

Nationwide Tax Forum

W-2 Payroll Pointers



Your Name

Employer Service Liaison Officer (ESLO)

Your Region

Agenda

- Tax Year 2015 W-2 Reminders
- Social Security Number Verification Service
- Reconciliation Process
- Common Errors to Avoid
- Update on Social Security Statements
- Apply for Social Security Benefits Online –
www.socialsecurity.gov

2015 W-2 Reminders

- Employee FICA Withholding - 6.2%
- Social Security Wage Maximum - \$118,500
- W-2s to Employees – February 01, 2016
- W-2 Deadline to SSA
 - Paper – February 29, 2016 (LEAP YEAR!)
 - Electronic – March 31, 2016

2015 W-2 Reminders continued

- Kind of Employer
 - Helps identify exempt organizations reporting W-2s
 - “None Apply” popular answer
- Household Employees – Social Security and Medicare apply on all wages \$1,900 starting with first dollar.
- W-2 and W-2C Instructions – Consolidated into one publication.

Paper W-2 Filing



- Permitted for less than 250 W-2s
- **Very Expensive to process**
 - \$0.53 per W-2
 - 26,000,376 paper W-2s for TY 2013
 - Do the math
- **Common Paper Errors**
 - Hand written W-2s
 - Decimal points and cents omitted
 - Incorrect Font and Size – Use 12pt Courier
 - Using colored ink - Use Black Ink
 - Adding dollar signs (\$) to money fields
 - Name fields improperly formatted

Electronic Filing



- Free, fast, and secure
- **Huge Cost Saving for You and SSA**
 - 2 tenths of one cent per W-2
 - 5 W-2s for one shiny penny
- Saves time and reduces filing burden
- Offers a later filing deadline
- Immediate online receipt of filing
- More efficient and accurate processing

Electronic Filing

- Register - **Business Services Online (BSO)**
- Recommended for all
- Required for more than 249 W-2s/W-2Cs
- SSA **EFW2 - EFW2C** format required
 - Commercial software package
 - In-house software (specs available)
 - eFiling third party payroll vendors (*ADP, Paychex, Ceridian, QuickBooks, Greatland, etc.*)
 - See vendor list online
- ✓ Or use **W-2 and W-2C Online**....

W-2 & W-2C Online

- FREE & EASY! No special forms or software
- Direct key data into forms online
 - 50 W-2s per W-3 (prior years available)
 - 5 W-2cs per W-3c (prior 3 years)
- Built-in surface edits
- Ability to print all copies of forms
- Save-make changes-submit-save again
- Data Assist – Employer - Employee name and address info captured for following years

Social Security Number Verification Service

- Web-based - Name/SSN Verification
 - Name & number matching for wage reporting
 - *Not for screening potential hires*
 - *Not for income tax filing purposes*
- Verification failure not a basis in and of itself for adverse action

Social Security Number Verification Service

Two methods:

- Direct key up to 10 – immediate results
- Upload a file up to 250,000 – next day
- Register at BSO
- Get Activation Code
- Best Practice -Verify entire database once, then verify new hires (all, not selectively)

What to do if SSN Fails Verification

- Double check your entries
- Ask employee to verify the information against SSN card
- Refer employee to SSA field office to inquire about the mismatch
- If unable to correct by W-2 filing time, **report W-2 with the incorrect number from the W-4, even though you know the data is wrong.**
- Document your efforts

No Match Letters



Employer EDCOR (No Match Letters)

- **Permanently Discontinued**
- **Details may be viewed on BSO by electronic filers with proper access**

(Individual) No Match Letters DECOR

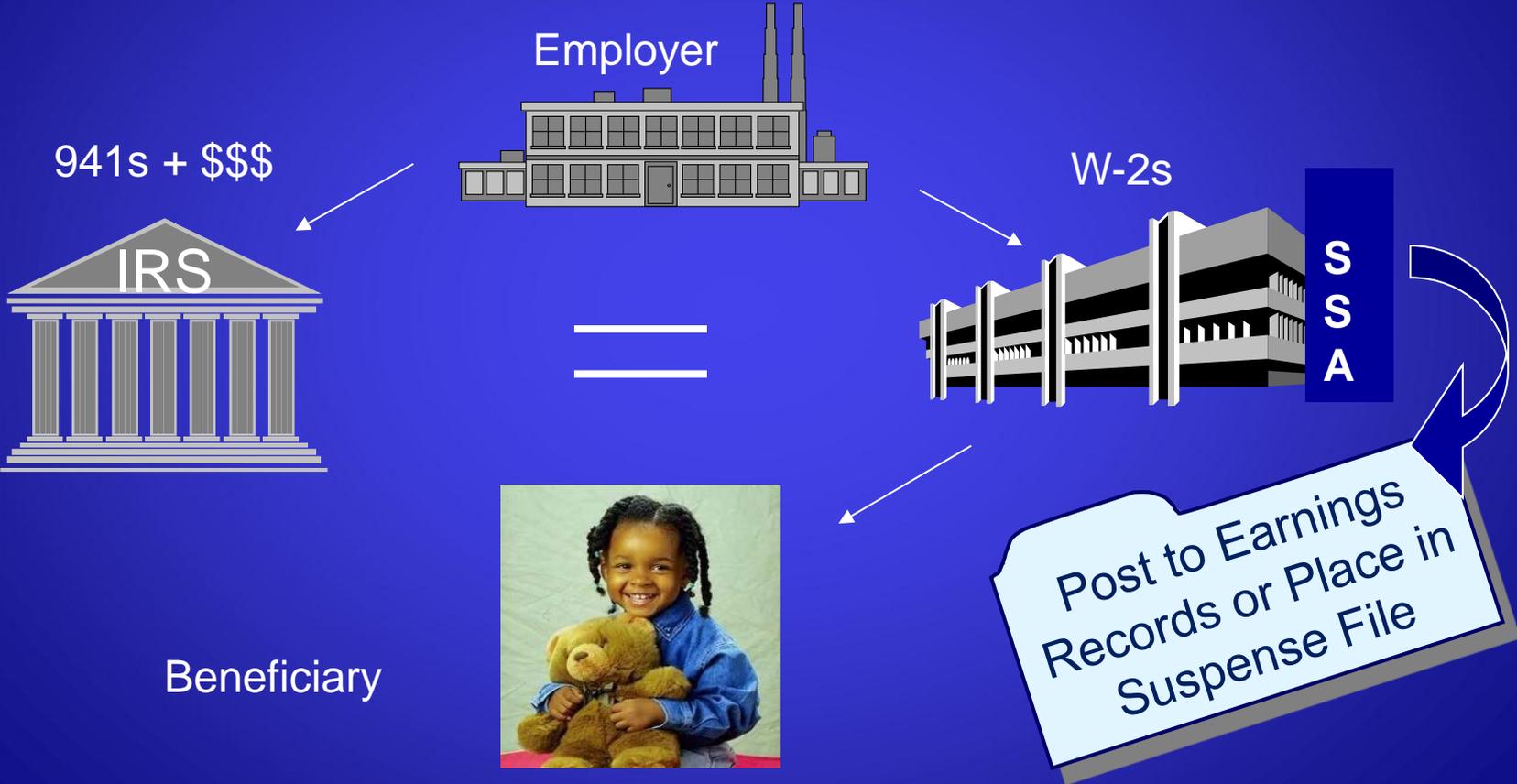
- **Both Currently Suspended**
 - Sent to employee from W-2 address
 - Sent to employer when address is bad

E-Verify (Dept. of Homeland Security)

- Voluntary under federal law, but State law and Executive Order require it for some employers
- Participating employer must verify all new hires
- Web-based system verifies both SSN (SSA database) and Citizenship/Work Authorization status (DHS database)
- Go to www.uscis.gov
click on the E-Verify logo:



RECONCILIATION



Reconciliation Process

- 941s to IRS vs W-3s to SSA
- W-3 < than 941 → SSA sends letter
- 941 < than W-3 → IRS sends letter
- Respond to the agency who sent the notice
- In a real tangle? Contact your ESLO

Wrong Tax Year

- Easy mistake – BIG consequences
- Reconciliation issues for the employer and employee
- Requires two sets of W-2Cs to fix:
 - One set to remove monies from incorrect year
 - Another set to post monies to the correct year
- Can be prevented: [Use AccuWage!](#)

Wrong EIN

- Possible reconciliation issues for
 - Employer
 - Mystery Employer (the innocent party)
 - Submitter
- 2678 Agent Reporter Indicated (?)
- Requires two sets of W-2Cs to fix:
 - One set to remove monies off the incorrect EIN
 - Another set to post monies to the correct EIN

Money Fields Out of Balance

- Check totals before submitting W-2s
- Reports will be returned
- Medicare less than FICA?
- W-3C/W-2Cs required to correct
- **Can be prevented: Use AccuWage!**

Multiple Reports

- Two or more sets of W-2 Wage Reports are submitted
 - One Report with Bad W-2s
 - One Report with Good W-2s
- W-3C/W-2Cs required to correct
- Note: *W-2Cs simply removing the bad report could make matters worse!* Discuss with your ESLO.

Medicare Edit – Nanny Tax Edits

- **Reports with these errors (paper and e-file) will be “Returned” for corrections.**
- W-2 Social Security tax is greater than zero and the sum of Social Security Wages and Social Security Tips is zero.
- W-2 Medicare tax is greater than zero and Medicare Wages and Tips is zero.
- W-2 Medicare Wages and Tips is less than the sum of Social Security Wages and Social Security Tips.
- W-2 is Household and the sum of Social Security Wages and Social Security Tips is below the minimum covered amount for the TY.
- W-2 is Household and Medicare Wages/Tips is below the minimum covered amount for the TY.

Name and Number Mismatches

- Matching names and numbers are essential for proper wage postings
- Mismatched wages are posted in the Earnings Suspense File (ESF)
- ITINs are *not* SSNs-does the number begin with a 9?
- Letter sent to individuals
- Correct with W-2Cs

ITIN (Internal Revenue Service)

- Individual Taxpayer Identification Number
 - The 900 Series - Not valid for U.S. employment
- *NEVER* issued if person is authorized to work in the U.S. or eligible for an SSN
- Non-citizen ID number for income tax filing
- Apply for ITIN on IRS Form W-7

No SSN by W-2 Time

- Paper filers
 - Enter “Applied For” on all copies
- Electronic filers
 - “Applied For” on employee and employer copies
 - All zeroes in W-2 Online or EFW2
- File W-2c after employee receives SSN (E-File preferred)

Resubmission Requests

Electronic Reports

- Critical errors
- Get letter/acknowledge receipt – 14 days
- Use AccuWage and/or SSNVS
- Resubmit through BSO — 45 days

Paper Reports

- New process from Wilkes-Barre
- Wrong form types, per IRS
- Confirm notice receipt—14 days
- Resubmit electronically/paper – 45 days

Social Security Statement (cont.)



In September 2014 we began mailing Statements again to:

- Workers attaining ages 25, 30, 35, 40, 45, 50, 55, and 60
- Who are not receiving Social Security benefits, and...
- Do not yet have a my Social Security account.
- We mail the Statements three months prior to the workers' birthday.

Social Security Statement



- **NOW AVAILABLE ONLINE!**
- *My Social Security* Account Required
- Provides lifetime earnings summary
- Provides Social Security benefit estimates
- Printable version available Online
- Use to check accuracy of earnings and to create your own benefit estimate using online benefit calculators
- **Learn more at www.socialsecurity.gov**

Apply Online for Benefits!

www.socialsecurity.gov

- Retirement and Disability
- Easier - just like a personal interview
 - Online help screens available
 - Apply when it's convenient for you
 - Start, Pause, and Resume at any time
- Electronic signature
- **Secure! Safe! Confidential!**

Need Help?

- www.socialsecurity.gov/employer
- FAQs
- Tutorials
- Demonstrations
- BSO/SSNVS handbooks
- IRS/SSA instructions
- Employer line – 800-772-6270
- BSO assistance – 888-772-2970

Employer Services Liaison Officers

Boston-CT, ME, MA, NH, RI, VT

Regina Bachini

617-565-2895 / Fax: 617-565-4814

regina.bachini@ssa.gov

BOS.RO.CPS.ESLO@ssa.gov

New York-NJ, NY, PR, VI

Vacant

(Acting) Angela Caruso

212-264-1117 / Fax: 212-264-2071

NY.RO.CPS.ESLO@ssa.gov

Philadelphia-DE, DC, MD, PA, VA, WV

Bernard Daniels

215-597-2354 / Fax: 215-597-2989

bernard.a.daniels@ssa.gov

Atlanta-AL, FL, GA, KY, MS, NC, SC, TN

Kirk Jockell

404-562-1315 / Fax: 404-562-1313

kirk.jockell@ssa.gov

Chicago-IL, IN, MI, MN, OH, WI

Paul Dieterle

312-575-4244 / Fax: 312-575-4245

paul.dieterle@ssa.gov

CH.RO.CRSISSI.ESLO@ssa.gov

Kansas City-IA, KS, MO, NE

Kelli Chappelow

816-936-5657 / Fax: 816-936-5951

kelli.chappelow@ssa.gov

KC.MO.RO.CPS.ESLO@ssa.gov

Denver-CO, MT, ND, SD, UT, WY

(Acting) Tracy Tweten

303-244-0839

DEN.ESLO@ssa.gov

Dallas-AR, LA, NM, OK, TX

Kelli Chappelow

816-936-5657 / Fax: 816-936-5951

kelli.chappelow@ssa.gov

KC.MO.RO.CPS.ESLO@ssa.gov

San Francisco-AZ, CA, GU, HI, NV, AS

(Acting) Joanna Garcia

(Backup) Glenn Haas

510-970-8247 / Fax: 510-970-8101

[SF.CA.RO.CPS.ESLO@ssa.gov](mailto:Sf.CA.RO.CPS.ESLO@ssa.gov)

Seattle-AK, ID, OR, WA

(Acting) Patricia Lightholder

(Backup) Armond Joseph

206-615-2125 / Fax: 206-615-2643

SEA.RO.CPS.ESLO@ssa.gov