Effects of Specific Situations on W2 Reporting

This document describes the effects of situations a district may have on W2 reporting. The items listed here in ***bold italics*** affect balancing between the W2 Report and Quarter Report. These items will cause the total gross on the W2 Report to be higher than that found on the Quarter Report.

Adoption Assistance, cash payment
- Payment processed as "Adoption Assistance" Pay Type
- Exempt from:
    - Federal taxation
    - Ohio taxation
    - SERS/STRS
- Not exempt from:
    - Medicare taxation
    - ODJFS wages
- City taxes: Dependent on "Tax Non-Cash Earn" flag on the Payroll Item Configuration record

Adoption Assistance, Section 125 treated as wages
- Set up the Payroll Item Configuration/Item with Type of "Adoption Assistance"
- Included annuity type of Section 125 treated as wages
- Exempt from:
    - Federal taxation
    - Ohio taxation
- Not exempt from:
    - Medicare taxation
    - ODJFS wages
    - SERS/STRS
- City taxations are according to whether or not the city honors annuities

Cost of Life Insurance over $50,000
- Payment processed as "Life Insurance Premium" Pay Type
- Exempt from:
    - Federal tax withholding
    - Ohio withholding
    - SERS/STRS
- Not exempt from:
    - Federal taxation
    - Ohio taxation
    - Medicare taxation
- City taxes: Dependent on "Tax Non-Cash Earn" flag on the Payroll Item Configuration record

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
- Refer to IRS Publication 15-B for more details, including tax exempt limit set each year

Employee Expense Reimbursements
- If paid as USAS disbursement and the district wants the amounts to appear on the W2 form
- For more details, click here

Fringe Benefits
- Amounts must be entered using Core>Adjustments on the Federal (001) record using the Type of "Fringe Benefits"

Health Savings Accounts (Employee Amount)
- Set up annuity in Payroll Item Configuration with type = "I"
- Exempt from:
    - Federal taxation
    - Ohio Taxation
    - City withholdings
    - Medicare
    - ODJFS Reporting
- Not exempt from:
    - SERS/STRS

Health Savings Accounts (Employer Amount)
- Set up annuity in Payroll Item Configuration with type = "I"
- Enter only board portions in Payroll Item records
- Exempt from:
    - Federal taxation
    - Ohio taxation
    - City withholdings
    - Medicare
    - ODJFS reporting
    - SERS/STRS

Insurance amounts paid to an annuity company
- Exempt from:
    - SERS/STRS
    - Medicare taxation
- Not exempt from:
    - Federal taxation
    - Ohio taxation
    - City taxation

Medical Savings Accounts
- Set up a Payroll Item Configuration with Type of "Medical Savings"
- Exempt from:
    - Ohio taxation
    - SERS/STRS
    - ODJFS reporting
- Not exempt from:
    - Federal taxation
    - Medicare taxation
- City taxation dependent on "Tax Employer Amount" checkbox in Payroll Item Configuration

Medicare, Employer Pays Employee Share
- Set up 692/693 with Employer amount as 2.9%
- Exempt from:
    - SERS/STRS
- Not exempt from:
    - Federal taxation
    - Ohio taxation
    - Medicare taxation
- City taxation dependent on "Tax Employer Amount" checkbox in Payroll Item Configuration

Moving Expenses
- Amounts must be entered using Core>Adjustments on the Federal (001) record using the Type of "Moving Expenses"
- Only applies to active duty members of the Armed Forces.

Section 125 plans, treated as non-wages
- Set up as a Payroll Item record with Type of Annuity
- Exempt from:
    - Federal taxation
    - Ohio taxation
    - Medicare taxation
    - City taxation
- Not exempt from:
    - SERS/STRS

SERS/STRS Employer Pickup (Annuitized)

- Set up as SERS Annuity and STRS Annuity 590/591 Payroll Item records
- 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 as SERS and STRS 400/450 Payroll Item records
- 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
- See the Third Party Sick Pay (Redesign) document on LACA's website

Third Party Sick Pay; Non-taxable

- Enter amount in Core>Adjustment on the Federal (001) Payroll Item using "Third Party Pay" Type

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 Core>Adjustment on the Federal (001) Payroll Item using "Vehicle lease" Type