



# W2PROC Instructions

Revised December 2020

## Running W2PROC

Select desired sort option. Any sort is acceptable for electronic filing. Paper filing must be sorted by name.

```
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>: █
```

Confirm report year. Will pull from USPSDAT/USPCON.

Enter district total of Federal Tax amounts withheld by a Third Party Payer. If none, enter 0.

```
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) █
```

Do you want to create the W2 tape file now? No when previewing. Yes during final run. See CYE Payroll Procedures Document for specific instructions on this question.

Do you need to print the employer's name and address on the W2 forms? Enter "Y."

Do you need to print the federal and state identification numbers on the W2 forms? Enter "Y."

Enter/confirm district Identification numbers: federal and state. Will pull from USPSDAT/USPCON.

Select type of employer. If the school district is part of a local government and has NOT applied for 501c status, select State/local non 501c (S). If the school has applied for 501c status and was granted nonprofit status, select State/local 501c (Y).



The Kind of Employer can be one of the following:  
F = Federal Government  
S = State and Local Governmental Employer (non 501c)  
T = Tax Exempt Employer  
Y = State and Local Tax Exempt Employer (501c)  
N = None Apply

Enter/confirm district data to be used on the W2 tape file and W2 forms: Name, Address. Will pull from USPSDAT/USPCON.

Enter district contact information to be used on the W2 tape file: Contact Name, Phone Number, Phone Extension, Fax Number, E-mail Address. This should be the contact information of the person (treasurer, payroll clerk) that would be able to address any questions from the IRS regarding the W2 tape.

Do you want to print Fringe Benefits in Box 14? Y/N

Do you want to print additional deduction information in Box 14 "Other"? If so, enter the desired deduction codes. Up to six deductions can be entered, but only the first 3 for each employee will print, so order is important. The vehicle lease amount will always print as the first amount if there are any, then any COVID amounts and lastly any other fields entered. The fringe benefit amount will be listed next if the question "Do you want Box 14 to print Fringe Benefits if there are any?" is answered 'Y'. Then the deduction codes entered are listed in the order that the deduction code is entered. Remember that the first 3 deductions it encounters (including vehicle lease, COVID entries and fringe benefits, then those deductions entered) will be on W2PROC.

```
Additional deduction information can be provided to your
employees using the box labeled 'Other' on the W2 forms.
Entering deduction code(s) will cause the year-to-date amount
to print on the forms. You may enter up to 6 deduction codes,
but only the first 3 deductions it encounters for the employee
will print in the box.

Enter a deduction code <999>: ___
Enter 999 to exit.          590

Enter a deduction code <999>: ___
Enter 999 to exit.          591

Enter a deduction code <999>: ___
Enter 999 to exit.          999
```

Enter "N" when prompted to print a form for alignment.

If an annuity record in DEDNAM does not have a specific annuity type, you will receive an error message similar to the one displayed below. This should be corrected in DEDNAM. Then rerun W2PROC.

```
Annuity record: 513 - VISION , does not have a specific annuity
type indicated for it. This annuity will be treated as a 403(b).
If this is not desired, run USPSDAT/DEDNAM and change the type.
```

***New State Submission files are now created for surrounding states of Ohio. These files will only be created if district has 1 or more employee's set up to pay these state taxes: Pennsylvania, West Virginia, Kentucky, Michigan, & Indiana.***



## 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. Fatafs flagged with an '\*\*\*\*' **will cause the tape file to not be created. Fatafs 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.**
- **Cannot show COVID19-Emergency amount in Box 14 of W2**  
Since Box 14 can only accommodate 3 amounts, the Vehicle Lease would always appear first, then any COVID amounts and lastly any other fields if there is room.
- **Deduction code not found on the DEDNAM file.**  
This message indicates that deduction codes have been entered through USPSCN/DEDSCN 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 cannot 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/BIOSCN program to enter the employee's first name. **Fatal error.**
- **Employee last name should not be spaces.**  
Access the USPSCN/BIOSCN 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/DEDSCN. **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/DEDESCN federal record. \*\*\*Fatal error.**
- **Invalid SSN, verify number before printing W2s.**  
The IRS/SSA does not consider certain numbers valid for SSNs. These include 000000000 and 111111111. Also, invalid are those SSNs where the first three numbers are 000, 666 and 900-999.  
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. 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/DEDSCN 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 & sees the flag marked "N", but finds active retirement records.

It reads the 001 record & 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/DEDSCN 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 & 693), one flagged as type M & 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. Contact the ITC for assistance if message is encountered. **Fatal error.**
- **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. 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.**
- **Possible Medicare discrepancy detected for amount over \$200,000. Amount calculated = \$\$\$\$\$.\$\$**  
This warning will appear if Medicare wages are over \$200,000.00 and the Medicare amount on DEDSCN is not within 30 cents of the calculated value. This warning will allow the tape file to be written. **Warning.**