

# W-2 Wage Reporting Payroll Pointers And More



# Agenda

- My Social Security and Annual Statements
- Filing for Benefits Online
- Tax Year 2016 W-2 Reminders
- Social Security Number Verification Service
- Earnings Redesign
- Reconciliation Process
- Common Errors to Avoid
- Resubmissions

# Social Security Statement



In September 2014 we began mailing Statements again to:

- Workers attaining ages 25, 30, 35, 40, 45, 50, 55, and 60, and...
- 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
- Check accuracy of earnings and create your own benefit estimates online.
- **New** Social Security Number Replacement Card utility (*limited to piloted states only*)
- **Learn more at [www.socialsecurity.gov](http://www.socialsecurity.gov)**

# *my* Social Security

Set yourself free. Open a *my* Social Security account today and rest easy knowing that you're in control of your future.

[Sign In or Create an Account](#)

## Did You Know?

Over 23 million people have created *my* Social Security accounts.



Visit <http://www.socialsecurity.gov/myaccount/> today!



## Sign In or Create an Account

### New Users

**You must be able to verify some information about yourself and:**

- Have a valid E-mail address,
- Have a Social Security number,
- Have a U.S. mailing address, and
- Be at least 18 years of age.



You can only create an account using your own personal information and for your own exclusive use.

You cannot create an account on behalf of another person or using another person's information or identity, even if you have that person's written permission.

For example, you cannot create an account for another person:

- With whom you have a business relationship
- For whom you are a representative payee, or
- For whom you are an appointed representative.

Unauthorized use of this service may subject you to criminal or civil penalties, or both.

[Create An Account](#)

[? Learn More](#)

### Existing Users

**Username:**

[▶ Forgot Username](#)

**Password:**

[▶ Forgot Password](#)

[Sign In](#)





- If you get SSA benefits
  - Get your benefit verification letter
  - Check benefit payment information
  - Get copies of your SSA-1099
  - Change your address/phone number
  - Start or change your direct deposit
  - Replacement Medicare Card
- Learn more at [www.socialsecurity.gov](http://www.socialsecurity.gov)

**Apply Online for Benefits!**

***[www.socialsecurity.gov](http://www.socialsecurity.gov)***



# Applying Online

- 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!**

# Retirement Estimator!

*[www.socialsecurity.gov/retire/estimator.html](http://www.socialsecurity.gov/retire/estimator.html)*



Visit our other benefit [Calculators](#)

# 2016 W-2 Reminders

- Employee FICA Withholding - 6.2%
- Medicare Withholding - 1.45%
  - .09% over \$200,000.00 (Employee only)
- Social Security Wage Maximum - \$118,500
- W-2s to Employees – January 31<sup>st</sup>, 2017
- **W-2 Deadline to SSA *BIG CHANGE!!!***
  - ***ALL W-2s (Paper & Electronic) to SSA  
by JANUARY 31<sup>st</sup>, 2017***

# 2016 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 \$2,000 starting with first dollar.
  - See IRS Publication 926
- 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
  - 24,601,679 paper W-2s for TY 2014
  - 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
- Immediate online receipt of filing
- More efficient and accurate processing

## Business Services Online

By selecting this link, you can:

- Log In
- Register or;
- Complete Phone Registration

## Business Services Online

Log In Register

Complete Phone Registration



## Business Services Online Tutorial

<https://www.ssa.gov/employer/bsotut.htm>

Visit <http://www.socialsecurity.gov/employer> today!

# 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**....



# Social Security Welcome To AccuWage 2014

For Tax Year 2014 EFW2/EFW2C Submissions

## DISCLAIMER STATEMENT

The AccuWage application identifies most of the common format errors in wage submissions. Using this application greatly reduces submission rejections. Please be aware that even if no errors are identified by AccuWage, your submission could be returned because of other errors.

## Special Messages:

AccuWage has been redesigned for the Tax Year 2014 release. You will notice many differences in this version of AccuWage from previous versions. The most noticeable change is under the View Records with Errors tab. This screen will now allow you to filter the records by level of error: Critical, Error, Informational or Alert. When you select Start Testing and run your file through AccuWage, all level of errors in the file will display. If you would like to filter your error messages by level, just click on the boxes next to the error levels to display those messages. For more information on this screen and other changes, please see the Help drop down menu in the top left hand corner of the software.

A blue button with a yellow folder icon and the text 'Start Testing'.

A light gray button with a magnifying glass icon and the text 'View Tested Records'.

A light gray button with a headset icon and the text 'View Test Results'.

A light gray button with a printer icon and the text 'View / Print Test Report'.

A light gray button with a blue circular arrow icon and the text 'View Last Test Results'.

A light gray button with a green checkmark icon and the text 'Upload to BSO'.

# 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**



## 2 Enter W-2 Information

You are currently working on W-2 number: 1 of 50.



Fields marked with an asterisk ( \* ) MUST be completed.

**a** \* Employee's social security number  
123 - 00 - 6789 For official use only  
OMB No. 1545-0008

**b** Employer identification number  
**11** - 2222222

**c** Employer's name, address, and ZIP code  
**DEMO EMPLOYER**  
123 MAIN STREET  
MY CITY, MD 21207

**d** Control number

**e** Employee's first name, middle initial, last name and suffix  
\* First: JOAN  
Middle:  
\* Last: ROBLIC  
Suffix:

**f** Employee's address  
\* Country: United States  
Address line 1:  
Address line 2:  
\* City: MY CITY

U.S. address or a foreign address  
\* State/Province: MD  
\* ZIP/Postal code: 21207 ZIP Ext. (U.S. only):

**1** Wages, tips, other compensation  
\$ 1,234.00

**3** Social security wages  
\$

**5** Medicare wages and tips  
\$

**7** Social security tips  
\$

**9** Not Applicable

**11** Nonqualified plans  
Section 457 distributions or contributions  
\$  
Not section 457 distributions or contributions  
\$

**13**  
Statutory employee  Retirement plan  Third-party sick pay

**14** Other  
Description(1):  
Amount(1): \$

Description(2):  
Amount(2): \$

Description(3):  
Amount(3): \$

**2** Federal income tax withheld  
\$ 345.00

**4** Social security tax withheld  
\$

**6** Medicare tax withheld  
\$

**8** Allocated tips  
\$

**10** Dependent care benefits  
\$

**12a**  
Code: \$

**12b**  
Code: \$

**12c**  
Code: \$

**12d**  
Code: \$

**15** Employer's State ID number

**16** State wages, tips, etc.  
\$ 200.00

**17** State income tax  
\$ 1,000.00

**18** Local wages, tips, etc.  
\$ 100.00

**19** Local income tax  
\$ 500.00

**20** Locality name  
JOY CITY



Save and Create a New W-2 >>

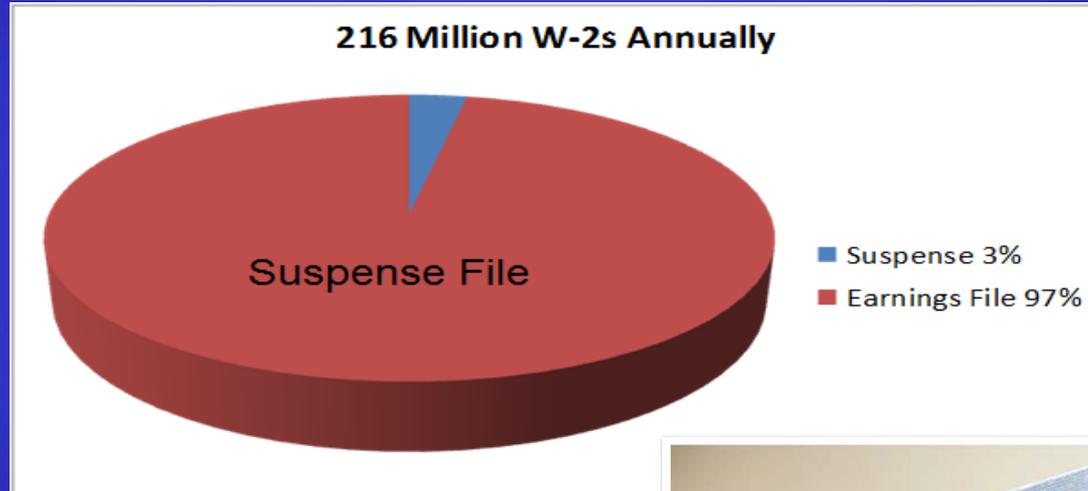
Save and Go to Next W-2 >>

Save and Go to W-2 List >>

Cancel Changes

Delete this W-2

# Social Security Number Verification Service



# 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
- File upload (up to 250,000) – next day results
- Register at BSO
- Get Activation Code
- Best Practice - Verify entire database once, then verify new hires (all, not selectively)

# SSN Verification Codes

Code	Meaning
1	SSN Not in File
3	Name/SSN Match - DOB does not
5	Name/SSN does not match (DOB not checked)
6	Unable to Verify
	Deceased

If Social Security records indicate any of the names and SSNs submitted for verification *belonged to deceased* individuals, the page will display a table with the information pertaining to these requests.

# 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

# 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 Citizenship/Work Authorization status (DHS database)
- Go to [www.uscis.gov](http://www.uscis.gov)

*click on the E-Verify logo:*



**USE SSNVS TOO (Results can differ)**

# Earnings Redesign

- Planning/Brainstorming began in 2007
- Many players to include APA's Government Affairs Task Force.
- In 2015 SSA received 1.4 million electronic submissions on a 1992 system designed for 125,000. YIKES!
- Who knows what the future holds
  - Legislative mandates?
  - Reduced maximum for paper filing?
  - More frequent reporting?

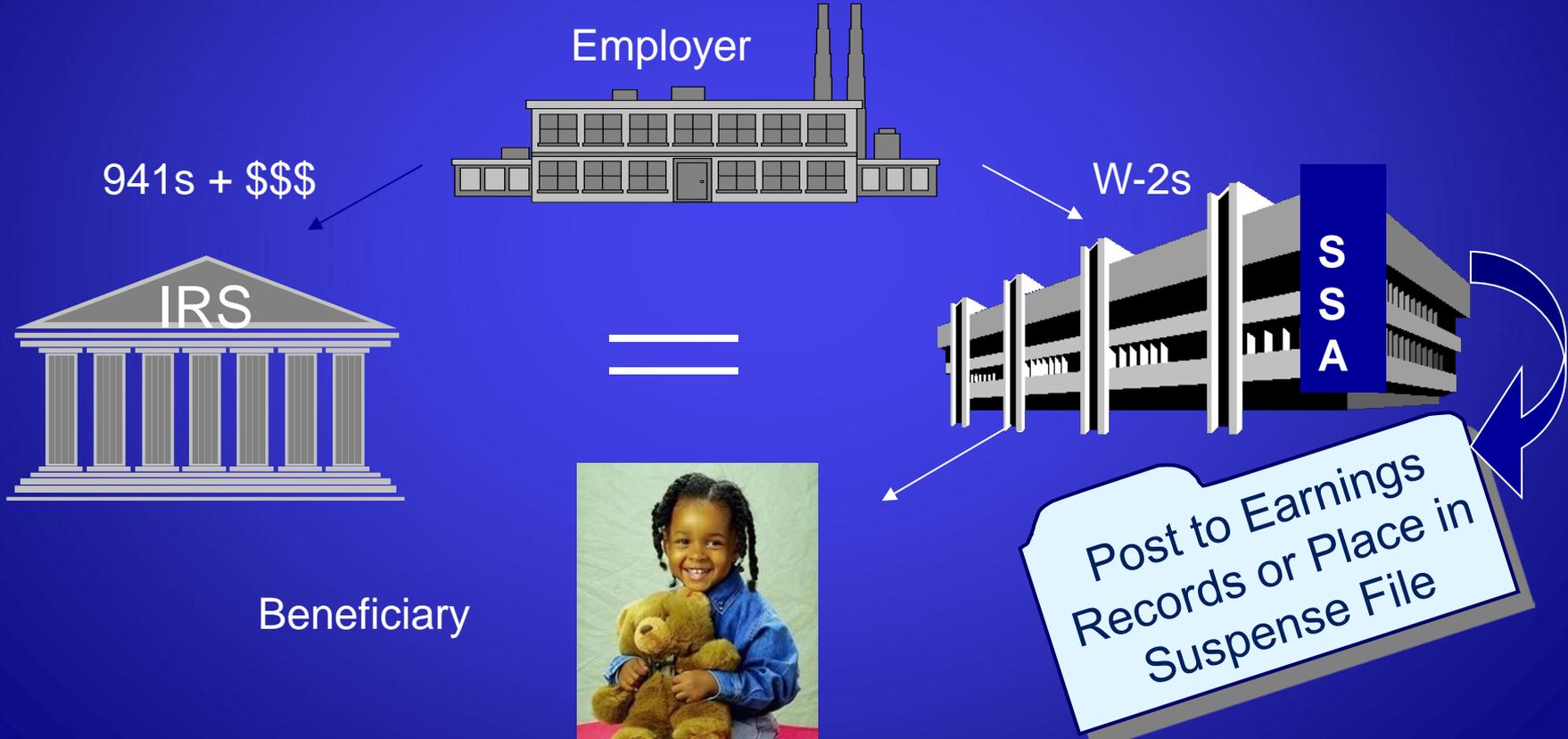
# Earnings Redesign Changes

- Smoking Fast Processes!!!
- Zero tolerance for formatting errors
- Improved accuracy for duplicate submission and duplicate report check
- Subset of AccuWage during file upload
  - **Not an AccuWage Replacement!**
- “File Reject Notices” sent via email whenever possible

# 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.

# RECONCILIATION



# Reconciliation Process

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

# Where to Look for Changes

 **Social Security**  
Official Social Security Website

Accessibility | Contact Us | FAQs | Español | Other Languages | Sign In

Search...

Home | **Employer W-2 Filing** | Verify SSNs | Reconciliation | Publications & Forms

## Employer W-2 Filing Instructions & Information

**Alert**  
Reminders and Changes for Tax Year 2015 Reporting 

**Register to Use Business Services Online**

You must register to use Business Services Online – Social Security’s suite of services that allows you to file W-2/W-2Cs online and verify your employees’ names and Social Security numbers against our records.

**File W-2s/W-2Cs Online**

This service offers fast, free, and secure online W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process W-2s (the Wage and Tax Statement) and W-2Cs (Statement of Corrected Income and Tax Amounts).

**Business Services Online**

By selecting this link, you can:

- Log In
- Register or;
- Complete Phone Registration

**Business Services Online (BSO)**

Hours of Operation  
Monday - Friday: 5 AM - 1 AM ET  
Saturday: 5 AM - 11 PM ET

[www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer)

# 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

# Wrong Tax Year

- Causes problems and issues for:
  - Employers
    - Out of balance for both years
  - Employees
    - Incorrect wages posted for both years
- Requires two sets of W-2Cs to fix:
  - One to remove monies off the incorrect TY
  - Another to post monies to the correct TY

# 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.

# 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 that number begin with a “9”?
- 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

# Need Help?

- [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer)
- FAQs
- Tutorials
- Demonstrations
- BSO/SSNVS handbooks
- IRS/SSA instructions
- Employer line – 800-772-6270
- BSO assistance – 888-772-2970
- Call your ESLO

# Employer Services Liaison Officer

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