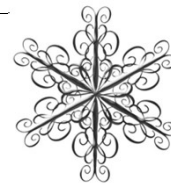# USPS Calendar Yearend Review

2018

Agenda

- Pre-W2
- Before and After Final Pay
- W2Processing:
  - Processing W2's from a Backup
  - W2 Preparation
  - IRS W2 Instructions
  - W2 Submission File Creation
  - W2 Printing
  - W2 Corrections
- Calendar Yearend Closing
- Preparing for 2019

2

Please Use Checklist

- This is not the complete checklist - Use this presentation to supplement the actual Calendar yearend checklist

- Some commands have changed – do not use previous checklists

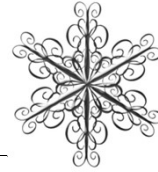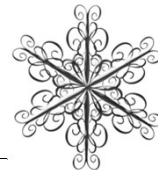# PRE-W2

PRE-W2
Confirm Name/SSN

SSN/Name confirmation is available by sending a file to SSA

- Register with SSA/Business Services Online

  - http://www.ssa.gov/bso/bsowelcome.htm

  - This takes a few weeks if not already registered

- Run W2MAINT to create a file to upload to the site

PRE-W2
W2MAINT to confirm Name/SSN

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




   Menu: W2MAINT Option>    _____
KP-  Accept        F7  Help        F8  Exit        F10 Next
```
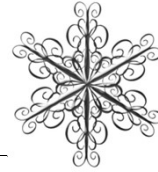
PRE-W2
W2MAINT to confirm Name/SSN

```
              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.

7

Before Last Pay

Before Last Pay Step 1
Employee Expense Reimbursement

Employee Expense Reimbursements:
Some fringe benefits are Federal, State, and/or Medicare/FICA taxable, please see:

◦ IRS Pub. 15-B Employer's Tax Guide to Fringe Benefits
◦ <u>IRS Publication Taxable Fringe Benefit Guide (p5137)</u>

Before Last Pay
## Employee Expense Reimbursement

Process Taxable Fringe Benefits in USPS:

◦ UPDCAL_CUR- NC3 pay type – to tax when entered into payroll:
- Federal/Medicare
- Ohio
- City (if applicable)
- OSDI

not included in the payroll total gross or charged to the USAS pay account

◦ Included in the Adjusted Gross amount on PAYRPT

- adds NC3 amounts to the "Tax. Ben" field on the 001 deduction

- Increases the total and taxable gross amounts on the Federal, Ohio, Medicare, OSDI and Municipality (if flagged "Y" to non-cash earnings)

- Non-cash amount increased on job record.

Before Last Pay
Employee Expense Reimbursement
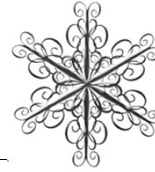
NC3 Pay Type:
- PAYRPT will list NC3 amounts in employee detail and above Net Pay as NCE (Non-Cash Earnings).

> ADJ GROSS = GROSS – ANNUITIES- RETIREMENT + NC1 + NC3

```
JOB: 01  PAY GROUP: 01  WORK DAYS: 10    ! FED WH      129.74        0.00 ! 01 025 2960 141 9008 000000 000
Regular wages  10.000  127.958  1,279.58 ! STATE WH     27.79        0.00 !
Accrued wages   0.000    0.000    109.67 ! WASH CH      19.50        0.00 !
Uniform         1.000   43.960     43.96 ! DTNTAX       11.11        0.00 !
                                         ! SERS          0.00      194.50 !
                                         ! HEALTH       44.74      253.49 !
                                         ! DENTAL        0.00       18.41 !
                                         ! VISION        0.00        3.63 !
                                         ! SERS        138.93        0.00 !
                                         ! LIFE          0.00        1.88 !
                                         ! MEDICARE     20.13       20.13 !
                                         ! DDEP 1      997.31        0.00 !
-----------------  ----------   --------- ! ----------------          !   -----------
*NCE*      43.96  *TOT GROSS*  1,389.25  ! *TOTAL*     391.94        !   *TOTAL CHARGED*    1,389.25
*NET*     997.31  *ADJ GROSS*  1,249.54  ! *TOTANN*    183.67        !
                  *SERS HRS*      80.00  ! *STRS HRS*    0.00
```

amounts will not be included in the total gross or total charged, but they will be included in the adjusted gross

11

Before Last Pay
Employee Expense Reimbursement

NC3 Pay Type:
- Will increase the total and taxable gross amounts on the Deductions Screen by the amount of the NC3 payment on the Federal, Ohio, OSDI, Medicare and Municipality if "Y" to non-cash earnings.
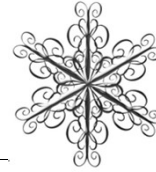
```
Code: 003    Type: CITY      Name: YELLOW SPRINGS
Required: 1   Job Level: N   Abbrev: YELLOWSP   W2 Abbrev: YLWSPG
             P A Y   T O   I N F O R M A T I O N
Vendor: _____   Name: REMIT VIA OBG              Phone:(937)767-3400
                       RITA MEMBER                FAX  :(___)___-____
             Address: _____           Payment cycle : M
                      _____           Electronic Pmt: Y
                      _____, OH _____-____  Suppress SSN/ID: I
                                                     Honor Annuities
Tax Entity code: 906    RITA: 906                   401a: N  401k: N
Tax Med/PICA pickup: Y       YELLOW SPRINGS         403b: N  408k: N
Tax Non-Cash Earn  : Y   PCA : ____                 457 : N  501c: N
Tax Board Amounts  : N                              125 nonwages: Y
___ ___ ___ ___ ___  ___ ___ ___ ___ ___            125 as wages: Y
                                                     Other: N
```

12

6

Before Last Pay
Employee Expense Reimbursement
USPSWEB – Municipality Deduction

13

Tax. Ben= populated by the NC3 pay type at CHKUPD and will represent the non-cash taxable benefits amount
Does not appear, separately, on W2. It's included in the wages

14

Before Last Pay
Employee Expense Reimbursement

NC3 Pay Type:

W2PROC

- The taxable benefit amount will be listed on W2REPT under the employees federal information

```
0000024  222-22-2204  SHERRY M SEEARS
                  001 FED TAX              1,651.53      10,877.00      12,185.53      1,308.53
  ➤               TAXABLE BENEFIT            100.00
                  002 OH TAX                 164.27      10,877.00      12,185.53      1,308.53
                  003 CITY1                  182.77      12,185.53      12,185.53          0.00
                  MEDICARE                   176.63      12,185.53      12,185.53
                  Retire Plan Box Checked
```

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Before Last Pay
Group Term Life Insurance

Group Term Life Insurance coverage over the limit- IRS Publication 15-B pages 12-14   (http://www.irs.gov/pub/irs-pdf/p15b.pdf) contains the calculation table to figure the cost:

Table 2-2. Cost Per $1,000 of Protection For 1 Month

Age	Cost
Under 25	$ .05
25 through 29	.06
30 through 34	.08
35 through 39	.09
40 through 44	.10
45 through 49	.15
50 through 54	.23
55 through 59	.43
60 through 64	.66
65 through 69	1.27
70 and older	2.06

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8

Before Last Pay
Group Term Life Insurance
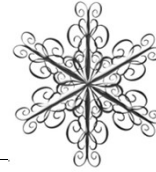
NC1 Calculator for Group Term Life Insurance over 50K

http://www.mveca.org/FiscalMainPage/CalendarYearendDocumentation

Before Last Pay
Group Term Life Insurance

Add NC1 pay types to UPDCAL_CUR to avoid INICAL balancing issues (add the NC1's after the final run of INICAL):

- No Federal, Ohio, or OSDI tax amounts will be withheld
- Medicare or Social Security employee and board amounts calculated and withheld
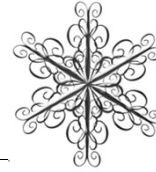- City tax withholding on non-cash earnings if "Tax non-cash earnings" flag is Y (yes)

The amount of the NC1 payment:

- will be added to the 001 federal tax deduction In the "Life Ins. Cost" field
- Increases the total and taxable gross amounts on the Federal, Ohio, Medicare, and Municipality (if flagged "Y" to non-cash earnings)
- Non-cash amount increased on job record.

Before Last Pay
Group Term Life Insurance

```
Deduction type - Federal Tax          Name: INTERNAL REVENUE SERVICE/FEDTX
   Calculate option: F        # 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  : _         Move Exp : _____  Third party pay: _____
                               Tax. Ben : _____  Vehicle lease  : _____
                    Accum    QTD Totals    FYTD Totals    YTD Totals
   Deduct total  : _____   _____                   _____
   Gross pay     : _____   _____                   _____
   Taxable gross : _____   _____                   _____
   Add withhold  :
```

If you forget to enter NC1 pay type before the last pay, see documentation on MVECA/Fiscal Main Page/Calendar Yearend Documentation/ NC1 Payroll Processing Instructions.

Amount goes on W2 in Box 12 with Code C

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Before Last Pay – Check W2REPT

Run W2PROC before last pay of 2018 has been completed

◦ Check W2ERR.TXT to determine if adjustments are needed on the next payroll

◦ Review and correct warnings and errors, if needed

Before Last Pay – Check W2REPT

Verify that all employees have a Medicare deduction, except for those who were hired before April 1, 1986.

- The non-Medicare employees are listed in the top section of the W2REPT, along with those employees that have a FICA (no Retirement) deduction.

- If a past non-Medicare employee is rehired, they will now need a Medicare deduction.

- If a Medicare deduction error has been made and is caught before the last pay, the employee and board deduction can be caught-up in time for the 2018 W2.
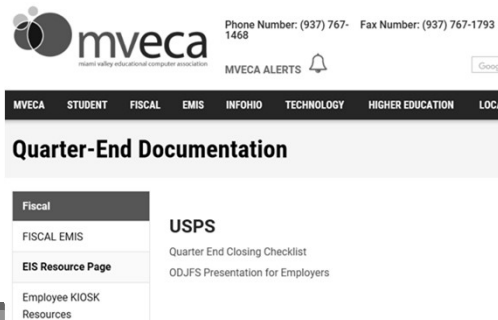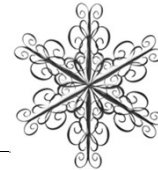
After Final Pay

After Final Pay for 2018

- Complete **Month End Closing** for December **(Step 4-6)**
- Start the **Quarter End Closing** for the 4th quarter **(Step 7-17)**

Look for the new Quarter-End Documentation on our website:


After Final Pay for 2018

New Reports to help with Quarter End Balancing of the ODJFS Report:

```
USPS_LCL                Locally Defined Programs and Utilities
Nov 07 17                          Local Menu
 31. LASTPY      Last Pay of Contract
 32. NOODJFS     ODJFS Report - ODJFS=N
 33. OAPSE       EMPLOYEE LISTING FOR OAPSE DEDUCTION WITH YTD GROSS AND DOB
 34. ODJFSOTHER  ODJFS Report - 002 with Stop Date and ODJFS=Y
```

Helpful balancing hints for the ODJFS Report:
- Board Member (elected officials) and student workers should be excluded from the report
- NC1 and NC3 pay types not included in the totals on the ODJFS Report

Processing W2s from backup
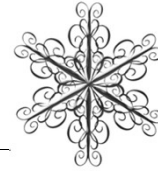
Pressed for time to process the first pay in January or waiting on Third Party Sick Pay from a vendor?

…….you can do all W2 Processing from a backup data set.

To accomplish this you will need to:

- Run the backup, **USPSBACKUP (Step 40)**
- Finish the Quarter End Closing process **(Step 41-42)**
- Send email to helpfiscal@mveca.org to request a demo with your yearend backup
- Process first pay in January, 2019
- Complete W2 PROCESSING from demo account (Step **18-35)**

W2 Prep

W2-Prep Step 18
Employer Sponsored Health Care Cost
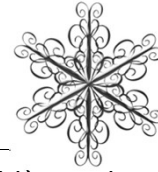
The **Affordable Care Act** requires employers to report the cost of coverage under an employer-sponsored group health plan. Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. This is informational purposes only.

A flag was added to REG and ANN deduction screens in DEDNAM:

"Include as employer-sponsored health coverage?"

If answered "Y" the YTD deduction totals will be included in the total moved to the employees W2 – Box 12 with code DD

If both employee **and board deductions** are processed in USPS, the total amount of all deductions flagged will be calculated

---

W2-Prep Step 18
Employer Sponsored Health Care Cost
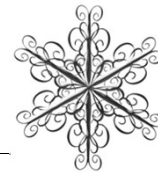
New report: YTDESHC
- Life, Dental and Vision are not required to be included if they are separate plans and not included as part of the medical plan

- Employer-sponsored Health coverage is required for employers who filed 250 or more W2's for the preceding calendar year

- The contribution amount by Employee and Employer for Health Saving Account (HSA) is NOT to be included. This is reported in Box 12 using (Code W) * This total includes both employee and employer contributions

http://www.irs.gov/uac/Form-W-2-Reporting-of-Employer-Sponsored-Health-Coverage

W2-Prep Step 18
Employer Sponsored Health Care Cost
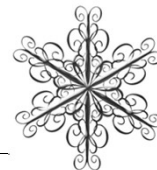
```
Find: 501        Add Type:  _____

  Code: 503    Type: ANN        Name: HEALTH INSURANCE_____
  Required: 1                 Abbrev: HEALTH   W2 Abbrev: HEALTH_____
                         P A Y   T O   I N F O R M A T I O N
  Vendor: 910273  Name: REMIT VIA VENDOR PAYMENT____    Phone:(___)___-___
                        US BANK SINGLEPOINT_____    FAX  :(___)___-___
               Address: EMAIL REPORTS TO_____    Payment cycle : M
                        CONNIE.WRIGHT@EPCSCHOOLS    Electronic Pmt: Y
                        .ORG_____, OH ____-___    Suppress SSN/ID: I

  Print Board Amts: N   Annuity type: D    ACH Transfer Type/Id:  _____
  Certified Obj : ___   Include as employer-sponsored health coverage?: Y
  Classified Obj: 251
  Other Object  : 251
```
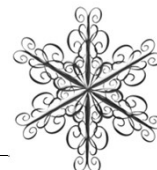

W2-Prep Step 18
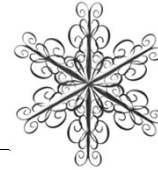## Employer Sponsored Health Care Cost

If the employee and/or board premiums are not processed through payroll, complete these manual entries:

o The amount paid by the employee for insurance along with the board share paid should be entered in the "Emplr Hth" field on the employee's 001 Deduction record.

- This record overrides any deductions records that have the DEDNAM records marked 'Y' for Employer Sponsored Health Care. This amount will then be reported on the Employee's W-2 instead.

o Use USPLOAD to upload the employee plus board share totals:

- 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. This figure will need to be loaded into the field on the 001 Federal deduction record.

- Spreadsheet must have EMPLOYEE_ID, DED_CODE (=001) and EMPLR_HEALTH_COV

W2-Prep Step 18
Employer Sponsored Health Care Cost

```
Deduction type - Federal Tax          Name: INTERNAL REVENUE SERVICE/FEDTX
  Calculate option: F        # 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  : _        Move Exp : _____ Third party pay: _____
                             Tax. Ben : _____ Vehicle lease  : _____
                    Accum    QTD Totals   FYTD Totals      YTD Totals
  Deduct total   : _____  _____     _____         _____
  Gross pay      : _____  _____                      _____
  Taxable gross  : _____  _____                      _____
  Add withhold   :                                         _____
```

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W2-Prep – New field

A new Health Reimbursement field was recently added to the Federal Tax deduction record:

- Field is used for qualified Small Employers who do not offer a group health plan

- Values added to this field will be reported in Box 12 on the W2 with a code of FF

```
ID: 111111111  Code: 001  Name: DEFAULT      DEFAULT

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

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W2-Prep Step 19
Deduction Annuity Type

Check Annuity Types
- Health Savings Account (HSA)
  - Type in DEDNAM must be set to "I" ..even if there are no employee amounts withheld

```
Code: 510     Type: ANN      Name: HEALTH SAVINGS ACCOUNT _____
Required: 1  ┌──────────Annuity Type Options──────────┐ _____
             │***************************************** │
Vendor: ____ │* For Section 125 annuities, please contact *│ ne:(___)___-___
             │* legal or tax advisors for information on  *│  :(___)___-___
             │* processing.                               *│ ment cycle : M
             │***************************************** │ ctronic Pmt: N
             │                                          │
             │ A - 401 (k)                              │
Print Board  │ B - 401 (a), SERS and STRS               │
Certified O  │ C - 403 (b)                              │
Classified   │ D - Section 125, treated as nonwages     │
Other Objec  │ E - 457                                  │
             │ F - 408 (k) (6)                          │
             │ G - 501 (c) (18) (d)                     │
PFkey  F6    │ H - Section 125, treated as wages        │
             │ I - Section 125, Health Savings Acct(HSA)│ ◀━━━
DEDNAM - De  │ <CR> - Other                             │    ██████████
```

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W2-Prep Step 20
Pension Plan

Check the Pension Plan fields on federal tax (001) deduction record

A = automatically check the pension plan box if there is an active retirement record

Y = Yes, check the pension plan box regardless of the status or no retirement record

N = No, never check the pension plan box

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W2-Prep Step 20
Pension Plan

```
Deduction type - Federal Tax          Name: INTERNAL REVENUE SERVICE/FEDTX
   Calculate option: F      # 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  : _         Move Exp : _____ Third party pay: _____
                               Tax. Ben : _____ Vehicle lease  : _____
                    Accum    QTD Totals   FYTD Totals    YTD Totals
   Deduct total  : _____  _____   _____      _____
   Gross pay     : _____  _____   _____      _____
   Taxable gross : _____  _____                  _____
   Add withhold  :                                      _____
```

W2-Prep Step 21-22
City Tax Deductions

Check the W2 Abbreviation – 6 characters on the W2

For each entity that requires an electronic file (otherwise paper W2's can be submitted):

◦ Check the USPSDAT/DEDNAM screen for a "Tax Entity Code"

◦ Verify DEDSCN "Employ/Residence" value is set

Also do this step for those entities that are members of CCA or RITA:

◦ Both tax entity code and RITA/CCA code are required for tax data to be included on a submission file

• See information from RITA/CCA web sites on codes as defined
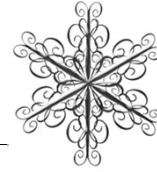
• Links provided on checklist

*Xenia City and WCH require an electronic file, so they **must have a tax code**. Do this for any entity that requires an electronic file.*

W2- Prep Step 21-22
City Tax Deductions

```
Code: 004    Type: CITY      Name: CITY OF STARS INC TAX
Required: 1  Job Level: Y   Abbrev: STARS    W2 Abbrev: STARS
                  P A Y   T O   I N F O R M A T I O N
Vendor: _____   Name: _____        Phone:(___)___-____
                       _____        FAX  :(___)___-____
             Address: INCOME TAX DIVISION            Payment cycle : Q
                                                     Electronic Pmt: N
                       STARS          , OH 33333-___  Suppress SSN/ID: _
                                                        Honor Annuities
Tax Entity code: STARS  RITA: 133                     401a: N 401k: N
Tax Med/FICA pickup: N          STARS                 403b: N 408k: N
Tax Non-Cash Earn  : N  CCA : ___                     457 : N 501c: N
Tax Board Amounts  : Y                                125 nonwages: Y
   691 694 __ __ __ __ __ __ __ __ __                 125 as wages: N
          __ __ __ __ __ __ __ __ __ __               Other: N
```
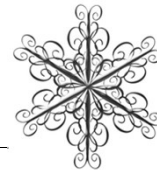
37

W2- Prep Step 21-22
City Tax Deductions

```
Code: 004    Type: CITY      Name: CITY OF STARS INC TAX
Required: 1  Job Level: Y   Abbrev: STARS    W2 Abbrev: STARS
                  P A Y   T O   I N F O R M A T I O N
Vendor: _____   Name: _____        Phone:(___)___-____
                       _____        FAX  :(___)___-____
             Address: INCOME TAX DIVISION            Payment cycle : Q
                                                     Electronic Pmt: N
                       STARS          , OH 33333-___  Suppress SSN/ID: _
                                                        Honor Annuities
Tax Entity code: STARS  RITA: 133    ◄   Verify the   401a: N 401k: N
Tax Med/FICA pickup: N          STARS    RITA/CCA City 403b: N 408k: N
Tax Non-Cash Earn  : N  CCA : ___  ◄    Code and Name  457 : N 501c: N
Tax Board Amounts  : Y                   are correct   125 nonwages: Y
   691 694 __ __ __ __ __ __ __ __ __                  125 as wages: N
          __ __ __ __ __ __ __ __ __ __                Other: N
```
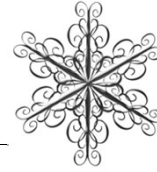
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W2- Prep Step 21-22
City Tax Deductions

City DEDSCN

```
ID: 111111111  Code: 003  Name:            DEFAULT

           Type: Municipality Tax    Name: YELLOW SPRINGS
    Tax percentage  :      1.500   Start: 00/00/0000   Employ/Residence: C
    Addt'l withhold :              Stop : 00/00/0000
    Error adjustment:              User Defined Fields:
    Percent of gross:              Amount 1:            Amount 2:
```
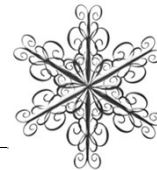
C=EMPLOYMENT; R=RESIDENCE

Verify this field is populated with the correct information

Employee Deduction Detail
CITY - 003 - YELLOW SPRINGS

Tax Percentage	1.50	
Additional Withholding	0.00	
Error Adjustment	0.00	
Percentage of Gross	0.00	

Start Date
Stop Date
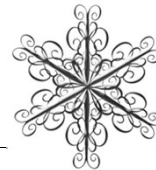Employmt/Residence: Employment ⌄

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W2- Prep
HSA

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

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W2- Prep Step 23
OSDI W2 Abbreviation

OSDI abbreviations
- ❖ Include OSDI code number in first part of description in USPSDAT/DEDNAM

> Verify the School District Code is listed first on the W2 Abbrev line

```
Find: 800        Add Type: _____

  Code: 800    Type: OSDI       Name: CLIFFORD SCHOOL DIST.  C. TAX
  Required: 1                    Abbrev: CLIFFORD  W2 Abbrev: 1991CLIF_____
                   P A Y   T O   I N F O R M A T I O N
  Vendor:  1271   Name: SCHOOL DISTRICT INCOME TAX____   Phone:(___)___-____
                                                         FAX  :(___)___-____
              Address:  66 SCHOOL HOUSE ROCK RD          Payment cycle : M
                      _____                Electronic Pmt: N
                      WHOVILLE_____, OH 66890-____       Suppress SSN/ID: _

  OSDI Code: 1991
```
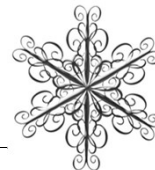
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W2- Prep Step 25
Fringe Benefits

Fringe benefit amounts not paid through payroll
* Enter taxable amount in fringe benefit field on the federal tax record Tuition Reimb > $5250.00 is considered Fringe
* This amount is added to taxable gross on W2
* Can be added to box 14 on W2 (this is the same box that the optional deduction added are printed)

```
Deduction type - Federal Tax          Name: INTERNAL REVENUE SERVICE/ OTX
  Calculate option: F       # 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  : _       Move Exp : _____ Third party pay: _____
                            Tax. Ben : _____ Vehicle lease  : _____
                    Accum    QTD Totals   FYTD Totals    YTD Totals
  Deduct total  : _____  _____    _____      _____
  Gross pay     : _____  _____                   _____
  Taxable gross : _____  _____                   _____
  Add withhold  :                                        _____
```

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W2- Prep Step 26
Dependent Care

If using DPCARE type
- ◦ Add any amounts over the $5,000.00 limit to 001 federal tax deduction

If not using DPCARE type
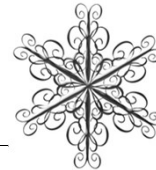- ◦ Add the total amount deducted for dependent care to 001 federal tax deduction

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 W2.

W2- Prep Step 26
Dependent Care

```
Deduction type - Federal Tax            Name: FEDERAL TAX
  Calculate option: F      # exemptions: __     Fringe benefits: _____
  Tax percent     : _____ Pension plan: Y     Life Ins. cost : _____
  Addt'l withhold : _____ Hth Reimb: _____  Adopt. assist. : _____
  Error adjustment: _____ Emplr Hth: _____  Dependent care : _6000.00_
  Marital status  : 1       Move Exp : _____  Third party pay: _____
                            Tax. Ben : _____  Vehicle lease  : _____
```

W2- Prep Step 27
Vehicle Lease

Use of Company Vehicle
- Manually enter the leased vehicle value amount into the federal tax 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.
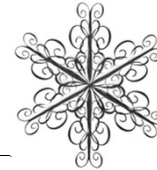
```
Deduction type - Federal Tax          Name: FEDERAL TAX
   Calculate option: F        # exemptions: __    Fringe benefits: _____
   Tax percent     : _____ Pension plan: Y     Life Ins. cost : _____
   Addt'l withhold : _____ Hth Reimb: _____ Adopt. assist. : _____
   Error adjustment: _____ Emplr Hth: _____ Dependent care :  6000.00
   Marital status  : 1        Move Exp : _____ Third party pay: _____
                              Tax. Ben : _____ Vehicle lease  : _____
```

W2- Prep Step 27
Excludable Moving Expense

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: F        # 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 :  1600.00 Third party pay: _____
                              Tax. Ben : _____ Vehicle lease  : _____
                    Accum    QTD Totals    YTD Totals    YTD Totals
   Deduct total  : _____   _____      _____      _____
   Gross pay     :  62.00      928.00                      990.00
   Taxable gross :  55.80      921.80                      983.80
   Add withhold  :                                        _____
```

W2- Prep Step 29
Third Party Pay

Did another entity report taxes withheld for third party sick payments?

If disability pay deduction is taken after tax, third party disability payments are non-taxable
- Add the amount paid to the employee in the Third Party Pay field on the 001 federal deduction
- Amounts from this field will appear in box 12 with a code of J on W2

If third party pay is taxable
- Manual changes to total and taxable gross are required on Federal, Ohio and OSDI deduction records

See Publication 15a, Pages 15-21 and W2 Instructions page 11

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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) EMPLOYEE SSN NAME & ADDRESS	PLAN	(D) GROSS DISABILITY BENEFIT PAID	(E) FIT WITHHELD	(G) BENEFIT PAID DURING 1ST MOS OF DISABILITY OR FICA/MEDICARE WAGES (BASED UPON EMPLOYER %)	(H) FICA WITHHELD	(I) 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.

REFER TO THE BACK OF THIS FORM FOR A DETAILED EXPLANATION OF EACH COLUMN.

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

** NOTE: THESE NOTIFICATIONS MAY VARY BY COMPANY BUT THE CONTENT WILL BE THE SAME REGARDLESS OF APPEARANCE **

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W2- Prep Step 29
Third Party Pay

```
------ -- ---- ---- ----        ----- ---- -------
ID: 111111111  Code: 001  Name:

Deduction type - Federal Tax          Name: FEDERAL TAX
   Calculate option: F        # exemptions: __    Fringe benefits: _____
   Tax percent     : _____ Pension plan: Y    Life Ins. cost : _____
   Addt'l withhold : _____ Hth Reimb: _____ Adopt. assist. : _____
   Error adjustment: _____ Emplr Hth: _____ Dependent care : _____
   Marital status  : 1        Move Exp :  1600.00 Third party pay: _____
                              Tax. Ben : _____ Vehicle lease  : _____
                    Accum    QTD Totals    FYTD Totals    YTD Totals
   Deduct total  : _____ _____               _____
   Gross pay     : _____ _____ _____     _____
   Taxable gross : _____ _____               _____
   Add withhold  :                                   _____
```

W2 PROC

W2PROC Step 30-33

Program used to generate:
- ◦ Balancing reports
- ◦ W2 print forms
- ◦ W2.DAT files for laser printing
- ◦ W2CITY.DAT file used for special city submissions
- ◦ W2 tape submission file (W2TAPE.SEQ), used for:
    - • Federal
    - • State
    - • Cities (RITA/CCA)
    - • Other cities

W2PROC
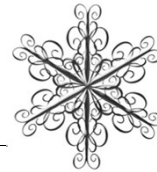
```
Sort Options:

    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)                                             █
```

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W2PROC Type of Employer
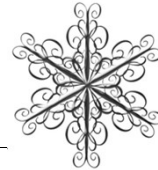
Your districts will need to specify what type of employer they are:

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

o S - If the school district is part of a local government and has NOT applied for 501C status.

o Y - If the school has applied for 501C status and was granted that non profit status.

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W2PROC Fringe Benefits/Other Deductions

Do you want Box 14 to print Fringe Benefits if there are any (Y/N <N>)?

- The value in the fringe benefit field on the 001 deduction record is added to the total and taxable gross on the federal and state tax record and placed in box 1, 3 and 5, if applicable, on W2

- It's optional for you to report the fringe benefit amount in Box 14
  - This will take one of the 3 available lines in this box

- Additional deduction codes
  - Allows districts to print additional information in box 14, "Other"
  - Six can be entered
    - Leased vehicle value is always included
    - Fringe Benefit question in W2PROC if answered "Y"
    - Other user values are secondary
    - Prints the first 3 for each employee in the order entered

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
```
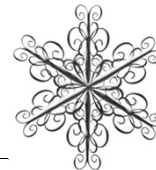
W2PROC Balancing

Information on W2REPT.TXT should balance to:

- 941 totals as reported for 4 quarters
- ERNREG/ERNSUM figures
    - Represents amounts as withheld from employees
- QRTRPT figures
    - Represents amounts as current in the YTD figures
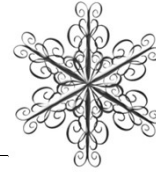- Federal, Ohio, and City taxes and gross amounts

W2REPT 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

W2REPT 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
```

Check amounts in this column on QRTRPT should be used for balancing

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W2REPT Balancing
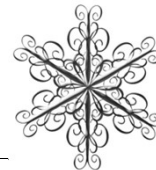
```
0000273  ** REPORT TOTALS                      COUNT
                            001 FED TAX          269        503,200.36
                                MEDICARE PICKUP             5,636.24
                                403(B)                    114,558.61
                                SECTION 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 MICHIGAN           9        10,263.78
```

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

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W2REPT Balancing
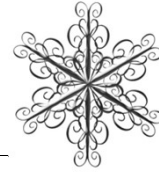
Items that affect balancing between W2PROC and QRTRPT
Dependent care benefits over limit

- ❖ Fringe Benefits
- ❖ Medicare pickup amounts
- ❖ Taxable third party sick pay
- ❖ Use of company vehicle
- ❖ Any manual changes to total and taxable gross on federal, Ohio, OSDI and Medicare

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W2REPT Balancing Problems
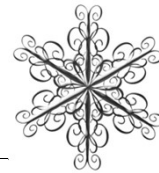
Voided checks from prior calendar year
- ❖ CHKSTS report
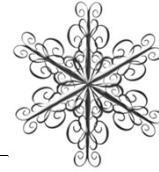
Refund of annuity withheld in prior calendar year
- ❖ AUDRPT

Manual Updates
- ❖ AUDRPT
  - • Search for YTD changes

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W2PROC - Errors

The following list describes errors and warnings that may appear when the W2PROC program is run. Each message is followed by an explanation of its meaning, a possible solution, along with the severity of each message.

The error messages are classified into three categories:

❖ Inform

❖ Warning

❖ Fatal - Fatals flagged with an '***' will cause the tape file to not be created. Fatals flagged without an '***' may cause an inquiry from the SSA/IRS. Messages must be researched thoroughly before adjustments are made.

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W2PROC Common Messages
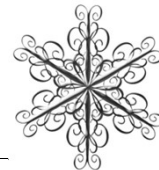
Calculated annuity amount exceeds the total annuities

❖ 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

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W2PROC Common Messages
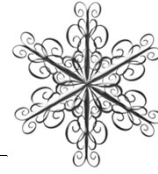
Negative annuity on file for this employee; assuming zero.

❖ Usually from refund of a prior year's annuity amount

  • If the desire is 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

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W2PROC Common Messages
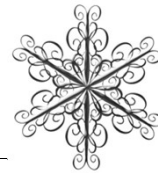
Possible error in OSDI gross or tax

❖ 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

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W2PROC Common Messages
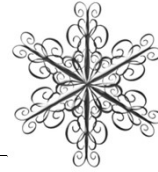
Total annuities $$$, do not equal total gross less taxable gross

❖ 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

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W2PROC Common Messages

Total annuities $$$, do not equal total gross less taxable gross (*continued*)
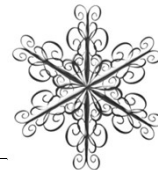
❖ Verify manual updates

❖ 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

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W2PROC Common Messages
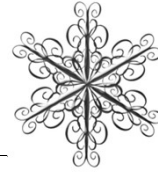
Fatal Errors:

❖ Deduction code not found on the DEDNAM file

❖ Employee first and last name should not be spaces

❖ Gross for this deduction exceeds the maximum for this reporting year

❖ Incorrect retire plan box flag on the USPSCN/DEDSCN federal record

❖ There is no Federal record on file for this employee

❖ This employee has Medicare/FICA tax without any Medicare/FICA wages

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IRS W2 Instructions

IRS W2 Instructions Reviewed

Specific details on W2 form reporting requirements see General Instructions for Forms W-2 and W-3

❖ http://www.irs.gov/pub/irs-pdf/iw2w3.pdf

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IRS W2 Instructions Reviewed

Corrections (Page 24- 2018 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 ITC

❖ Incorrect address

• W2-C form not required

❖ Register with SSA/BSO to do online.

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IRS W2 Instructions Reviewed

Deceased employee's wages (Page 8 -2018 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

IRS W2 Instructions Reviewed

Health Savings Account (HSA) (Page 11- 2018 Instructions for Forms W-2 and W-3)

Lost W2 form (Page 11)

❖ You will have access to retrieve your W2s that can be printed on 8-1/2 X 11 copy paper through OnBase

❖ Point employee to the kiosk

❖ Hand type new form

  • Enter "*REISSUED STATEMENT*" on new copy

IRS W2 Instructions
Wages for Box 1, 5 and 16

> **Notice how you can compare the numbers from the Earnings Register report to the W2 report**

	TAX WITHHELD	TAXABLE GROSS	TOTAL GROSS	ANNUITIES
001 FED	32056.19	103479.80	104496.50	1016.70
MEDICARE PICKUP	1501.30			
SECTION 125	956.70			
002 OHIO	5588.04	103479.80	104496.50	1016.70
801 1205SE	999.66	103479.80	104496.50	1016.70
003 SPFLD	84.75	4237.50	4268.75	31.25
MEDICARE	1501.30	103539.80	102995.20	
U.W.	130.00			

ERNREG 1/1/04-12/31/04
GROSS WAGES PD 102995.20
Medicare Pickup 1501.30
Total Gross for Fed and State 104496.50
-Annuities 1016.70
TAXABLE GROSS FOR FED AND STATE 103479.80   Placed in Boxes 1, 16 & 18 of W2

GROSS WAGES PD 102995.20
Medicare Pickup 1501.30
Total Gross 104496.50
-Section 125 956.70
TAXABLE GROSS FOR MEDICARE 103539.80   Placed in Box 5 of W2

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IRS W2 Instructions
Wages for Box 1,5, and 16

NC1 and NC3 pay types processed during payroll
- ❖ Federal, State, Medicare Total and Taxable gross is increased by the amount of the payment on each deduction record

Medical Savings Account deduction type
- ❖ Federal and Medicare Total and Taxable gross is increased by the board amount

Medicare/FICA Pickup
- ❖ Added to the Medicare deduction taxable gross during payroll
- ❖ Added to the federal and state taxable gross during W2PROC

Vehicle Lease, Fringe Benefits, Dependent Care over $5,000
- ❖ Added to the federal and state taxable gross during W2PROC

Local wages are affected as defined by the deduction master

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Box 1: Wages from federal taxable gross amount

Box 10: Dependent care benefits as found on the federal tax record or on the dependent care annuity records

22222	**a** Employee's social security number 123-45-6789	OMB No. 1545-0008	
b Employer identification number (EIN) 55-5765489		**1** Wages, tips, other compensation 48,500.00	**2** Federal income tax withheld 6,835.00
c Employer's name, address, and ZIP code		**3** Social security wages 50,000.00	**4** Social security tax withheld 3,100.00
The Big Company 12 Main Street Anywhere, NC 28111		**5** Medicare wages and tips 50,000.00	**6** Medicare tax withheld 725.00
		7 Social security tips	**8** Allocated tips
d Control number A1B2		**9** Verification code	**10** Dependent care benefits
e Employee's first name and initial Last name		**11** Nonqualified plans	**12a** D 1,500.00
Jane A. Doe 123 Elm Street Anywhere Else, PA 17111		**13** Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	**12b** DD 1,000.00
		14 Other	**12c** P 4,800.00
			12d
f Employee's address and ZIP code			

15 State	Employer's state ID number	**16** State wages, tips, etc.	**17** State income tax	**18** Local wages, tips, etc.	**19** Local income tax	**20** Locality name
PA	124578	50,000.00	1,535.00	50,000.00	750.00	AW

Form **W-2** Wage and Tax Statement   **2017**   Department of the Treasury—Internal Revenue Service
Copy 1—For State, City, or Local Tax Department

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22222	**a** Employee's social security number 123-45-678		**2** Federal income tax withheld 6,835.00
b Employer identification number (EIN) 55-57654			**4** Social security tax withheld 3,100.00
c Employer's name, address, and ZIP code			**6** Medicare tax withheld 725.00
The Big Company 12 Main Street Anywhere, NC 28111			**8** Allocated tips
d Control number A1B2			**10** Dependent care benefits
e Employee's first name and initial Last name			**12a** D 1,500.00
Jane A. Doe 123 Elm Street Anywhere Else, PA 17111		Third-party sick pay ☐	**12b** DD 1,000.00
			12c P 4,800.00
			12d
f Employee's address and ZIP code			

15 State	Employer's state ID number	**16** State wag	tips, etc.	**19** Local income tax	**20** Locality name
PA	124578	50,00	00	750.00	AW

Box 12:
Code C: Cost of Group-term life over $50,000
Code D: 401(k) amounts
Code E: 403(b)
Code F: 408(k)(6)
Code G: 457(b) 457(f)
Code H: 501c(18)(D)
Code J: Non taxable sick pay
Code P: Excludable moving expenses
Code T: Adoption benefits
Code W: Employer contributions to HSA (includes amounts the EE contributes)
Code AA: Designated Roth contributions under a section 401(k)
Code BB: Roth contributions under a 403(b)
Code DD: Cost of employer-sponsored health coverage
Code EE: Roth contributions under a 457(b)

Form **W-2** Wage and Tax Statement   Department of the Treasury—Internal Revenue Service
Copy 1—For State, City, or Local Tax Department

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IRS W3 Instructions Form W3

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

W2 Submission Deadline, Printing, and Corrections

W2 Submission Deadline

New Requirement – Electronic submission of Form W-2 to the Social Security Administration must be completed by Jan. 31st.

NEW DEADLINE:

WE NEED YOUR W2 TAPE SUBMISSION FILE BY JAN 18TH.

W2 Printing

Email helpfiscal@mveca.org for printing

❖ Include instructions for sorting

❖ Include instructions for adding the W2s to the employee kiosk

❖ Include instructions for reporting electronically to cities
   ❖ Include the city tax entity code for any electronic file needed (DEDNAM screen)

❖ Instructions for reporting to RITA

Managing W2's

OnBase www.hccanet.org

❖ Printing employer copies for city reconciliations

❖ Duplicates for lost W2s

❖ Archives

W2 Corrections

Corrections before files have been submitted to SSA
- ❖ If submission has not occurred, MVECA can copy yearend backup files to a demo and allow the district to rerun W2PROC

Corrections after submission of files by ITC
- ❖ W2C and W3C will have to be submitted
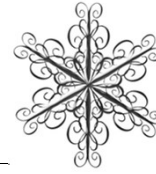- ❖ This can be completed on the SSA/Business Services Online website

Calendar Yearend Closing and on to 2019….

Calendar Yearend Closing

Step 34 – email helpfiscal@mveca.org with the following information:
- ❖ Sort Order, city instructions (including the tax entity code), RITA instructions
- ❖ Complete the Annual Tax Reconciliation for all taxing entities. Most have online forms.

Step 35 – Create any report for archives

Step 36 – Run the backup: USPSBACKUP
- ❖ **Creates new directory in HISTORY – CY18.**
- ❖ **Run reports from this directory if yearend reports are needed**

Step 37 – Run CALENDARCD

Step 38 – Run QRTRPT to clear quarter and calendar year to date totals

Step 47 & 48 – email helpfiscal@mveca.org and attach the IT-3 for state reporting and Form 17 for RITA, if applicable

Preparing for 2019

Enter changes in tax withholding rates effective January 1, 2019
- ❖ City rates
  - • http://incometax.columbus.gov/search_taxmunicipalities.aspx?id=13116&menu_id=502
- ❖ OSDI rates
  - • http://tax.ohio.gov/divisions/tax_analysis/tax_data_series/school_district_data/documents/sdit_map_and_list.pdf
- ❖ Unsure if employee should be taxed, look up tax rate:
  - • https://thefinder.tax.ohio.gov/StreamlineSalesTaxWeb/defaultschooldistrict.aspx
    - ◦ Information needed:
      - * Address
      - * Zip Code 5 digit or 9 digit
      - * Latitude/Longitude

Questions?