USPS Calendar Year-End Review

2020

Recent news

Revised Ohio State Withholding form, IT 4

The Department of Taxation recently revised form IT 4, Employee's Withholding Exemption Certificate. This updated form, or an electronic equivalent, should be used by new hires or employees making Ohio income tax withholding updates on or after December 7, 2020.

Employees who are subject to Ohio income tax (and school district income tax, if applicable) should complete sections I, II, and IV of the IT 4 to have their employer withhold the appropriate Ohio taxes from their compensation.

https://tax.ohio.gov/static/forms/employer_withholding/generic/wth-it4-combined.pdf

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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
- 21 L EMIS Staff Reporting
- Preparing for 2021

Please Use Checklist

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

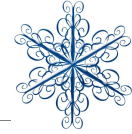- New COVID fields – do not use previous checklists

FILING DEADLINE

- The Protecting Americans from Tax Hikes (PATH) Act requires that employers file their copies of Form W-2, W-3, to the Social Security Administration, by January 31, 2021

- W2 Submission files must be completed by January 15th.

PRE-W2
Confirm Name/SSN

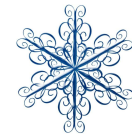SSN/Name confirmation is available by sending a file to SSA

◦ 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

PRE-W2
W2MAINT to confirm Name/SSN

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

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

The SSAEVS option in W2MAINT needs to be processed

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




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

PRE-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.

Before Last Pay

W2MAINT

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

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




Menu: W2MAINT Option>
KP- Accept      P7  Help      F8  Exit      F10 Next
```

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
◦ IRS Publication Taxable Fringe Benefit Guide (p5137)

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

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.

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

```
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  : _____                                       _____
```

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/FICA pickup: Y                        403b: N 408k: N
                      YELLOW SPRINGS          457 : N 501c: N
Tax Non-Cash Earn  : Y  GCA : ___             125 nonwages: Y
Tax Board Amounts  : N                        125 as wages: Y
___ ___ ___ ___ ___ ___ ___ ___ ___ ___      Other: N
```

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
```

Slide 17

Before Last Pay
Group Term Life Insurance Step 2

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

Slide 19

Before Last Pay
Group Term Life Insurance
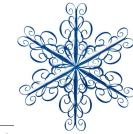
Add NC1 pay types to UPDCAL_CUR to avoid INICAL balancing issues
(add the NC1's after the final run of INICAL):
- No Federal, Ohio, or OSDI tax amounts will be withheld
- Medicare or Social Security employee and board amounts calculated and withheld
- City tax withholding on non-cash earnings if "Tax 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.

Slide 18

Before Last Pay
Group Term Life Insurance

https://www.mveca.org/CalendarYearendDocumentation.aspx

NC1 Calculator for Group Term Life Insurance over 50K

Slide 20

Before Last Pay
Group Term Life Insurance
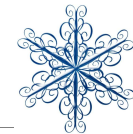
If you forget to enter NC1 pay type before the last pay, see documentation on MVECA/Fiscal Main Page/Calendar Yearend Documentation/ NC1 Payroll Processing Instructions.

Amount goes on W2 in Box 12 with Code C

Before Last Pay – Check W2REPT

!!!!!! BEFORE December 14 run W2PROC!!!!!!
If AFTER December 14 – contact MVECA to determine if a backup is needed before running it.

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

◦ Review and correct warnings and errors, if needed

After Final Pay

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 2020 W2.

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After Final Pay for 2020

- 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 2020
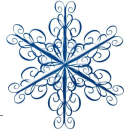
Reports to help with Quarter End Balancing of ODJFS:

```
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

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W2 Prep

Processing W2s from backup

Working in a backup demo is not recommended. However, if you are pressed for time to process the first pay in January, you can do all W2 Processing from a backup data set.

To accomplish this you will need to:

- Run the backup successfully, **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, 2021
- Complete W2 PROCESSING from demo account (Step **18-35**)

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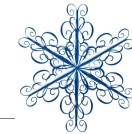
The **Affordable Care Act** requires employers to report the cost of coverage under an employer-sponsored group health plan. Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. This is informational purposes only.

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

Slide 1

Employer Sponsored Health Care Cost in W2

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

• **If any employee** is paying for their insurance out of pocket, this will need to be manually added to the 'Emplr Hth' field on the employee's 001 Deduction record. This total includes both employee and employer contributions.

• **If the employee** is paid half a year out of pocket and the other half through payroll, these two amounts will need to be added together and reported on field 'Emplr Hth' .

• **If the district** only tracks the employee portion of health care costs in the USPS system, the district will need to create a spreadsheet with the employee YTD costs for health insurance and the Board YTD costs for Employee Health Insurance and then total these two amounts. Then using USPLOAD, this figure will need to be loaded into the 'Emplr Hth' field on the 001 Federal deduction record.

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Slide 2

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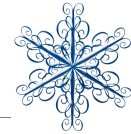
```
Find: 501          Add Type: _____

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
```

Slide 3

W2-Prep Step 18
Employer Sponsored Health Care Cost

• 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**

• This is reported in Box 12 Code W * EMPLR HTH total includes both employee and employer contributions. (HSA is not included)

• Run report YTDESHC. It produces YTDESHC.TXT

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

Slide 4

W2-Prep Step 18
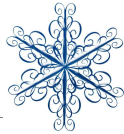### Employer Sponsored Health Care Cost
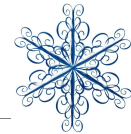
If the employee and/or board premiums are not processed through payroll, complete these manual entries:

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.
  • Any manual entry or upload will not be overwritten when W2 Tape file is generated..

o Use USPLOAD to upload the employee and board share totals:
  • If the district only tracks the employee portion of health care costs in USPS, the district will need to create a spreadsheet with a total of employee and board share YTD amounts. Load the total into the 001 Ded field EMPLR HTH.
  • USPSLoad headers: EMPLOYEE_ID, DED_CODE (001) and EMPLR_HEALTH_COV

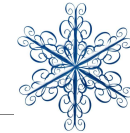## W2-Prep Step 18
Employer Sponsored Health Care Cost

```
Deduction type - Federal Tax          Name: STATE BANK AND TRUST
Calculate option: F # exemptions: _  Fringe: _____ COVID 1: _____
Tax % :  _____  Pension plan: A  Life :  _____ COVID 2: _____
Addtl w/h: _____  Hth Re: _____  Adopt : _____ COVID 3: _____
Error adj: _____  Emp Hth: _____            Dep care: _____
                     Move Exp : _____          3rd party: _____
Marital/filing stat: 2 _ Tax Ben_____          Vehicle : _____
Use new W4 :  N  ---------------ccum-QTD Totals-FYTD Totals--YTD Totals
2 like jobs: _    Deduct  : _____ _____           _____
Depend: _____  Gross pay: _____ _____          _____
Income: _____  Tax gross: _____ _____          _____
Deduct: _____  Add whold: _____                   _____
```

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W2- Prep Step 19
HSA

Health Savings Account (HSA)
◦ Annuity Type in DEDNAM must be set to "I" even if there are no employee amounts withheld.
◦ Health Reimbursement Arrangement
◦ New field on Federal deduction

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W2-Prep Step 18
Employer Sponsored Health Care Cost

Note-If you are not currently processing the board portion of paid medical insurance through USPS you can track Employer Sponsored Health Care portion through USPS-

-If not wanting to use BRDDIS, leave

OBJ code fields in DEDNAM record

blank.

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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 $5,250 ($10,600 if it also provides reimbursements for family members), before indexing for inflation.

- Eligible employers are those small employers with less than 50 Full-Time Equivalent employees (those who work 130 hours a month or 30 or more hours a week for 120 consecutive days). Another eligibility is that the employer does NOT offer a group health plan to any of their employees.

- If a user enters a value in USPSCN/DEDSCN for Hth Reimburse on the Federal record, then this value will appear on the W2Tape file and W2FORM.DAT as a code FF with the amount in Box 12. The Health Reimbursement amount will also appear on the W2CITY.DAT file. The Health Reimbursement amount (HLTH REIMBURSE) will appear on the W2REPT.TXT under the employee's Federal heading, if there is an amount to report. The HLTH REIMBURSE amount will also total and appear in the Grand Totals and Report Totals, if there are any.

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Health Reimbursement Arrangement on W2

```
Deduction type - Federal Tax         Name: STATE BANK AND TRUST
Calculate option: F  # exemptions: __  Fringe: _____  COVID 1: _____
Tax %    : _____  Pension plan: A  Life : _____  COVID 2: _____
Addtl w/h: _____  Hth Re: _____  Adopt : _____  COVID 3: _____
Error adj: _____  Emp Hth: _____            Dep care: _____
                      Move Exp : _____          3rd party: _____
Marital/filing stat: 2  _ Tax Ben:                  Vehicle : _____
Use new W4 : N  ----------------Accum--QTD Totals-FYTD Totals--YTD Totals
2 like jobs: _   Deduct   : _____  _____              _____
Depend: _____  Gross pay: _____  _____            _____
Income: _____  Tax gross: _____  _____            _____
Deduct: _____  Add whold:                                 _____
```

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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 (This is the typical option)

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 19
Deduction Annuity Type

HSA Annuity 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

```
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 Step 21-22
City Tax Deductions

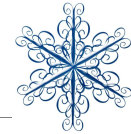Verify 'Entity code' in USPSDAT/DEDNAM is completed for any magnetic reporting to any city.

*Xenia City and WCH require an electronic file, so they **must have a tax entity code**.*

W2-Prep Step 21-22
City Tax Deductions

- CCA/RITA Reporting
  - Verify values in USPSDAT/DEDNAM are set
  - RITA/CCA codes are required for tax data to be included on a submission file
    - See information from RITA/CCA web sites on codes as defined
    - http://ccatax.ci.cleveland.oh.us/?p=taxrates
    - https://www.ritaohio.com/TaxRatesTable

Suggestion - View these sites often to make sure no update's to cities have been made before W2 time.

W2-Prep Step 21-22
City Tax Deductions

```
Find: ___        Add Type: _____

  Code: 023    Type: CITY      Name: ROSSFORD CITY_____
  Required: _  Job Level: _   Abbrev: ROSSFORD  W2 Abbrev: ROSSFORD_____
               P A Y   T O   I N F O R M A T I O N
  Vendor: _____   Name: R.I.T.A_____     Phone:(800)860-7482
                                                     FAX  :(___)___-____
               Address: PO BOX 94736_____        Payment cycle : Q
                                                     Electronic Pmt: N
                        CLEVELAND_____, OH 44101-4736   Suppress SSN/ID: S
                                                         Honor Annuities
  Tax Entity code: ROSS_  RITA: 703  Y              401a: N 401k: N
  Tax Med/FICA pickup: N      ROSSFORD_____     403b: N 408k: N
  Tax Non-Cash Earn  : N  CCA : ___ _              457 : N 501c: N
  Tax Board Amounts  : N      _____      125 nonwages: Y
  __ __ __ __ __ __ __ __ __ __ __ __              125 as wages: N
                                                     Other: N
```
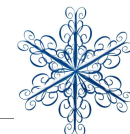

W2- Prep Step 21-22
City Tax Deductions

```
Find: ___        Add Type: _____

  Code: 023    Type: CITY      Name: ROSSFORD CITY_____
  Required: _  Job Level: _   Abbrev: ROSSFORD  W2 Abbrev: ROSSFORD_____
               P A Y   T O   I N F O R M A T I O N
  Vendor: _____   Name: R.I.T.A_____     Phone:(800)860-7482
                                                     FAX  :(___)___-____
               Address: PO BOX 94736_____        Payment cycle : Q
                                                     Electronic Pmt: N
                        CLEVELAND_____, OH 44101-4736   Suppress SSN/ID: S
                                                         Honor Annuities
  Tax Entity code: ROSS_  RITA: 703  Y              401a: N 401k: N
  Tax Med/FICA pickup: N      ROSSFORD             403b: N 408k: N
  Tax Non-Cash Earn  : N  CCA : ___ _              457 : N 501c: N
  Tax Board Amounts  : N                           125 nonwages: Y
  __ __ __ __ __ __ __ __ __ __ __ __              125 as wages: N
                                                     Other: N
```

W2-Prep Step 21-22
City Tax Deductions

- **Verify DEDSCN "Employ/Residence" value must be on all city deductions that report to CCA or RITA**
- **Is this city tax record required because of the employees place of:**
  C = Employment   R = Residence

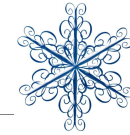**See the following web sites for complete details regarding**
C-Employment
R- Residence reporting for RITA and CCA:

- **https://www.ritaohio.com/Businesses**
- **http://ccatax.ci.cleveland.oh.us/?p=rulesregs#Section301**

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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	Start Date	
Additional Withholding	0.00	Stop Date	
Error Adjustment	0.00	Employmt/Residence	Employment ∨
Percentage of Gross	0.00		

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CCA Setup

CCA for the RS record:
- http://ccatax.ci.cleveland.oh.us/?p=mmspec

Districts must have CCA set up accordingly:

- * If CCA city is in Appendix A, they need the following in DEDNAM for CCA: CCA flag = Y, valid CCA code and valid CCA city name.

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

- * If CCA city is not in Appendix B or C, they name the following in DEDNAM for CCA: CCA flag = blank, CCA code = blank and valid CCA city name found in OHIO Municipal Income Tax Rate Table

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W2- Prep Step 23
OSDI W2 Abbreviation
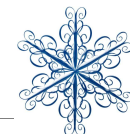
OSDI abbreviations
- ❖ Include OSDI code number in first part of description in USPSDAT/DEDNAM

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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12
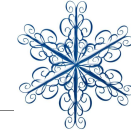
W2- Prep Step 25
Fringe Benefits

• Contact legal advisor with questions

• ***Enter taxable amount in fringe benefit field**

• **on the federal tax record**

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

```
Deduction type - Federal Tax          Name: STATE BANK AND TRUST
Calculate option: F  # exemptions: __   Fringe:    150.00 CO
Tax %    : _____   Pension plan: A  Life  : _____   COVID 2: _____
Addtl w/h: _____   Hth Re: _____   Adopt : _____   COVID 3: _____
Error adj: _____   Emp Hth: _____           Dep care: _____
                      Move Exp : _____          3rd party: _____
Marital/filing stat: 2  _ Tax Ben: _____        Vehicle : _____
Use new W4 :  N   ---------------Accum--QTD Totals-FYTD Totals--YTD Totals
2 like jobs:  _     Deduct   : _____ _____ _____           _____
Depend: _____   Gross pay: _____ _____           _____
Income: _____   Tax gross: _____ _____           _____
Deduct: _____   Add whold:                              _____
```

W2- Prep Step 26
Dependent Care

```
Deduction type - Federal Tax          Name: STATE BANK AND TRUST
Calculate option: F  # exemptions: __   Fringe: _____   COVID 1: _____
Tax %    : _____   Pension plan: A  Life  : _____   COVID 2: _____
Addtl w/h: _____   Hth Re: _____   Adopt : _____   COVID 3: _____
Error adj: _____   Emp Hth: _____           Dep care:   1500.00   ◄
                      Move Exp : _____          3rd party: _____
Marital/filing stat: 2  _ Tax Ben: _____        Vehicle : _____
Use new W4 :  N   ---------------Accum--QTD Totals-FYTD Totals--YTD Totals
2 like jobs:  _     Deduct   : _____ _____ _____           _____
Depend: _____   Gross pay: _____ _____           _____
Income: _____   Tax gross: _____ _____           _____
Deduct: _____   Add whold:                              _____
```

W2- Prep Step 26
Dependent Care

If using DPCARE type

◦ **001 Dependent Care field will be populated with amount deducted once W2 tape file has been generated.**

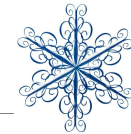**If not using DPCARE type**

If not using the DPCARE deduction type

*Manually enter dependent care amounts into the federal tax field for dependent care.

Max benefit-$5000.00

If 6,500 was contributed to the Dependent Day Care FSA,

then 1,500 becomes taxable.

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: STATE BANK AND TRUST
Calculate option: F  # exemptions: __   Fringe: _____   COVID 1: _____
Tax %    : _____   Pension plan: A  Life  : _____   COVID 2: _____
Addtl w/h: _____   Hth Re: _____   Adopt : _____   COVID 3: _____
Error adj: _____   Emp Hth: _____           Dep care: _____
                      Move Exp : _____          3rd party: _____
Marital/filing stat: 2  _ Tax Ben: _____        Vehicle :   1200.00   ◄
Use new W4 :  N   ---------------Accum--QTD Totals-FYTD Totals--YTD Totals
2 like jobs:  _     Deduct   : _____ _____ _____           _____
Depend: _____   Gross pay: _____ _____           _____
Income: _____   Tax gross: _____ _____           _____
Deduct: _____   Add whold:                              _____
```

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: STATE BANK AND TRUST
  Calculate option: F  # exemptions: __  Fringe: _____  COVID 1: _____
  Tax %    : _____  Pension plan: A   Life  : _____  COVID 2: _____
  Addtl w/h: _____  Hth Re: _____  Adopt : _____  COVID 3: _____
  Error adj: _____  Emp Hth:                            Dep care: _____
                                        Move Exp : _____  3rd party: _____
  Marital/filing stat: 2 _ Tax Ben: _____      Vehicle : _____
  Use new W4 : N  ----------------Accum QTD Totals-FYTD Totals--YTD Totals
  2 like jobs: _   Deduct  : _____  _____  _____
  Depend:          Gross pay: _____  _____  _____
  Income: _____  Tax gross: _____  _____  _____
  Deduct: _____  Add whold: _____  _____  _____
```

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W2- Prep Step 29
Third Party Pay
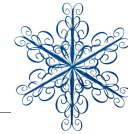
```
ID: 111111111  Code: 001  Name:

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  : _____
```

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W2- Prep Step 29
Third Party Pay

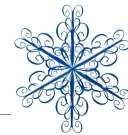Did another entity report taxes withheld for third party sick payments?

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

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W2- Prep Step 29
Third Party Pay

Taxable Third Party Sick Pay
- Users need to **manually add** the Third Party Sick pay amount to the **total and taxable gross** fields on the **federal, Ohio and OSDI** records as needed
- Medicare – increase the total Medicare tax by any amounts the company withheld from the benefit
  (See Third Party Sick Pay Instructions for more details)

- Will cause gross amount on W2REPT to be higher
  - See Third Party Sick Pay Instructions
  - See Third Party Sick Payment Notification example

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

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Slide 1 (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

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

(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.

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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Slide 2 (59)

FFCRA
Families First Coronavirus Response Act

If have any questions on the FFCRA, please click on the link below for more information:

https://www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave

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Slide 3 (58)

Tracking of Sick leave for Covid-19 Added to Step 29

58

Slide 4 (60)

Add to 001 Federal record

Added 3 new fields
- COVID 1 – COVID-SELF
- COVID 2 – COVID-OTH
- COVID 3 – COVID-EMER

Three (3) new COVID fields have been added to the Federal deduction record. They are labeled COVID 1, COVID 2 and COVID 3. These new fields will be used to appear on the W2 in Box 14. This was mandated by the IRS. All these amounts are already included in the gross and taxable gross amounts but must be entered/shown here separately on the Federal record, so the employee will see these amounts on the W2 in Box 14.

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Added to 001 Federal

```
Deduction type - Federal Tax          Name: STATE BANK AND TRUST
Calculate option: E  # exemptions: _  Fringe: _____  COVID 1: _____
Tax % :  _____   Pension plan: A  Life : _____  COVID 2: _____
Addtl w/h: _____  Hth Re: _____  Adopt : _____  COVID 3: _____
Error adj: _____  Emp Hth: _____           Dep care: _____
                     Move Exp : _____          3rd party: _____
Marital/filing stat: 2  _ Tax Ben: _____       Vehicle : _____
Use new W4 : N  ----------------Accum--QTD Totals-FYTD Totals--YTD Totals
2 like jobs: _   Deduct   : _____ _____          _____
Depend: _____  Gross pay: _____ _____          _____
Income: _____  Tax gross: _____ _____          _____
Deduct: _____  Add whold:                             _____
```

COVID 2
COVID-OTH

COVID 2 is the Covid amount for others. It will sometimes be referred to as COVID-OTH.

This leave is if the employee uses time off for others for COVID. The per day limit is $200 per day and can be used for 10 days. The max limit is $2,000.

COVID 1
COVID-SELF

COVID 1 is the Covid amount for the employee. It will sometimes be Referred to as COVID-SELF.

This leave is if the employee uses time off for themselves for COVID. The per day limit is $511 per day and can be used for 10 days. The max limit is $5,110.

COVID 3
COVID-EMER

COVID 3 is the Covid amount for emergency family leave. It will sometimes be referred to as COVID-EMER.

This leave is if the employee uses time off for family leave. The per day limit is $200 per day and can be used for 10 weeks. The max limit is $10,000.

W2REPT.TXT

```
0000044 ██████████████    001 FED TAX      1,161.07   13,187.85   16,457.28   3,269.43
                          COVID-SELF       5,100.00
                          COVID-OTHERS     2,000.00
                          COVID-EMER       5,000.00
                          EMPLR HLTH COV   5,406.00
                          SECTION 125        965.43
                          002 OHIO TAX       357.36   13,187.85   16,457.28   3,269.43
                          MEDICARE           224.64   15,491.85   16,457.28
                          Retire Plan Box Checked
```

For more information on COVID reporting

The Department of Labor has this website for more information:

https://www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave

and

https://www.irs.gov/pub/irs-drop/n-20-23.pdf.

You can also google other IRS or DOL websites for more information.

Max COVID pay

Both the COVID-OTH and COVID-EMER pays the employee 2/3 of their pay up to $200 max per day.

USPLOAD/DEDSCN COVID

The 3 new COVID fields can be uploaded to DEDSCN Federal record.

The new fields are:
◦ "COVID_SELF"
◦ "COVID_OTH"
◦ "COVID_EMER"

Audit Report

The three new fields for the COVID will be audited and appear on the Audit report.

The fields will be called:
◦ Covid Self deduct
◦ Covid Other deduct
◦ Covid Emer deduct.

Covid-19 reported on 941

It will be reported on the 941- Eligible Employers will report their total qualified leave wages (and allocable qualified health plan expenses and the Eligible Employer's share of Medicare tax on the qualified leave wages) for each quarter on their federal employment tax return, usually Form 941, Employer's Quarterly Federal Tax Return. Form 941 is used to report income tax and social security and Medicare taxes withheld by most Eligible Employers from employee wages, as well as the Eligible Employer's own share of social security and Medicare taxes.
In anticipation of receiving the credits, Eligible Employers can fund qualified leave wages (and allocable qualified health plan expenses and the Eligible Employer's share of Medicare tax on the qualified leave wages) by accessing federal employment taxes related to wages paid between April 1, 2020, and December 31, 2020, including withheld taxes, that would otherwise be required to be deposited with the IRS. This means that in anticipation of claiming the credits on the Form 941, Eligible Employers can retain the federal employment taxes that they otherwise would have deposited, including federal income tax withheld from employees, the employees' share of social security and Medicare taxes, and the Eligible Employer's share of social security and Medicare taxes with respect to all employees. The Form 941 will provide instructions about how to reflect the reduced liabilities for the quarter related to the deposit schedule.
For more information, see How to Claim the Credits. I would send them this link-
 https://www.irs.gov/newsroom/covid-19-related-tax-credits-general-information-faqs#12 It has everything you need to know about COVID.

Also, we are not changing the 941 but there is a new worksheet and fields related to COVID-19 that was added by the IRS. It only covered Q3 and Q4 of this year.

W2PROC

Due to the Covid pandemic, the IRS has added 3 new amounts that need to show in Box 14 of the employees W2 (if applicable).
◦ On the Federal DEDSCN records, the employer must enter amounts in the Covid fields if they apply to the employee. The Covid amounts on the Federal 001 DEDSCN records will appear in Box 14. These amounts will show on the W2REPT and W2FORM files. Box 14 amounts do NOT show up on the Federal, State or any output tape files.
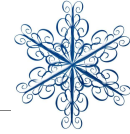
W2FORM.TXT

The Covid fields will appear as "COVID-SE" for Covid-Self which is for Sick Leave Wages subject to the $511 per day limit. "COVID-OT" is for Covid-Others which is for Sick Leave Wages subject to the $200 per day leave. "COVID-EM is for Covid-Emergency Family Leave subject to the $200 per day limit.

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

STOP
Before running W2PROC

Updates to W2PROC are not expected until 12/14. Since so many changes and updates have been made with COVID-19, SSDT strongly suggests that a backup copy of ALL district files should be created prior to running W2PROC.

We will be addressing this issue after we get more information about the release.

More information to follow.

W2PROC
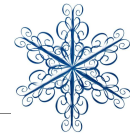
```
Sort Options:

    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)                                             ▮
```

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
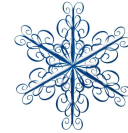
W2PROC Type of Employer

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

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

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

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

```
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

---

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

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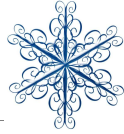
Amounts in this column on W2REPT.TXT should be used for balancing
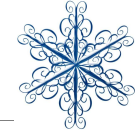
W2REPT Balancing

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

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.

W2REPT Balancing Problems
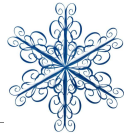
Voided checks from prior calendar year
- ❖ CHKSTS report

Refund of annuity withheld in prior calendar year
- ❖ AUDRPT

Manual Updates
- ❖ AUDRPT
  - • Search for YTD changes

W2PROC Common Messages
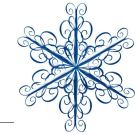
Calculated annuity amount exceeds the total annuities

- ❖ 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

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
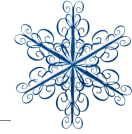
Total annuities $$$, do not equal total gross less taxable gross

- ❖ 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

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 (*continued*)
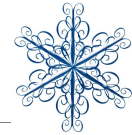
- ❖ Verify manual updates

- ❖ 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
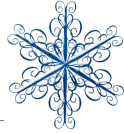
For more explanations on W2PROC Errors, please see
'W2PROC and W2PROC Errors:

www.mveca.org>Fiscal>Calendar Year End>USPS

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

IRS W2 Instructions

IRS W2 Instructions Reviewed

Corrections (Page 24- 2020 Instructions for Forms W-2 and
W-3)

❖ Use W2-C form

❖ A W3-C form must accompany a W2-C form

• W3-C form corrects totals submitted on tape file by ITC

❖ Incorrect address

• W2-C form not required

❖ Register with SSA/BSO to do online.

IRS W2 Instructions Reviewed

Deceased employee's wages (Page 8 -2020 Instructions for Forms W-2 and W-3)

- ❖ If payment is made in year employee died
  - W2 reporting required
  - 1099 reporting required
- ❖ If payment is made in year after the death of employee
  - 1099 reporting required

IRS W2 Instructions
Wages for Box 1,5, and 16
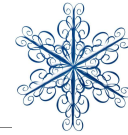
NC1 and NC3 pay types processed during payroll
- ❖ Federal, State, Medicare Total and Taxable gross is increased by the amount of the payment on each deduction record

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

IRS W2 Instructions Reviewed

Health Savings Account (HSA) (Page 11- 2020 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 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

  - Note – if auditors request your W3, add a help desk ticket and MVECA can produce one for you.

W2 Submission Deadline, Printing, and Corrections

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 and CCA.

W2 Submission Deadline

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 15TH.

W2 and 1099 Tax forms

The helpdesk ticket will be resolved when the W2s are ready for pickup.

District personnel can pickup the printed forms at the MVECA offices. Masks are required.

Managing W2's
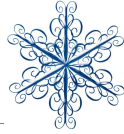
OnBase https://obweb3.hccanet.org/OnBase/Login.aspxGo to Document Management > OnBase > OnBase login

❖ Printing employer copies for city reconciliations

❖ Duplicates for lost W2s

❖ Archives

Calendar Year-End Closing and on to 2021....

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

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 – CY20.**
❖ **Run reports from this directory if yearend reports are needed**
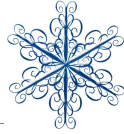
Step 37 – Run CALENDARCD

Step 38 & 39 – Run QRTRPT to clear quarter and calendar year to date totals

(Step 41- 46 is for processing from a yearend backup)

Step 47 & 48 – email helpfiscal@mveca.org and Form 17 for RITA, if applicable

Preparing for 2021

Enter changes in tax withholding rates effective January 1, 2021

❖ City rates
- http://incometax.columbus.gov/search_taxmunicipalities.aspx?id=13116&menu_id=502

❖ OSDI rates
- 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

Preparing for 2021

Enter changes in tax withholding rates effective January 1, 2021

❖ **CCA City Rates-**
- **http://ccatax.ci.cleveland.oh.us/?p=taxrates**

❖ **RITA City Rates-**
- **https://www.ritaohio.com/TaxRatesTable**

❖ **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

Updates for 2020
Electronic filing for WV,KY,MI,IN,PA

ELECTRONIC FILING FOR STATES SURRONUNDING OHIO

We are now creating state output files for
- ◦ WV
- ◦ MI
- ◦ IN
- ◦ KY
- ◦ PA (was added last year)

And a separate output file for OHIO

Vehicle Lease Amount

Box 14 will also show the Vehicle Lease first if there is an amount for that field.

Example Of Vehicle Lease


```
Deduction type - Federal Tax          Name: STATE BANK AND TRUST
Calculate option: F  # exemptions: __   Fringe: ___50.00 COVID 1: ___1022.00
Tax %    :          Pension plan: A  Life :  __100.00 COVID 2: ___2000.00
Addtl w/h: _____  Hth Re: _____ Adopt : __150.00 COVID 3:
Error adj: _____  Emp Hth: _____                 Dep care: _____
                     Move Exp : _____               3rd party:
Marital/filing stat: 2  _ Tax Ben: _____            Vehicle : ___300.00
```

Vehicle Lease Amount

Since Box 14 can only accommodate 3 amounts, the Vehicle Lease would always appear first, then any COVID amounts and lastly any other fields if there is room.

If there is not room to print any of the COVID amounts, then a message "*Warning* DED-001 Cannot show COVID19-Emergency amount in Box 14 of W2" would print on the W2REPT and on the W2ERR report.

W2FORM.TXT

```
VEHICLE    300.00
COVID-SE  1022.00
COVID-OT  2000.00
```

Updates for 2020 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 $5,250 ($10,600 if it also provides reimbursements for family members), before indexing for Inflation.

EMIS Changes

ODE has declared that Position Code 509 - Linkage Coordinator Assignment, is obsolete and needed to be removed. Therefore, we have removed position code 509 as a valid position code.

Updates for 2020 Tax Filing

Limit on Health Flexible Spending Arrangement (FSA)

◦ For 2020, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of $2,750. The salary reduction contribution limitation of $2,750 does not include any amount (up to $500) carried over from a previous year. For more information, see Health flexible spending arrangement (FSA).

◦ Contact Tax Advisor with questions

Questions?