

Nationwide Tax Forum W-2 Payroll Pointers



Contact Your Employer Service Liaison Officer

See "How to Reach Us" at www.socialsecurity.gov/employer

2010 W-2 REMINDERS

- **SSA wage maximum:** **\$106,800.00**
- **W2s to employees:** **January 31, 2011**
- **W2s to SSA~**
 - Paper by:** **February 28, 2011**
 - Electronic by:** **March 31, 2011**

Paper W-2 Filing

- Permitted for less than 250 W-2s
- Common Paper Errors
 - Hand written W-2s
 - Decimal points and cents omitted
 - Incorrect font and size – Use 12pt Courier
 - Using light colored ink - Use Black Ink
 - Adding dollar signs (\$) to money fields

Electronic Filing

- **Pre-registration required through BSO**
- **Required for over 249 W-2s or W-2Cs**
- **File must meet SSA's EFW2/EFW2C specs**
- **Sources for electronic filing capability:**
 - Buy software package**
 - Create in-house program**
 - Hire outside filing agent**
 - See vendor list at Business Services Online**
- **Or use W-2 and W-2C Online....**

W-2 & W-2C Online

- ***FREE & EASY!***
- **No forms or software needed**
- **Key data directly into forms online**
 - 20 W-2s per W-3 (current year only)**
 - 5 W-2Cs per W-3C (prior 3 years)**
- **Built-in surface edits (SSN/name)**
- **Ability to print all copies of forms**
- **Save-make changes-submit-save again**

Common error: **WRONG TAX YEAR**

- **Easy mistake – BIG consequences**
- **Creates reconciliation issues for the employer and employee**
- **Requires two sets of W-2Cs to fix**
 - One set to remove the incorrect year**
 - Another set to post the correct year**
- **Can be prevented: Use AccuWage!**

Common error: **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 the incorrect EIN**
 - Another set to post to the correct EIN**

Common Error: 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!*

Common Error: 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!*

Common Error: 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 an 8 or 9?
- Letter sent to individuals
- Correct with W-2Cs

RECONCILIATION

- 941s to IRS vs W-3s to SSA
- W-3 less than 941 → SSA sends letter
- 941 less than W-3 → IRS sends letter
- Tip...answer the letter!
- In a real tangle? Contact your ESLO

Accurate wage reporting falls under IRS jurisdiction. Ultimately, it becomes their resolution effort.

RESUBMISSIONS

- **ELECTRONIC**

- Critical errors, too many mismatches, etc.
- Get letter and acknowledge receipt – 14 days
- Use AccuWage and/or SSNVS
- Resubmit through BSO — 45 days

- **PAPER**

- New process from Wilkes-Barre
- Non-standard forms, wrong form types, per IRS
- Confirm notice receipt—14 days
- Resubmit electronically or by paper – 45 days

WHAT IS SSNVS?

- **Web-based name and SSN verification service**
 - Name & number matching for wage reporting
 - *Not for* screening potential hires
 - *Not for* income tax filing purposes
- **Two methods for verifying numbers**
 - Online instant verification (1-10 per submission)
 - File upload (up to 250,000 per submission)

BSO pre-registration required and activation code

OTHER VERIFICATIONS

TNEV

- No more call-ins to SSA offices
- Pre-registration required

E-Verify

- Partnership between SSA and DHS
- Verifies work authorization
- MOU required

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)**

BACK PAY & SPECIAL WAGE PAYMENTS

- **See IRS Publication 957**
- **Statutory back pay is wages**
- **Special wage payment is wages**
- **IRS/SSA treat differently – wages when?**
- **Back pay-notify SSA via special report**
- **SWPs-BSO file upload-*New!!***
- **Posting timing impacts Annual Earnings Test for beneficiaries.**

NEED ASSISTANCE?

➤ **www.socialsecurity.gov/employer**

FAQs * Tutorials * Demonstrations *

Handbooks * IRS and SSA instructions *

More!

➤ **Employer line – 800-772-6270**

➤ **BSO help – 888-772-2970**

➤ **ESLO assistance – see the web or**

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