000	65,744.42	100.00
566	sbtchdevcdsyfwgappz	4,709.52		1	439-1280-111-9017-000000-000-00-000	36,095.36	0.00
		76,660.54		1	300-4540-143-9500-000000-200-00-000	1,674.58	0.00
		38,350.00	125,272.24	1	300-4520-143-9500-000000-200-00-000	1,529.79	0.00
		47,417.17		1	300-4530-143-9500-000000-200-00-000	4,058.04	0.00

Amounts in this column on Earnings Register should be used for balancing

# W2 Balancing Quarter Report



## Deduction Items Summary

Deduction Name	DED	QTD Total	YTD Total	FTD Total	QTD Taxable	YTD Taxable
Federal Tax	001	\$0.00	\$11,757.08	\$0.00	\$0.00	\$101,391.60
Ohio State Tax	002	\$0.00	\$2,671.65	\$0.00	\$0.00	\$101,391.60
City Tax	003	\$0.00	\$1,754.83	\$0.00	\$0.00	\$116,987.30
City Tax	006	\$0.00	\$25.15	\$0.00	\$0.00	\$5,028.60
State Tax	009	\$0.00	\$73.52	\$0.00	\$0.00	\$1,729.79
Annuity	508	\$0.00	\$1,060.00	\$0.00	\$0.00	\$0.00
Annuity	514	\$0.00	\$100.00	\$0.00	\$0.00	\$0.00
Health Savings Account	550	\$0.00	\$10.48	\$0.00	\$0.00	\$0.00
Annuity	563	\$0.00	\$46.00	\$0.00	\$0.00	\$0.00
Annuity	564	\$0.00	\$12.24	\$0.00	\$0.00	\$0.00
Annuity	565	\$0.00	\$50.08	\$0.00	\$0.00	\$0.00
Annuity	566	\$0.00	\$198.72	\$0.00	\$0.00	\$0.00
Annuity	569	\$0.00	\$3,393.83	\$0.00	\$0.00	\$0.00
Health Savings Account	570	\$0.00	\$1,646.00	\$0.00	\$0.00	\$0.00
SERS Annuity	590	\$0.00	\$1,846.94	\$0.00	\$0.00	\$0.00
STRS Annuity	591	\$0.00	\$12,396.68	\$0.00	\$0.00	\$0.00
Regular	600	\$0.00	\$27.95	\$0.00	\$0.00	\$0.00
Regular	603	\$0.00	\$1,380.47	\$0.00	\$0.00	\$0.00
Regular	604	\$0.00	\$311.31	\$0.00	\$0.00	\$0.00
Regular	612	\$0.00	\$10.00	\$0.00	\$0.00	\$0.00
Child Support			\$946.97	\$0.00	\$0.00	\$0.00
Regular			\$210.12	\$0.00	\$0.00	\$0.00
Regular			\$42.45	\$0.00	\$0.00	\$0.00
Regular			\$333.79	\$0.00	\$0.00	\$0.00
Regular			\$199.37	\$0.00	\$0.00	\$0.00
Employer SERS			\$455.31	\$0.00	\$0.00	\$0.00
Employer STRS	691	\$0.00	\$1,461.00	\$0.00	\$0.00	\$0.00

Amounts in this column on  
Quarter Report should be used  
for balancing

# W2 Balancing W2 Report



Report Summary						
Code	Description	Count	Tax Withheld	Taxable Gross	Total Gross	Annuities
001	Federal Tax	75	\$11,420.39	\$101,583.68	\$122,197.73	\$20,614.05
	Medicare Pickup		\$192.08			
	Emplr Hlth Coverage		\$26,061.61			
	HSA		\$124,855.51			
	457		\$1,160.00			
	Section 125		\$5,210.43			
002	Ohio State Tax	75	\$2,598.16	\$101,583.68	\$122,197.73	\$20,614.05
003	City Tax	75	\$1,754.83	\$116,987.30	\$122,197.73	\$5,210.43
006	City Tax	3	\$25.15	\$5,028.60	\$6,360.54	\$1,331.94
			\$73.52	\$1,729.79	\$2,238.13	\$508.34
			\$1,696.37	\$116,987.30	\$122,005.65	\$0.00
			\$144.91	\$7,272.67	\$8,952.93	\$1,680.26

Amounts in this column on W2 Report should be used for balancing



# W2 Balancing

- Items that affect balancing between W2 Report and Quarter (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 USAS check

# W2 Balancing



- Dependent care benefits
  - Amounts over limit (\$10,500.00/\$2500) are added to total and taxable gross amounts on Federal, Ohio and City total and taxable gross fields on the W2 Report
  - Ex-If \$11,000.00 is added to Adjustments/Dependent Care on the 001 record, \$500.00 will be added to total and taxable gross fields as stated above.
  - This will cause gross amounts on W2 Report to be higher.

# Adjustments/ Dependent Care



Adjustment Journal + x

Employee  
Nieves, Brooklyn Pete - ANON781 ▼

Payroll Item  
Type: Federal Tax, Code: 001 ▼

Type	Transaction Date	Amount	Description
Dependent Care <span style="float: right;">▼</span>	10/5/18	6,000.00	



# W2 Balancing

- Fringe Benefits
  - An Adjustments/Fringe Benefits entry on the 001 record adds all fringe benefit amounts to total and taxable gross amounts on Federal and Ohio records
  - Will cause gross amounts on W2 Report to be higher



# Fringe Benefits

Adjustment Journal + x

Employee  
Nieves, Brooklyn Pete - ANON781

Payroll Item  
Type: Federal Tax, Code: 001

Type	Transaction Date	Amount	Description
Fringe Benefits	10/5/18	200.00	

ANON781    Louis    Date    Amount Withheld    04/01/2018

# W2 Balancing



- Medicare Pickup
  - Amount added to total and taxable gross amounts on Federal, Ohio and OSDI records
  - Will cause gross amounts on W2 Report to be higher.

# W2 Balancing

- If ‘**Tax Employer Amounts**’ option is **not** used on the city tax record on the Payroll Item Configuration record (Tax Employer Amounts box **unchecked** on Payroll Item Configuration)
  - The Medicare Pickup box should be checked if the city taxes the Medicare pickup
  - The Medicare pickup is added to the city total and taxable gross amounts on the W2 Report.
    - Employee pays tax after the fact



# W2 Balancing



Save  Cancel

Type <input type="text" value="CityTax"/>	Code <input type="text" value="003"/>	Name <input type="text" value="Gumbranch Cafe"/>
abbreviation <input type="text" value="City Tax"/>	W2 abbreviation <input type="text" value="City Tax"/>	Payment Cycle <input type="text" value="Monthly"/>
Tax Entity Code <input type="text" value="zbwvdymk"/>		
CCA		
CCA <input type="text"/>	CCA Description <input type="text"/>	<input type="checkbox"/> Report To CCA
City Tax Annuity Options		
<input type="checkbox"/> Annuity 401 a	<input type="checkbox"/> Annuity 401 k	<input type="checkbox"/> Annuity 403 b
<input type="checkbox"/> Annuity 408 k	<input type="checkbox"/> Annuity 457	<input type="checkbox"/> Annuity 501 c
<input checked="" type="checkbox"/> Non Wages 125	<input type="checkbox"/> Other	<input type="checkbox"/> Wages 125
Employer Paid Amounts To Be Taxed		
Select Employer Paid Amounts to be Taxed		Tax Employer Paid Amounts for these Payroll Items:
Available Employer Paid Payroll Items: <input type="text" value="635 - Wray Pro Services - Regular"/> <input type="text" value="636 - Springfield Office supplies - Regular"/> <input type="text" value="690 - Statesboro Manufacturing - Employer SERS"/> <input type="text" value="691 - Monticello Accounting - Employer STRS"/> <input type="text" value="692 - Preston Furnishings - Medicare Tax"/> <input type="text" value="693 - Hampton Realty - Social Security Tax"/>		<input type="text"/>
<input type="checkbox"/> Tax Employer Amounts		
Options		
<input type="checkbox"/> Suppress SSN ID	<input type="checkbox"/> Employer Health Coverage	<input type="checkbox"/> Job Level
<input checked="" type="checkbox"/> Medicare Pickup	<input checked="" type="checkbox"/> Tax Non Cash Earn	<input type="checkbox"/> Voluntary
<input checked="" type="checkbox"/> Required	<input checked="" type="checkbox"/> Show On Create Wizard	

# W2 Balancing



- If the ‘**Tax Employer Amount**’ is used on the city tax record (Tax Employer Amounts box **checked** on Payroll Item Configuration)
  - The tax is withheld during the payroll

Type: City Tax  
Code: 003  
Name: Gumbranch Cafe  
abbreviation: City Tax  
W2 abbreviation: City Tax  
Payment Cycle: Monthly  
Tax Entity Code: zbrvdytmk  
CCA: CCA  
CCA Description: Report To CCA  
City Tax Annuity Options:  
 Annuity 401 a  
 Annuity 401 b  
 Annuity 401 c  
 Annuity 408 a  
 Annuity 457  
 Annuity 501 c  
 Non Wages 125  
 Other  
 Wages 125  
Employer Paid Amounts To Be Taxed  
Select Employer Paid Amounts to be Taxed  
Available Employer Paid Payroll Items:  
634 - Gibson Engineering - Regular  
635 - Wray Pro Services - Regular  
636 - Springfield Office supplies - Regular  
690 - Statesboro Manufacturing - Employer SER5  
691 - Monticello Accounting - Employer STR5  
693 - Hampton Realty - Social Security Tax  
Tax Employer Paid Amounts for these Payroll Items:  
992 - Preston Furnishings - Medicare Tax  
 Tax Employer Amounts Options  
 Suppress SSN ID  
 Medicare Pickup  
 Required  
 Employer Health Coverage  
 Tax Non Cash Earn  
 Show On Create Wizard  
 Job Level  
 Voluntary

# Taxable Third Party Sick pay



- Taxable Third Party Sick Pay
  - Users need to add the Third Party Sick pay amount using **Adjustments/Total Gross** and **Adjustments/Taxable Gross** on the Federal (001), Ohio (002), OSDI (8XX) and Medicare records as needed
  - Will cause gross amount on W2 Report to be higher
    - See Third Party Sick Pay Instructions Document
    - See Third Party Sick Payment Notification Example Document

# W2 Balancing Third Party Sick Pay

Adjustment Journal

Save Cancel

Employee  
Branch, Ryan Pam - ANON564

Payroll Item  
Type: Federal Tax, Code: 001

Type	Transaction Date	Amount	Description
Total Gross	10/5/18	500.00	

Adjustment Journal

Save Cancel

Employee  
Branch, Ryan Pam - ANON564

Payroll Item  
Type: Federal Tax, Code: 001

Type	Transaction Date	Amount	Description
Taxable Gross	10/5/18	500.00	

# Non-Taxable Third Party Sick Pay



- Non-taxable third party sick pay
  - Does not affect balancing
  - Does not affect taxes
  - Add amount using **Adjustments/Third Party Pay** to the Federal Tax (001) record.
    - District is notified how much to enter by third party
  - This amount will print in Box 12 with a code ‘J’



# Non-Taxable Third Party Sick Pay

Adjustment Journal + x

✓ Save    ⌵ Cancel

Employee  
Branch, Ryan Pam - ANON564

Payroll Item  
Type: Federal Tax, Code: 001

Type	Transaction Date	Amount	Description
Third Party Pay	10/5/18	1,500.00	

ANON440    Lewis    Blake    Amount Withheld    01/01/2018

# W2 Balancing- Company Vehicle



- Use of Company Vehicle Field
- Add amount using **Core/Adjustments/Vehicle Lease** to the Federal Tax (001) record.
  - This adds the Vehicle Lease amount from the 001 Federal record to the total and taxable gross fields on the Federal (001), and Ohio (002) total and taxable gross fields on the W2 Report.
  - Will cause the gross amounts on W2 Report to be higher

# Use of Company Vehicle

Adjustment Journal + x

Employee  
Branch, Ryan Pam - ANON564

Payroll Item  
Type: Federal Tax, Code: 001

Type	Transaction Date	Amount	Description
Vehicle Lease	10/5/18	2,000.00	



# Employee Expense Reimbursements



- If district wants employee reimbursements originally paid through USAS to appear on the W2 as wages, Adjustments will be made. This will create a balancing difference between Quarter Report and W2 Report
- May cause W2 Report to show higher gross amounts than actually paid through USPS
- See ‘Reimbursements of Employee Expenses’ document for more details

# Balancing Problems



- Voided checks from prior calendar year
  - Go to **Payments/Check Register** filter the Transaction Date as 01/01/2021..12/31/2021 and Status as V. This will pull in all voided checks dated between 01/01/21 and 12/31/21.
  - The report option can then be used to create a report of all voided checks.
- To pull all Refund of annuity withheld in prior calendar year
  - Go to **Payments/Refund Checks** Show Transaction Date on grid and then filter **01/01/2021..12/31/2021** click on  **Report**.
  - Do the Same option on the **Refund ACH** Tab

# Balancing Problems (continued)

- Manual Updates
  - Go to **Core/Adjustments**
  - Filter **Transaction Date 1/01/21..12/31/21**
  - Filter **Code 001**
  - Search for any **Types** manually added like Fringe Benefit, Health Insurance, Dependent Care, Vehicle Lease, etc.
  - Filter **Type** that is out of balance like Total Gross, Amount Withheld, etc.



# W2 Report

## Report Summary

Code	Description	Count	Tax Withheld	Taxable Gross	Total Gross	Annuities
001	Federal Tax	75	\$11,420.39	\$101,583.68	\$122,197.73	\$20,614.05
	Medicare Pickup		\$192.08			
	Emplr Hlth Coverage		\$26,061.61			
	HSA		\$124,855.51			
	457		\$1,160.00			
	Section 125		\$5,210.43			
002	Ohio State Tax	75	\$2,598.16	\$101,583.68	\$122,197.73	\$20,614.05
003	City Tax	75	\$1,754.83	\$116,987.30	\$122,197.73	\$5,210.43
006	City Tax	3	\$25.15	\$5,028.60	\$6,360.54	\$1,331.94
009	State Tax	1	\$73.52	\$1,729.79	\$2,238.13	\$508.34
692	Medicare Tax	71	\$1,696.37	\$116,987.30	\$122,005.65	\$0.00
800	OSDI Tax	6	\$144.91	\$7,272.67	\$8,952.93	\$1,680.26

Special amounts  
for W2s

From  
Payroll  
Item

Total Gross minus  
Taxable Gross

# Common W2 Error Messages

- **Warning:** 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 adjustment updates
    - Verify error adjustments



# Common W2 ErrorMessage

- **Error: Invalid SSN**
  - SSA defines series of SSNs as invalid
    - Verify SSN with employee's SS card
    - Go to Core/Employees-Using the grid locate the employee. Click  and update the SSN with the correct SSN. Click 



# Common W2 Error Messages

- **Error:** 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



# Common W2 Error Messages

- Verify manual adjustment updates
- Check Medicare pickup records
  - Must have 692 or 693 with 2.9%



# Common W2 Error Messages

- **Warning:** Negative annuity on file for this employee. Assuming zero
- A total negative annuity indicates a check was voided from a prior calendar year in the current calendar year. Run the REPORTS/PAYMENT TRANSACTION STATUS REPORT option to attempt to isolate the problem. If this is the case, you will need to zero the negative amount of the annuity and file a W2-C form for the previous calendar year

OR

- If desire to report it as if withheld and refunded in current calendar year
  - Use **Core/Adjustment** and zero annuity amount by entering a positive figure that coincides with that negative figure.
  - Use **Core/Adjustments** and increase total gross amounts on Federal, Ohio, OSDI and city, if the city honored the annuity initially



# Common W2 Error Messages

- **Info-Pension Plan** flag on Federal record is overriding W2 calculations
  - If the Federal Payroll Item has the Pension Plan marked “No, never check the pension plan box”, but finds an active retirement record
  - If Federal Payroll Item has the Pension Plan marked to “Automatically check the pension plan box based on retirement” or “Yes, check the pension plan box” but does not find an active retirement record
  - Common to receive this informational for students who do not participate in SERS
    - No action is needed



# Common W2 Error Messages

- **Info:Payroll Item XXX:**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 W2 Error Messages

- **Warning:**Federal Total annuities \$xxxx.xx does not equal total gross less taxable gross
  - Calculated annuity amount (total gross less taxable) does not match the YTD annuity amounts from Payroll Item
  - Program compares total annuities from Payroll Items 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 W2 Error Messages

- Federal Total annuities \$xxxx.xx do not equal total gross less taxable gross (continued)
  - Verify manual adjustment 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 by using **Core/Adjustments**



# Common W2 Error Messages

- **Error:** 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 on the Medicare or FICA **Payroll Item** that has the incorrect amount, by using Core/Adjustments. This error should be corrected before creating a tape. The Social Security Administration will contact the district if this error is not fixed.



# W2 Report and Submission Features

- Program used to generate
  - W2 Report.PDF use as a Balancing report
  - W2 Form Data.XML files for W2 printing
  - W2MAST.TXT file for file submission to SSA

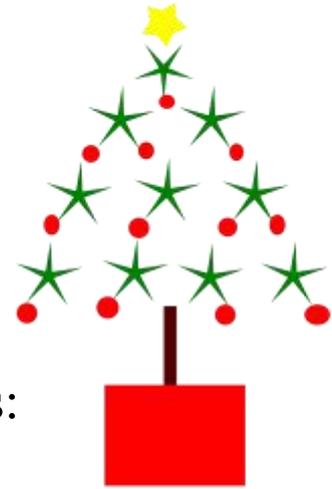


# 2021 W2 Reporting- W2 Submission Files



- Go to **Reports/W2 Report and Submission**
- Output Type-**Submission**
  - **Federal ID Number**-Defaults from **Core/Organization**
  - **Additional Federal ID Number**-Can be added if needed
  - **State ID Number**-Defaults from **Core/Organization**
  - **Kind of Employer**-S-State and Local Government Employer (non501c) automatically populates. Can be changed by using drop down. **See next slide.**
  - **Sort Options**-Choose from drop down
  - **Report for Year**-Current year defaults. Choose from drop down if change needed
  - **Employer Name**-Defaults from **Core/Organization**

# Kind of Employer



- You will need to specify what type of employer your district is:
  - 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 choose State/local non 501c (S)

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



# 2021 W2 Reporting- Submission Files(continued)

- **Employer Address first line-Defaults from Core/Organization**
- **Employer Address second line-Defaults from Core/Organization**
- **Employer City- Defaults from Core/Organization**
- **Employer State-Defaults from Core/Organization**
- **Employer Zip Code-Defaults from Core/Organization**
- **Contact Name-\*\*Required\*\***
- **Contact Phone Number-\*\*Required\*\***
- **Contact Phone Extension-Optional**
- **Contact Fax Number-Optional**
- **Contact Email Address-\*\*Required\*\***



# 2021 W2 Reporting- Submission Files(continued)

To create SSA submission file click

[Generate SSA W2 Submission File](#)

To create CCA submission file click

[Generate CCA W2 Submission File](#)

To create RITA submission file click

[Generate RITA W2 Submission File](#)

To create city tape file go to the 'W2 City Options' tab  
and click

[Generate City W2 Submission File](#)

# W2 Files and Submission

- W2CITY\_”cityname”.XML file used for special city submissions
- W2MAST.TXT submission file is used to report to SSA
  - Federal
- W2MSTCCA.TXT submission file for CCA
- W2MSTRITA.TXT submission file for RITA



# W2 Files and Submission

- W2 State Option is used to create:
  - State of Ohio W2 Submission File  
W2MAST\_OH.TXT
  - State of Indiana W2 Submission File
  - State of Michigan W2 Submission File
  - Others: Kentucky, West Virginia,  
and Pennsylvania



# W2 Files and Submission

- To create State tape file(s) click the ‘W2 State’ button and then click the applicable State wishing to create the submission file for.
- Each State setup is unique so populate accordingly:
  - Indiana – 10 digit Tax Payer ID, 3 digit TID Location
  - PA or VW – ask NOACSC for additional information



# W2 XML File

- Go to **Reports/W2 Report and Submission**
- **Output Type-Choose XML**
  - **XML-W2 Form Data** is default. Title-Can be changed if desired
  - **Federal ID Number**-Defaults from **Core/Organization**
  - **State ID Number**-Defaults from **Core/Organization**
  - **Kind of Employer**-S-State and Local Government Employer (non501c) automatically populates. Can be changed by using drop down. **See slide 87.**



# W2 XML File (continued)

- **Report for Year**-Current year defaults. Choose from drop down if change needed.
- **Employer Name**-Defaults to district name from **Core/Organization**.
- **Employer Address First Line**-Defaults to first line address from **Core/Organization**
- **Employer Address Second Line**-Defaults to second line address from **Core/Organization**



# W2 XML File (continued)

- **Employer City-Defaults to City from Core/Organization.**
- **Employer State-Defaults to State from Core/Organization.**
- **Employer Zip Code-Defaults to Zip Code from Core/Organization**
- **Click** 



# W2 XML File (continued)

- This W2 Form Data.XML file will be used to print out the W2's for the district from the EDGE printing software.



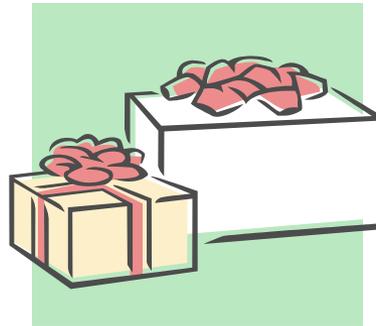
# W2 XML File (continued)



- Additional deduction codes
  - Allows districts to print additional information in box 14, “Other”
  - Six can be entered
    - Leased vehicle value is always included
    - Any Covid reporting fields to report to employee
    - Other user values are secondary
    - Prints the first 3 for each employee in the order entered

# 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 25- 2021 Instructions for Forms W-2 and W-3)
  - Use W2-C form
  - A W3-C form must accompany a W2-C form if sent by paper
  - Incorrect address
    - W2-C form not required, just correct Employee copy

# W2 Instructions Reviewed

- Deceased employee's wages (Page 8 -2021 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 8 - 2021 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 and 16 -2021 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 13-15
    - NOTE: Print 15-B now – IRS updates this early for new tax year



# W2 Instructions Reviewed

- Health Savings Account (HSA) (Page 11- 2021 Instructions for Forms W-2 and W-3)
- Lost W2 form (Page 11)
  - Kiosk
  - Go to Reports/W2 Report and Submission/Forms
    - Will create a PDF copy
  - **Go to File Archive/W2Archive**
    - **Looks more like an official copy**

# W2 Instructions Reviewed

- Moving Expenses (Page 11 -2021 Instructions for Forms W-2 and W-3)
  - Only for members of the US Armed Forces
- Third Party Sick Pay (Page 13)
  - Verify taxability using information received from annuity company
  - Pages 16-21 in Publication 15-A includes specific instructions

<http://www.irs.gov/pub/irs-pdf/p15a.pdf>



# W2 Instructions Reviewed

- Box a (Page 15 -2021 Instructions for Forms W-2 and W-3)
  - Employee SSN as entered in Employee Screen
- Box b (Page 16 -2021 Instructions for Forms W-2 and W-3)
  - Federal EIN
- Box c (Page 16 -2021 Instructions for Forms W-2 and W-3)
  - Employer information as entered in W2 Report

# W2 Instructions Reviewed

- Boxes e and f (Page 16-2021 Instructions for Forms W-2 and W-3)
  - Employee's name and address
    - Data from Employee Screen
      - 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 17 - 2021 Instructions for Forms W-2 and W-3)
  - Tax withheld for YTD on Federal tax record
- Box 3 (Page 17)
  - Social security wages from 692/693 records flagged as a Payroll Item-Social Security Tax



# W2 Instructions Reviewed

- Box 4 (Page 17 -2021 Instructions for Forms W-2 and W-3)
  - Social security taxes withheld from the 692/693 and 692/693 records flagged as Payroll Item-Social Security Tax
- Box 5 (Page 17)
  - Medicare wages from 692/693 records flagged with a Payroll Item-Medicare



# W2 Instructions Reviewed

- Box 6 (Page 18 - 2021 Instructions for Forms W-2 and W-3)
  - Medicare taxes withheld on the 692/693 records flagged as Payroll Item-Medicare
- Box 10 (Page 18)
  - Dependent care benefits as entered through Adjustments on Federal 001 record

# W2 Instructions Reviewed

- Box 12-Codes (Pages 18-22 -2021 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  
(US Armed Forces only)
- 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 \$5300 and family \$10,700



# W2 Instructions Reviewed

- Box 13 – (Page 22-2021 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 22-2021 Instructions for Forms W-2 and W-3)
  - Value of vehicle lease from Federal tax record
  - Other deductions entered in W2 Report
    - Optional possibilities include
      - Union dues
      - Retirement



# 2021-Submission Files-State Files

- To create State submission file(s) Go to **Reports/W2 Report/Submission/W2 State Options** tab

The screenshot shows a web application interface for configuring W2 state submission options. At the top, there is a navigation menu with items: Home, Core, Payments, Payroll, Processing, Reports, System, Utilities, and USAS Integration. Below this is a tabbed interface with three tabs: W2 Report Options, W2 City Options, and W2 State Options (which is currently selected and highlighted in yellow).

The main form area contains the following fields and options:

- Save and Recall:** A dropdown menu set to "Most Recent" with a refresh icon and a save icon.
- Output Type:** Radio buttons for Report (selected), Submission, Forms, and XML.
- Format\*:** A dropdown menu set to "PDF (download)".
- Report Title:** A text input field containing "W2 Report".
- Federal ID Number:** A text input field with a masked value.
- State ID Number:** A text input field with a masked value.
- Kind of Employer\*:** A dropdown menu set to "S, State and Local Governmental Employ".
- Sort Options\*:** A dropdown menu set to "Employee SSN".
- Report for Year\*:** A dropdown menu set to "2021".
- Include Fringe Benefits in Box 14?** An unchecked checkbox.
- Report Employees with errors only?** An unchecked checkbox.
- Select Payroll Items to print in box 14 (maximum of 3 selected will print in box 14, leave empty to not include specific payroll items in box 14):** A section with a dropdown menu and an "Add" button.
- Selected Payroll Item Configurations:** A table with columns for Code, Abbrev, ProcessingOrder, and Remove.

Code	Abbrev	ProcessingOrder	Remove
------	--------	-----------------	--------

# 2021 – State Files

- State of Ohio encourages all employers to submit their W-2 information on OBG electronically regardless of how many W-2 forms they issue.
  - You will log into Ohio Business Gateway and upload the W2 file for State reporting.

# 2021 – State Files

- 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 file.

# 2021 – State Files

- State of Michigan is requiring electronic file submission for employers with 250 or more W-2 forms.
  - There is an option to create the MI submission file.

# 2021 – State Files

- 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

# Post W2 Processing

- Corrections before files have been submitted to SSA
  - Files can be recreated as many times as needed



# Post W2 Processing

- Corrections after submission of files to SSA
  - In this scenario a W2C and W3C (if paper) will have to be submitted by the district. W2C can also be done through SSA website.



# Preparing for 2022



- Enter changes in tax withholding rates effective January 1, 2022
  - **City rates**
    - <https://thefinder.tax.ohio.gov/StreamlineSalesTaxWeb/Download/MuniRateTableInstructions.aspx>
    - Click on *Municipal Income Tax Rate Database Table*
  - **OSDI rates**
    - <https://thefinder.tax.ohio.gov/StreamlineSalesTaxWeb/default/schooldistrict.aspx>
    - Click on *School District Income Tax Rate Database Table*

# Preparing for 2022 (continued)

## **-CCA City Rates-**

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

## **-RITA City Rates-**

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

# Preparing for 2022 (continued)

- Unsure if employee should be taxed
- [https://thefinder.tax.ohio.gov/StreamlineSalesTaxWeb/default\\_schooldistrict.aspx](https://thefinder.tax.ohio.gov/StreamlineSalesTaxWeb/default_schooldistrict.aspx)

## *Lookup Tax Rate*

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



# Mass Changing Payroll Item Rates

**Use the Mass Load option or the Mass Change definition option on Payroll Items-**

## **Mass Load**

- Select the correct Object in dropdown on top left (Annuity Item, Regular Item, City Tax Item, etc)
- Choose the fields you want included on your file, adding from More options if needed
- Filter those fields to get the data that needs changed
- Format-Choose Excel-FieldNames
- Generate Report
- Make any necessary changes to the rate, etc on your file and then click Save As and choose CSV (Comma Delimited)
- You can then use Utilities/Mass Load and select your CSV file and the appropriate Importable Entity. Click on Load and the changes from the CSV file will be made to the appropriate payroll item records.



# Mass Changing Payroll Item Rates (continued)

## Mass Change option

- Go to Core/Payroll Items screen
- Filter the Code you are wishing to change by using the grid and entering in the code and rate. So if you enter a specific code and specific rate only records that meet that criteria will appear on the screen.
- Run a Report to have the “BEFORE” copy of the data
- Click the Mass Change button
- In Maintenance Mode-Under Script Definition choose “rate”
- In the New Value field enter in the new rate
- Under Definition Name give the change a name Ex. Rate Change
- Click Save
- Now select Execution Mode
- Under Load Definition select the definition that you created-Rate Change
- Click Submit Mass Change
- All filtered records now should display the updated rate change
- Run a Report to have the “AFTER” copy of the data, and compare

