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W2PROC - W2 Processing

OVERVIEW

The W2PROC program creates reports, form files, data files, and tape files used for reporting W2 wage information at calendar year end.

The W2REPT and W2ERR reports are used to verify W2 data and identify any errors that may occur in the data.

The program also creates form files used to print the W2 information on preprinted W2 forms. The file called W2FORM.TXT contains the information used to print the actual W2 forms. If employees have more than two state, city, or OSDI tax records the extra W2 form necessary to accommodate this information will print on the W2 immediately following the employee's primary W2 within the W2FORM.TXT file. These additional W2's will have control numbers which follow in the sequence of the W2FORM.TXT file.

The W2FORM.DAT file can be used for printing W2 forms. The W2CITY.DAT file can be used by your ITC to generate a non-standard W2 tape submission file to city agencies. The W2CITY.DAT file should not be used to print W2 forms for any reason. Contact your ITC if you are required to file city wage data by an electronic means.

The W2BREAK.TXT shows where the W2 forms should be separated for possible distribution. The report lists each sort field and its starting control number. The report does not apply to Name or SSN sort options.

W2PROC supports submitting W2 information to government agencies by magnetic tape. When answering Y in the W2PROC program prompt to create the tape file, a W2TAPE.SEQ file is created. These file will then be used by your ITC for submission to the applicable government entity.

ACCESSING THE PROGRAM

The program may be executed by typing:

```
$ RUN OECN$PAY:W2PROC
```

at the \$ prompt or in the menu system type:

```
Menu>W2PROC
```

SAMPLE RUN

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>: _
<CR>

This report is for the year:<19XX> ____.
<CR>

The report year is -----> 19XX

Is this correct? (Y/N <Y>): _
<CR>

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) 0

Do you want to create a W2 tape file? (Y/N <N>): _
<CR>

Do you need to print the employer's name and address on the W2 forms (Y/N <Y>): _
<CR>

Do you need to print the Federal and State identification numbers on the W2 forms? (Y/N <Y>): _
<CR>

Enter your federal ID number <22-222222>: _____.
9 Digits, including hyphen <CR>

Is 22-222222 correct? (Y/N <Y>): _
<CR>

If a form 941, 942 or 943 was submitted to IRS for the same payment year as this report and the form used a Federal ID number different than the one entered in the previous question, you must enter the other Federal ID number at this question. If this does not apply, please press <CR>. If two Federal ID numbers are entered, only the first one will be printed on the W2 form, the second is strictly for IRS use.

Enter your other federal ID number _____.
9 digits, including hyphen <CR>

Enter your state ID number <33-333333>: _____.
8 digits, including hyphen <CR>

MISCELLANEOUS NOTES

W2PROC Errors and Warnings

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: informational, warning, and fatal. Fatales flagged with an '****' will cause the tape file to not be created. Fatales flagged without an '****' may cause an inquiry from the SSA/IRS. Messages must be researched thoroughly before adjustments are made. Some situations may require that you contact your ITC for assistance. The messages are listed alphabetically.

- **Calculated annuity amount exceeds the total annuities**

The calculated annuity value is larger than the amounts showing on the annuity (generally in the 500 through 599 deduction code range) records. The calculated amount is determined by subtracting the taxable gross from the total gross.

Manual changes may have been made to the deduction screen record. It is possible the total or taxable gross was changed incorrectly due to an error adjustment, thus causing the calculated annuity amount to be too high. Warning.

- **Deduction code not found on the DEDNAM file.**

This message indicates that deduction codes have been entered through USPSCN/DEDSN that do not have a corresponding DEDNAM record set up.

Access the USPSDAT/DEDNAM program and set up a DEDNAM record. Fatal error.

- **DED XXX Negative amount deduction can not be reported on W2, reporting zero.**

This message indicates a check was voided from a prior calendar year in the current calendar year. Run the CHKSTS program to attempt to isolate the problem. If this is the case, you will need to file a W2-C form for the previous calendar year. Warning.

- **Employee first name should not be spaces.**

Access the USPSCN/BIOSN program to enter the employee's first name. Fatal error.

- **Employee last name should not be spaces.**

Access the USPSCN/BIOSN program to enter the employee's last name. Fatal error.

- **Employer paid life insurance > \$99,999.99 limit - field truncated.**

The employer paid life insurance field is six characters long. If W2PROC encounters anything larger, the message is issued.

Verify that the amount was entered properly on the 001 deduction record in USPSCN/DEDSN. Informational error.

- **Federal gross is zero.**

The employee has no gross amount on the Federal tax record (001). Warning.

- **Gross for this deduction exceeds the maximum for this reporting year.**

For each gross amount reported to the IRS/SSA, there is a maximum value that can be reported. The current maximum that the tape file will accept is 9999999.99.

If this message is encountered, verify the gross amount for the employee. Fatal error.

- **Incorrect retire plan box flag on the USPSCN/DEDSCN federal record.**

***Fatal message.

- **Invalid SSN, verify number before printing W2's.**

The IRS/SSA does not consider certain numbers valid for SSN's. These include 000000000, 111111111, 333333333, 123456789. Also, the first three digits of the SSN cannot be 000 or 729 through 999.

Contact the employee involved and ask for their Social Security card for verification. If necessary, run the MASCHG/CHGSSN or MASCHG/CHGEMPID program to correct the SSN/ID. Other reporting entities such as ODJFS and the employee's retirement system will need to be contacted concerning this correction. Fatal error.

- **Medicare amount does not equal 1.45% of Medicare Gross. FICA/OASDI amount does not equal 6.2% of FICA/OASDI Gross.**

These two messages are related. W2PROC calculates the amount of Medicare and FICA tax by multiplying the taxable gross found on the deduction records by the correct withholding percentage. If the calculated tax amount differs from the tax amount found on the 692/693 records by more than \$.30, the messages are issued.

These errors will most likely cause the IRS/SSA to reject the tape file therefore it is necessary to research and resolve the problem. Fatal error.

- **Negative annuity on file for this employee. Assuming zero.**

A total negative annuity indicates a check was voided from a prior calendar year in the current calendar year. Run the CHKSTS program to attempt to isolate the problem. If this is the case, you will need to zero the negative amount of the annuity and file a W2-C form for the previous calendar year. Warning.

- **Possible error in OSDI gross or tax.**

OSDI taxable wages with no OSDI tax or OSDI tax with no taxable wages have been detected.

Manual changes may have been made to the deduction screen record. Run the AUDRPT program and verify.

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If the employee has not earned enough wages to have any tax withheld, this message can be ignored. Informational error.

- **Possible underwithholding of Medicare tax due to dependent care benefits.**
Possible underwithholding of FICA tax due to dependent care benefits.

These two warnings are related. The amount of taxable dependent care benefits is subject to federal tax and Medicare/FICA. The warning indicates there is a taxable amount and no Medicare/FICA tax has been withheld on it.

If there is still a payroll left in the calendar year, an adjustment can be made on the Medicare/FICA records to include the tax amount. You must also increase the total and taxable gross figures by the amount of taxable dependent care. The board must also match this amount.

If there are no payrolls left in the calendar year, contact the employee to obtain the amount of Medicare/FICA tax due. The board must match the amount. The tax figures on the 692/693 records must be updated along with the taxable and total gross figures.

Failure to address these warnings could cause the 941 figures to not balance with what is reported on the W2 tape submission file. Informational error.

- **Retire Plan Box Flag on the USPSCN/DEDSN federal record is overriding W2PROC calculations.**

On the federal tax record, there is a pension plan box flag. This flag is used to indicate if the pension plan box on the W2 should be checked. There are three values for the flag:

"A" This means check the box automatically according to what W2PROC sees in the deduction records. If W2PROC finds an active retirement record for an employee, the box automatically gets checked. If no active retirement record for the employee is found, the box does not get checked.

"Y" This indicates to W2PROC to always check the pension plan box, no matter what else is found.

"N" This means to never check the pension plan box.

In the situation where the warning message is generated, W2PROC encountered a case where what it read from the retirement records does not coincide with the flag value it read from the federal tax record. For example, W2PROC will flag the warning when:

It reads the 001 record and sees the flag marked "N", but it finds active retirement records.

It reads the 001 record and sees the flag marked "Y" but does not find an active retirement record.

It is common to receive this warning for students who do not want to participate in SERS. These students must have the flag set to "Y" (the first year they are employed by the district), but do not need a retirement record on file.

You may also see this error if the pension plan flag for board members is not marked. Informational error.

- **Taxable gross is larger than total gross.**

It is possible that a change was made to the taxable gross but no corresponding change was made to the total gross or vice versa. Run the AUDRPT program to help identify the problem. Informational error.

- **There is no Federal record on file for this employee**

Each employee must have a Federal tax record (001). Set one up for the employee using USPSCN/DEDCSN and enter the appropriate tax and gross amounts. '***Fatal error.

- **This employee has FICA/OASDI tax without any FICA/OASDI wages**

This message cannot be ignored under any circumstances. Upon receipt of the tape file from the ITC, the IRS/SSA calculates the expected tax amount and compares it to the amount reported on the tape. If these figures are off by more than a few cents, the tape is rejected.

Run the AUDRPT program to determine if manual changes on the Medicare/FICA deduction records may be the cause. Fatal error.

- **This employee has FICA wages without any Medicare wages.**

To properly withhold FICA tax, the employee must have two deduction records (692 and 693), one flagged as type M and one flagged with type F. This message will occur if W2PROC encounters a record set up with type F but no record set up with type M for the same employee. Fatal error.

Contact the ITC for assistance if this message is encountered.

- **This employee has Medicare tax without any Medicare wages**

This message cannot be ignored under any circumstances. Upon receipt of the tape file from the ITC, the IRS/SSA calculates the expected tax amount and compares it to the amount reported on the tape. If these figures are off by more than a few cents, the tape is rejected.

Run the AUDRPT program to determine if manual changes on the Medicare deduction records may be the cause. Fatal error.

- **Total annuities, \$\$\$\$, do not equal total gross less taxable gross.**

The W2PROC program verifies that the annuity (generally in the 500-599 deduction code range) deduction amount equals the calculated annuity amount. The calculated amount is determined by taking the total gross and subtracting the taxable gross. The result is the amount of the annuity that was in effect while the tax was being withheld. If this calculated value differs from the totals on the annuity records, the warning appears.

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This warning is often associated with a change that has been made to the taxable gross but no corresponding change was made to the total gross or vice versa. Manual adjustments to the annuity amounts may also cause this warning. Run the AUDRPT program to attempt to isolate these situations.

If an annuity was in effect for only part of the year, this warning may appear and can be ignored. Warning.