

# Affects of Specific Situations on W2 Reporting

This document describes the affects of situations a district may have on W2 reporting.

Note: The items listed here in bold italics affect balancing between W2PROC and QRTRPT. These items will cause the total gross on W2REPT to be higher than that found on QRTRPT as they apply.

## **Adoption assistance, cash payment**

- Payment processed as NC2 pay type
- Exempt from:
  - \* Federal taxation
  - \* Ohio taxation
  - \* SERS/STRS
- Not exempt from:
  - \* Medicare taxation
  - \* OBES wages
- City taxes treated according to how the 'tax non-cash earnings' flag is set on the USPSDAT/DEDNAM record

## **Adoption assistance, Section 125 treated as wages**

- Set up deduction with type of ADOP
- Included annuity type of Section 125 treated as wages
- Exempt from:
  - \* Federal taxation
  - \* Ohio taxation
- Not exempt from:
  - \* Medicare taxation
  - \* OBES wages
  - \* SERS/STRS
- City taxations are according to whether or not the city honors annuities

## **Cost of Life Insurance over \$50,000**

- Use NC1 Pay Type
- Exempt from:
  - \* Federal tax withholding
  - \* Ohio withholding
  - \* SERS/STRS
- Not exempt from:
  - \* Federal taxation
  - \* Ohio taxation
  - \* Medicare taxation
- City taxation is according to flag in USPSDAT/DEDNAM

### ***Dependent Care Benefits***

- Exempt from:
  - \* Federal taxation up to exclusion limit of \$5000
  - \* Ohio taxation up to exclusion limit of \$5000
  - \* City taxation if a Section 125 plan

### **Educational Reimbursements**

- Contact legal or tax advisor if necessary to determine how payment should be handled
- Contact SSDT if assistance is needed in implementing

### ***Employee Expense Reimbursements***

- If paid through warrant and the district wants the amounts to appear on the W2 form
- See separate document for more details

### ***Fringe Benefits***

- Amounts must be entered in the 'fringe benefit' field on the 001 federal records

### **Health Savings Accounts (Employee portions)**

- Set up annuity in DEDNAM with type = "1"
- Exempt from
  - \* Federal taxation
  - \* Ohio Taxation
  - \* City withholdings
  - \* Medicare
  - \* OBES Reporting
- Not exempt from:
  - \* SERS/STRS

### **Health Savings Accounts (Employer portions)**

- Set up annuity in DEDNAM with type = "1"
- Enter only board portions in DEDSCN records
- Exempt from
  - \* Federal taxation
  - \* Ohio taxation
  - \* City withholdings
  - \* Medicare
  - \* OBES reporting
  - \* SERS/STRS

### **Insurance amounts paid to annuity company**

- Exempt from:
  - \* SERS/STRS
  - \* Medicare taxation
- Not exempt from:
  - \* Federal taxation
  - \* Ohio taxation
  - \* City taxation

### **Medical Savings Accounts**

- Set up deduction type of MSA
- Exempt from:
  - \* Ohio taxation
  - \* SERS/STRS
  - \* OBES reporting
- Not exempt from:
  - \* Federal taxation
  - \* Medicare taxation
- City taxation will be according to the 'tax board amount' flag in USPSDAT/DEDNAM

### ***Medicare, employer pays employee share***

- Set up 694/695
- Exempt from:
  - \* SERS/STRS
- Not exempt from:
  - \* Federal taxation
  - \* Ohio taxation
  - \* Medicare taxation
- City taxation will be according to 'tax board amount' flag found in USPSDAT/DEDNAM

### **Moving Expenses**

- Must be entered in the 'moving expenses' field on the 001 federal tax record if the amounts are excludable moving expenses as defined by the IRS.

### **Section 125 plans, treated as non-wages**

- Set up record with ANN type
- Exempt from:
  - \* Federal taxation
  - \* Ohio taxation
  - \* Medicare taxation
  - \* City taxation
- Not exempt from:
  - \* SERS/STRS

### **SERS/STRS Employer Pickup (Annuitized)**

- Set up 590/591 record
- Exempt from:
  - \* Federal taxation
  - \* Ohio taxation
- Not exempt from:
  - \* Medicare taxation
- City taxation is according to whether or not city honors annuities

### **SERS/STRS Non-annuitized**

- Set up 400/450 record
- Not exempt from:
  - \* Federal taxation
  - \* Ohio taxation
  - \* City taxation
  - \* Medicare taxation

### ***Third Party Sick Pay; Taxable***

- Contact insurance provider to determine type of third party sick payment
- Contact legal or tax advisor if necessary to determine how payment should be handled
- Contact SSDT if assistance is needed implementing

### **Third Party Sick Pay; Non-taxable**

- Enter amount on the special 'third party sick pay' field on the 001 federal tax record

### ***Use of Company Vehicle***

- Contact legal or tax advisor if necessary to determine how payment should be handled
- Any amounts reportable must be entered in the 'Vehicle lease' field on the 001 federal tax record
- Contact SSDT if assistance is needed in implementing

Revised 12-Nov-2007