



# Effects of Specific Situations on W2 Reporting in USPS-R

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Revised December 2021

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

Note: The items listed here in ***bold italics*** affect balancing between W2 Report & Submission and the Quarter Report. These items will cause the total gross on W2 Report & Submission to be higher than that found on Quarter Report as they apply.

## **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 treated according to how the '**Tax Non Cash Earn**' flag is set on the **Payroll Item Configuration** record

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

- Set up **Payroll Item Configuration** with Type of **Adoption Assistance**
  - Select annuity type of **Section 125Wages**
- 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**

- Use **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 are treated according to how the '**Tax Non Cash Earn**' flag is set on the **Payroll Item Configuration** record

### *Dependent Care Benefits*

- Exempt from:
  - Federal taxation up to exclusion limit of \$10,500
  - Ohio taxation up to exclusion limit of \$10,500
  - 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 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 **Core/Adjustments** on the **Federal 001** record using **Type- 'Fringe Benefit'**

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

- Set up record in **Payroll Item Configuration** with **Type** = “HealthSavingsAccount” and **Annuity Type** = “Other”
- Exempt from
  - Federal taxation
  - Ohio Taxation
  - City withholdings
  - Medicare
  - ODJFS Reporting
- Not exempt from:
  - SERS/STRS

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

- Set up record in **Payroll Item Configuration** with **Type** = “HealthSavingsAccount” and **Annuity Type** = “Other”
- 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 **Payroll Item Configuration** type of **Medical Savings**
- Exempt from:
  - Ohio taxation
  - SERS/STRS
  - ODJFS reporting
- Not exempt from:
  - Federal taxation
  - Medicare taxation
- City taxation will be according to the '**Tax Employer Amounts**' flag in **Payroll Item Configuration**

## *Medicare, employer pays employee share*

- Set up a 692 or 693 with Employer amount as 2.9%
- Exempt from:
  - SERS/STRS
- Not exempt from:
  - Federal taxation
  - Ohio taxation
  - Medicare taxation
- City taxation will be according to '**Tax Employer Amounts**' flag found in **Payroll Item Configuration**

## Moving Expenses

- If the amounts are excludable moving expenses as defined by the IRS, see Calendar Year End Closing Checklist for steps needed to enter the Adjustment.
- This only applies to active duty members of the Armed Forces.



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

- Set up **Payroll Item Configuration** with **Type** = “Annuity” and **Annuity Type** = “Section125NonWages”
- Exempt from:
  - Federal taxation
  - Ohio taxation
  - Medicare taxation
  - City taxation
- Not exempt from:
  - SERS/STRS

### SERS/STRS Employer Pickup (Annuitized)

- Set up 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 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

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

- Enter amount in **Core/Adjustments** on the **Federal 001 Payroll Item** using the '**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/Adjustments** on the **Federal 001 Payroll Item** using the '**Vehicle lease**' **Type**