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HSS
Webinar
December 17, 2019

W2 for Tax Year 2019

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W2 Processing Release Overview

- The W2 software updated annually.

- Software for 2019 is designated as TX19.

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# Changes for 2019 W2 Tax Year Reporting
General Overview

- **No significant changes for 2019... Review of recent changes:**

- W2 Changed for Tax Year 2016 – Tax Year 2019 Electronic submission is due January 31, 2020 as opposed to March 31 as in years prior to 2016.

- Cost of Employer-sponsored Health Coverage reporting still required for 2019 reporting. This was implemented in Tax Year 2012.

- Coverage total is reported in Box 12, Code DD on W2.

- W219RR – Program Option (introduced in 2017) for correctly segregating Retirement Refunds into the correct pre-tax field on the W2 Edit screen.

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How W2 Processing Works

- W2 information comes from two sources: Payroll records in the hrspay/PERPAY (personnel and payroll) d/b and Travel Claims in the A/P system.

- W2 information is extracted from those two sources and combined into one consolidated file.

- W2 Media file is transmitted to the Social Security Administration (SSA).

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W2/1099 Processing Branch
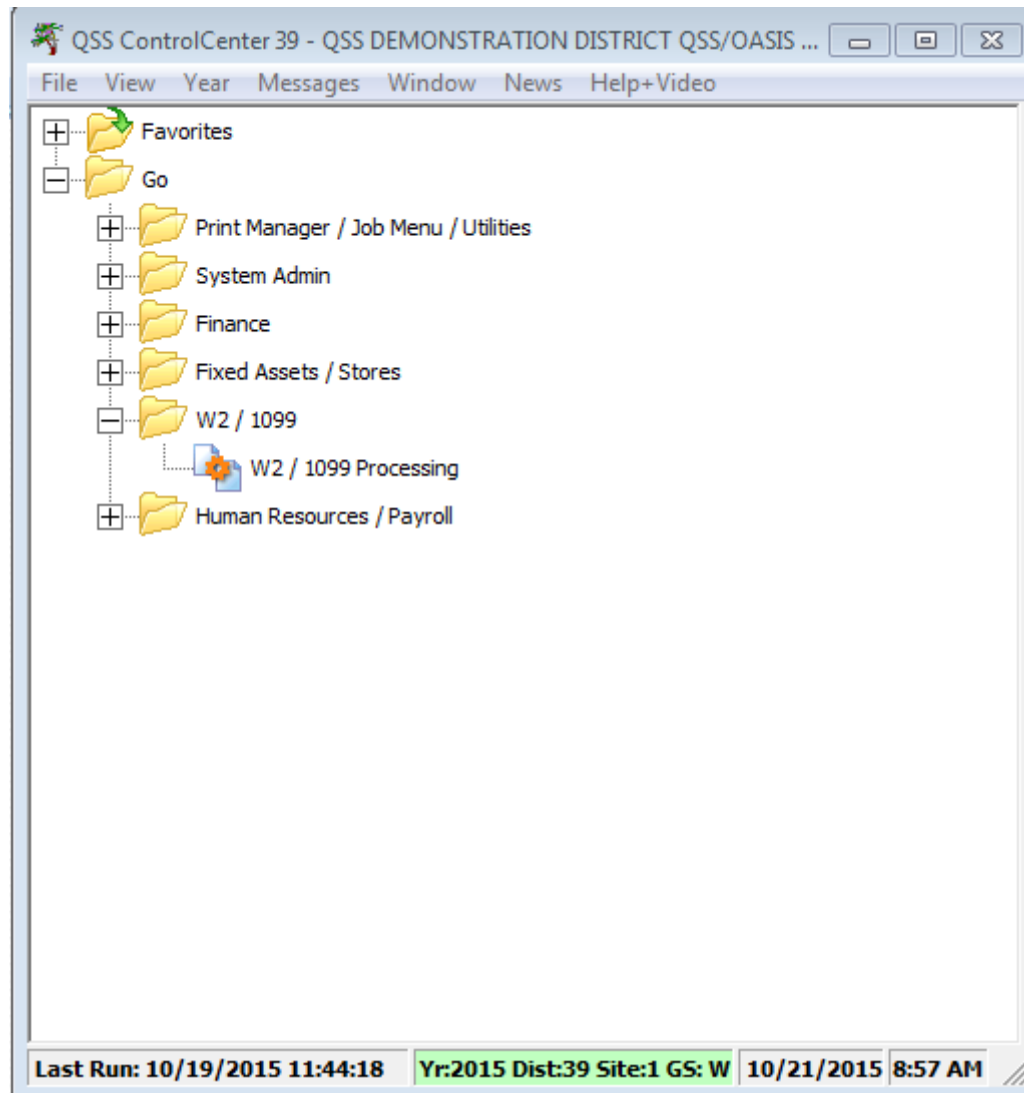
2019 W2 Processing Menu
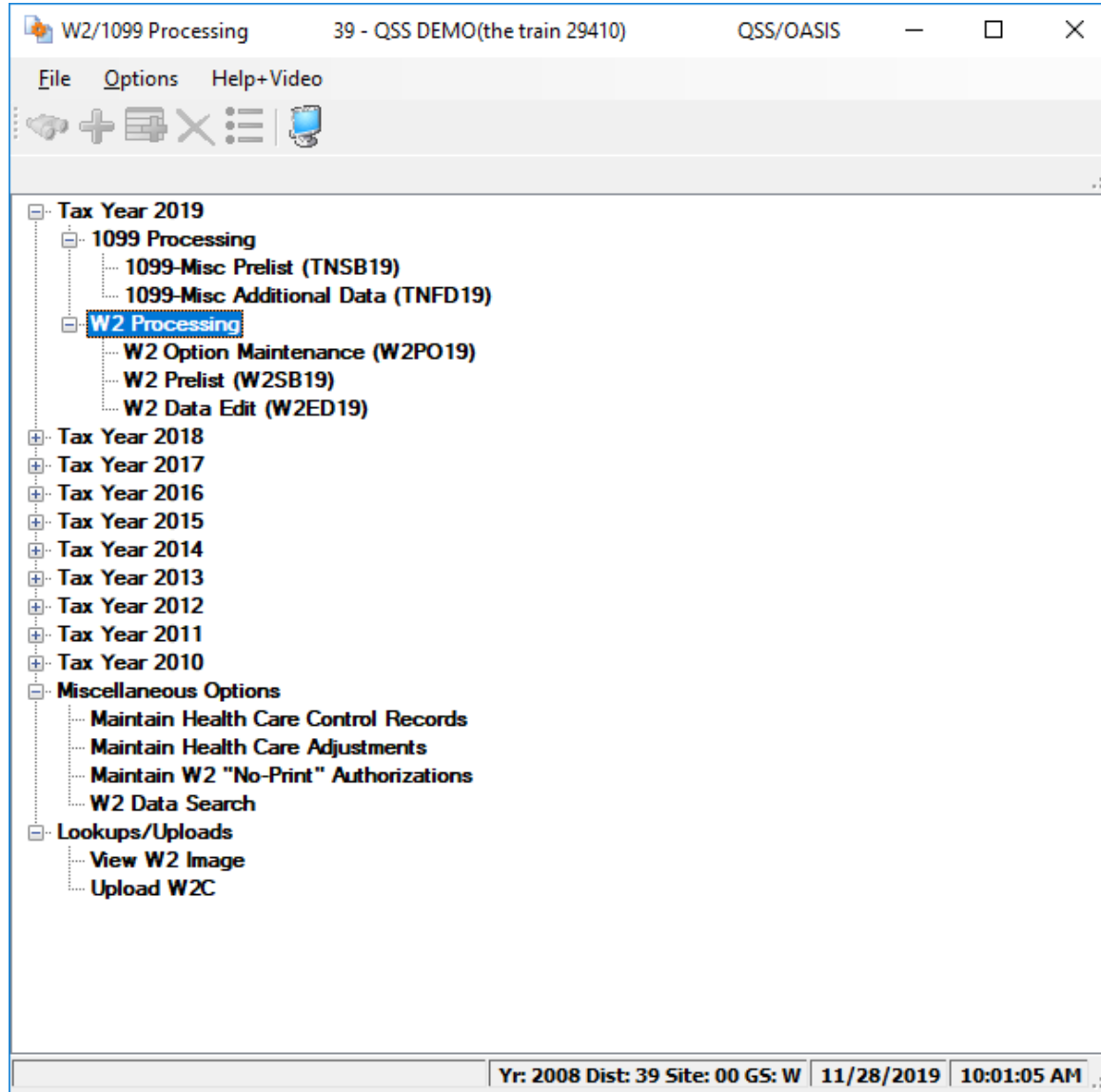
2019 W2 Task List (Part 1)

W2 Tasks

TASK	WHAT	WHEN	HOW
1-T	Install TX19 Release and configure access to programs.	Dec. - Jan.	
2-PR	Set up or review program options and state ID number mask	Dec. - Jan.	W2PO19 program or y19w2report operator command and W2HCVD program
3-T	Create or copy control files, including federal EIN file	Dec. - Jan.	Editor program
4-T	Zero out Y-T-D totals for payroll after running last Y1 payroll and prior to running first Y2 payroll	Dec. - Jan.	PAY790 program
5-PR	Get PIN/Password from Social Security Administration	January	1-800-772-6270 or www.socialsecurity.gov/bso/bsowelcome.htm
6-PR	Print preliminary prelist; check for accuracy	January	W2RP19 program
7-PR	Print report of W2 records from Pay History for comparison purposes	January	PAY830 program
8-PR	Include employees lacking pay history records	January	PHUPDT program

2019 W2 Task List (Part 2)

TASK	WHAT	WHEN	HOW
9-T	Create adjustment records for employer-paid benefits for July and August	January	W2HN19 program
9-PR	Adjust amounts for reporting on W2 forms	January	PHUPDT program W2HAMN program
10-T	Produce extract file from W2 records from Pay History	January	y19w2extract operator command
11-T	Print prelist report of W2 records from Pay History	January	y19w2report operator command
PR	*Compare prelists created in 6-PR and 11-T with pay history report from 7-PR*	January	
PR	*Compare prelists created in 6-PR and 11-T with pay history report from 7-PR*	January	
T and PR	*Repeat extract and reports until accurate (Tasks 6-PR through 11-T)*	January	

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2019 W2 Task List (Part 3)

TASK	WHAT	WHEN	HOW
12-T	*OPTIONAL*—Include travel claims if processed through Accounts Payable	January	y19w2tcext and y19w2tcrpt operator commands
13-AP	Adjust Travel Claims (optional)	January	VEUPDT and TCPYMT programs
14-T	Merge pay history records and travel claims	January	y19w2fnlmrg operator command
15-T	Print prelist report of W2 records including Pay History and travel claims	January	y19w2report operator command
PR	*Check report for accuracy*	January	
16-PR	Edit W2 records with Edit program	January	W2ED19 program
17-T	Print prelist report of W2 records including Pay History and travel claims	January	y19w2report operator command
PR	*Check report for accuracy*	January	

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2019 W2 Task List (Part 4)

TASK	WHAT	WHEN	HOW
18-T	Print and distribute W2 laser forms	By 1/31	y19w2laser operator command
19-T	Make W2 electronic transmittal file	By 1/31	y19w2file operator command
20-T	Create transmittal totals report	By 1/31	y19w2totals operator command
21-T	Save history files (Version H only)	By 1/31	y19w2save operator command

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W2 Task Flowchart

- For another way of looking at the process, the same tasks are presented in the following flowchart.

  - Tasks to be performed by technical staff are indicated by the letter '**T'.**
  - Tasks to be performed by payroll staff are indicated by the letters '**PR'.**
  - Tasks to be performed by Account Payable staff are indicated by the letters "AP".

- More suitable visual tool for technical staff.

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W2 Processing Task Flowchart
T denotes Technical Staff, PR denotes Payroll Staff, AP denotes Accounts Payable Staff
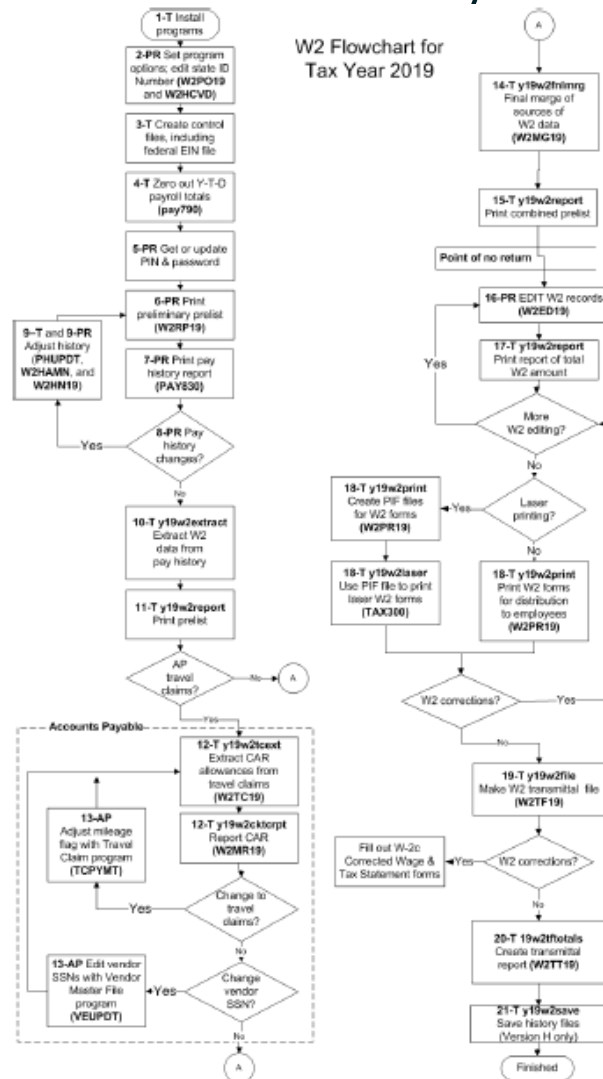
Sources of W2 Calculations

PH = Pay History W2ED19 = Entered Amts via W2ED19 Program W2TC19 = Travel Claims entered

Field	Source
PH Gross	PH exempt gross
	+ PH regular gross
	+ PH CETA gross
	+ PH federal gross
Tax Gross	PH gross
	+ Car (PH car + W2TC19 amount)
	+ W2ED19[1] "Fringe/Other" and non-qualified plans
	+ GLI (group life insurance)
	- NTX gross (PH NTX gross + PH PERS TS + PH STRS TS)
	- Tax shelter (PH tax shelter and/or W2ED19[1])
	- Section 125 contribution
	- Any other non-taxable amount
NTX Gross	PH NTX gross
	+ PH PERS TS (tax shelter)
	+ PH STRS TS (tax shelter)
	+ Tax shelter (PH tax shelter and/or W2ED19[1])
	+ Section 125 contribution
Deferred Comp	PH tax shelter and/or W2ED19[1]
	+ Employer-paid W2EX19 and/or W2ED19[1]
Box 11	Non-qualified plan distributions (457 and other)

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Sources of W2 Calculations

PH = Pay History W2ED19 = Entered Amts via W2ED19 Program W2TC19 = Travel Claims entered

Box 12	Can have up to four amounts in this box. Each amount will have a code (letter) next to it:
	C - Group term life cost of coverage over $50,000
	J - Sick pay that cannot be included as income
	D - Section 401(k) contributions
	E - Section 403(b) contributions
	F - Section 408(k)(6) contributions
	G - Section 457(b) contributions
	H - Section 501(c)(18)(D) contributions
	M - Uncollected OASDI due on GLI
	N - Uncollected Medicare due on GLI
	P - Excludable moving expenses
	R - Employer's contributions to employee's Archer MSA (medical savings account)
	S - Section 408(p) SIMPLE contributions
	W - Employer's contribution to employee's health savings account
	AA - Employee's contribution to a Roth 401k
	BB - Employee's contribution to a Roth 403b
	DD - Roth 457(b) and employer health coverage
Box 13	Boxes for statutory employee, retirement plan, and third-party sick leave
Box 14	Miscellaneous breakout for employee amounts for car, sheltered retirement, and fringe/other
Pension Plan Indicator	Y if ret-system = 1 or 2 (at the time W2 data is extracted) or as set in W2ED19[1] program

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W2 Processing
Identification Numbers

- Two numbers used in W2 processing: Federal EIN or State Identification Number.

- State ID hand input when prompted or read from DISTRICT record.

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Opting Out of a Printed W2

- Maintain W2 "No-Print" Authorizations W2NPMN.

- Program keeps track of employees who opt out of receiving a printed W2.

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W2NPMN – No Print Authorization

W2NPMN Usersec

- Security parameters allow for "U" update and "I" Inspect

- District Access by "0" Login District, "1" Any District, "2" Change District (Usersec CHGDIS)

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Maintain W2 "No-Print" Authorization – W2NPMN

W2 Processing
2019 IRS Mileage Payments

- 2019 rate is $0.58 per mile

- Mileage payments in excess of Federal Government allowance must be reported.

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W2 Processing
Imputed Paylines

- Paylines for imputed gross occurs when taxes are owed on a benefit an employee receives.

- Imputed paylines need to be processed on a payroll dated 12/31/2019 or earlier.

Which Employees Get Printed

- Employees must have a pay history record to print on the W2 report.

- They will not print even if there is Travel Claim extracted.

W2 Processing
Voluntary Deduction 8999

- Group Life Insurance (GLI) is defaulted to Voluntary Deduction code of 8999 in HSS/OASIS payroll software.

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W2 Processing
Cell Phones

- Fringe benefits such as cell phones provided by employer are subject to FIT, SIT, OASDI and Medicare taxes.

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W2 Processing
Default Deferred Compensation

- Determine default for Deferred Compensation plans

- Determine additional plan codes for alternate deferred compensation.

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Sort Options for Printing
#1 District, Name (default)

1. District, name (just as in transmittal file)
2. District, pay location 1, name (suggested if you enclose W2s with pay warrants)
3. District, pay location 2, name (suggested if you enclose W2s with pay warrants)
4. District, pay code, name
5. Zip code (suggested if you mail W2s)
6. District, pay location 1, pay code, name
7. District, pay location 2, pay code, name
8. District, pay code, pay location 1, name
9. District, pay code, pay location 2, name
11. Name, district number
12. Name, district number, pay location 1
13. Name, district number, pay location 2
14. Name, district number, pay code
15. Zip code (same as 5.)
16. Name, district number, pay location 1
17. Name, district number, pay location 2, pay code
18. Name, district number, pay code, pay location 1
19. Name, district number, pay code, pay location 2

W2 Processing
Submitting to IRS

- Send Copy A of W2 forms (Wage and Tax Statement) to the SSA (Social Security Administration) by
January 31st, 2020.

- **NOTE: This is a change from prior years – started for Tax Year 2016!**

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W2 Processing
Considerations and Cautions

- Program option record control reporting of Deferred Compensation amounts, Dependent Child Care, GLI, Roth IRA's, Federal/State subjectivity differences, Employer HSA's. Be sure Program Options are setup correctly.

- QSS supports Box 12 amounts – Substantiated Employee Expense (Code L), Uncollected OASDI on GLI (Code M), Uncollected Medicare on GLI (Code N) and Adoption Benefits (Code T). Manual entries may be needed on W2's.

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W2 Processing
Other Considerations and Cautions

- State ID entered in District Master file.

- How to handle Employees with no SSN.

- Security USERSEC setups for W2 processing.

- W2PR19 Export File changes for 2019

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W2 Usersec Security
(MTUS Manual)

Table 2-264: User security records for the TAX module

USER SECURITY	ALLOWS YOU TO DEFINE OPTIONS FOR	PAGE
TNFD09	**1099-Misc Additional Data (TNFD09)** command	2-323
TNFDyy	**1099-Misc Additional Data (TNFDyy)** command[a]	2-323
TNSByy	**1099-Misc Prelist (TNSByy)** option	2-324
TNVIEW	**View 1099 Image** option	2-325
W2C	**Lookups/Uploads** command	2-325
W2EDyy	**W2 Data Edit (W2EDyy)** option on the tree view	2-326
W2EDMASK	SSN mask to use for **W2 Data Edit (W2EDyy)** option	2-326
W2HAMN	**Maintain Health Care Adjustments** option	2-327
W2HCVD	**Maintain Health Care Control Records** command	2-327
W2NPMN	**Maintain W2 "No-Print" Authorizations** command	2-327
W2POyy	**W2 Option Maintenance (W2POyy)** option	2-323
W2SByy	**W2 Prelist (W2SByy)** option	2-328
W2SRCH	*Search for Employees* form options	2-329
W2VIEW	**View W2 Image** option	2-329

a. The notation *yy* refers to the tax year, such as 11 for tax year 2011.

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W2 2019 Security

W2 Processing
District Record containing State ID

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Task 1-T (Tech)
Install Version H W2/1099 Release

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Task 1-T (Tech)
Install Version L W2/1099 Release

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Task 2-PR
Maintain W2 Program Options (W2PO19)

W2 Option Maintenance (W2PO19)
W2 Program Option Maintenance

W2 Option Maintenance (W2PO19)

W2 Option Maintenance(W2STID)
State EIN Edit Mask

W2 Option Maintenance (W2EX19) Configure W2 Extract Program

2019 W2 Option Maintenance (W2PO19)   39 - QSS DEMO(the train 29410)   QSS/OASIS   — □ ✕

File   **Options**

W2EX19: NN3NNYNY00XNFY1100NYYN00470007999010203   00   **Change**

Program Option Name   W2EX19 ⌄   Source Year   19

W2EX19 Basic/Default settings used to control how W2 data is accumulated

1. Pay History Category 1 is treated as GLI?		N	(Y=Yes/N=No)
2. Pay History Category 2 is treated as Dependent Care?		N	(Y=Yes/N=No)
3. Pay History Category to use for 3rd Party SL (0=none)?		3	(0, 3 - 5)
4. Should imputed gross amounts be treated as GLI?		N	(Y=Yes/N=No)
5. Back 'CAR' amounts out of W2 Gross?		N	(Y=Yes/N=No)
6. Print STRS/PERS pickup amounts in Box 14?	Y /	N	(Y=Yes/N=No)
7. Print Alternate Retirement amounts in Box 14?		Y	(Y=Yes/N=No)
8. Client-defined field for SSN flag (01 to 30)?		00	(00 = None)
9. Set Retirement flag for ret-system 5 and vol-ded 84xx?		X	(Y / N / X)
10. Do you have a New York Fringe Benefit warrant number?		N	(Y=Yes/N=No)
11. Default code for reporting TSA amounts in Box 12?		F	(D/E/F/G/H/S)
12. Extract only districts defined in CTW2TP19 control file?		Y	(Y / N / X)
13. Alternate GLI VD-NO: 1100 Back GLI amts out of W2 Gross?		N	(Y=Yes/N=No)
14. Set pension flag for TSA > 0? Y For any Ret-CTD > 0?		Y	(Y=Yes/N=No)
15. Report employee gross in multiple states?		N	(Y=Yes/N=No)
16. Default state code (when #15=Y and code in history=00)?		00	
17. Pay History Category to use for Employer DC (0=none)?		4	(0, 3 - 5)
18. Additional alt-ret VD range?		7000 – 7999	
19. Set Ret. flag for ret-system 5 when pay-code 01 02 03 is		x-W2prt: 00	(00 = None)

Usersec: NNY   Yr: 2008 Dist: 39 Site: 00 GS: W | 11/29/2019 | 8:56:51 AM

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W2 Option Maintenance (W219DC)
Deferred Compensation Voluntary Deductions

W2 Option Maintenance (W219DX) Deferred Compensation Voluntary Deduction Ranges

W2 Program Option Maintenance (W219DR) 403b/401k/457b Roth Contributions (Box 12)

W2 Option Maintenance (W219CC) Dependent Care Sec125 Voluntary Deductions

W2 Option Maintenance (W219CX) Dependent Care Sec125 Voluntary Deductions

W2 Option Maintenance (W219FA)
Voluntary Deduction Ranges Add Back FIT

W2 Option Maintenance (W219SA)
Voluntary Deduction Ranges Add Back SIT

W2 Option Maintenance (W219HS)
Add Employer HSA Voluntary Deduction Codes

W2 Program Option (W219HC)
Employer-Sponsored Health Plan Reporting

W2 Program Option (W219HX) Extension Employer-Sponsored Health Plan Reporting

W2 Program Option (W219RS)
Retirement System override values

W2 Program Option (W219RX) Extension Retirement System override values

W2 Program Option (W219RR)
Vol-Deds used for retirement refunds (New in TX17)

Task 3-T
Set Up Control Files

- CTW2TP19 – contains Federal EIN for each district

- CTSUFFIX – Custom list of suffix names.

- CTW2RA19 – Submitter Address for W2 transmittal file

- CTW2RP19 – Defines custom report layouts for W2 Prelist (W2RP19).

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Task 4-T (Tech)
Zero Out YTD Pay Stub Totals for Payroll

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PAY790
Version H and L Commands

Version H (HP e3000)

The command you should type at the command prompt is shown below in underlined text. The rest of the information is what will be displayed onscreen as a result of your command.

```
HELLO MGR.QSSUSER
RUN PAY790.!PPSCH.!PACT
```

Version L (Linux)

The command you should type at the command prompt is shown below in bold text. The rest of the information is what will be displayed onscreen as a result of your command.

Log on the your linux server as qssopr, then execute the following underlined commands.

```
$ $QSS_ROOT/$QSS_BINSCH/pay790
PAY790 L.00.00 built 12/13/13 13.41 Zero CTD/QTD/MTD Totals
```

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Task 5-T (Tech)
Obtain User ID and Password for File Submission

All submitters must obtain a User Identification (User ID) and Password. You do not need a new User ID every year, as long as you change your Password at least once every 365 days.

To obtain your User ID/Password:

◊ Access the Internet at www.socialsecurity.gov/employer.
◊ Under "Electronic Filing," select *Electronically File Your W-2s* (This will take you to http://www.ssa.gov/bso/bsowelcome.htm.)
◊ Click on the *Register* button. Then follow the instructions. You will create your own Password as part of the registration process.

or

If you already have a User ID/Password, click *Login* to access, verify, or update your account information.

◊ If, for any reason, you are unable to register online, call 1-800-772-6270 Monday through Friday, 7 a.m. to 7 p.m., Eastern Time to complete the registration.

Include the User ID in the submitter record you send to the SSA. Use the Password with the User ID to access the Online Wage Reporting Service.

Task 6-PR
Preliminary W2 Prelist Run Options

W2 Prelist
Run Option 1 (Temp File)
Run Option 2 (Extract File)

W2 Prelist
Print W2ED19 Changes only

W2 Prelist
Main Window Additional Report Settings

W2 Prelist
"S" Report Option Select Field Ranges Window

W2 Prelist
Report Totals

Task 7-PR
Print Pay History Report (PAY830)
QCC Job Menu

Pay History Report (PAY830) Main Window

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Pay History (PAY830) DI/SSN Select Window

Task 8-PR
Include Employees Without a Pay History Record (PHUPDT)

Task 9-PR Entering Adjustments

Pay History

Benefit Adjustments

Pay History Adjustments

Voluntary Deduction Adjustments Pay History Form

Health Care Adjustments

Task 10-T (Tech)
Extract W2 Data Y19W2EXTRACT

- Execute Y19W2EXTRACT.

- Payroll history, deduction history and payroll adjustments records are extracted for each 2019 payroll check.

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Task 11-T (Tech)
Report of W2 Records from Pay History

- Execute Y19W2REPORT.

- Travel Claims are not included in W2 Prelist at this point.

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Task 12-T (Tech): Optional Including Car Travel Claims
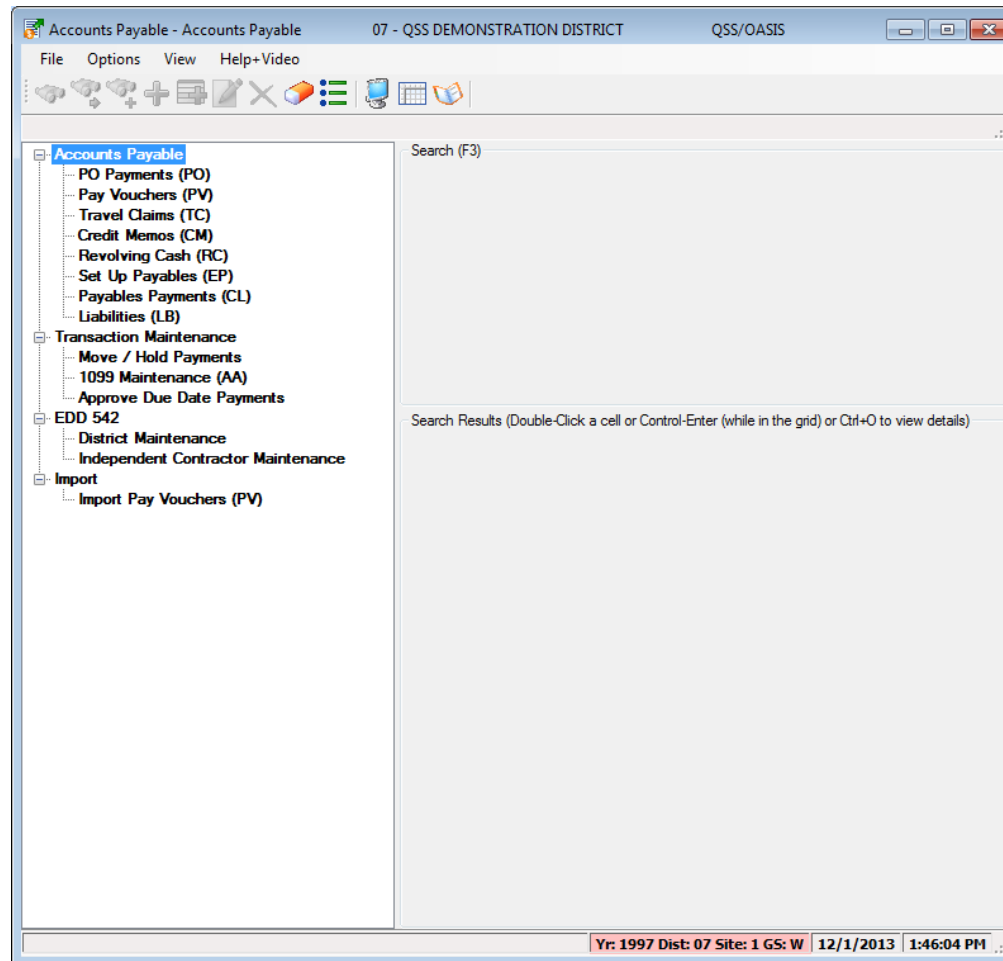
- Execute Y19W2TCEXT and Y19W2CKTCRPT

- Include Car Travel Claims before running Final Merge.

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Task 13-AP
Adjusting Travel Claims A/P Branch (TCPYMT)

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Car Travel Claims (TCPYMT)
Mileage Flag "M"

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Vendor Maintenance (VEUPDT)
Changing Vendor Tax ID

Task 14-T (Tech)
Merge All Sources of W2 Information

- Execute Y19W2FNLMRG to create combined file even if there are no Car travel claims to process.

- Use caution when re-running Y19W2FNLMRG.

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Task 15-T (Tech)

Print W2 Prelist with Combined Information

- Execute Y19W2REPORT.

- W2 Prelist will contain combined W2 information.

- **Pass the Point of No Return Considerations**.

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Task 16-PR
Edit W2 Information (W2ED19)

- Adjust W2 amounts using W2ED19

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W2 Edit Program (W2ED19)

W2ED19

F3 – Open Advanced Search

Employee Search Window

W2ED19 Options

- State Gross versus Federal Gross Amounts, same or different

- District List Drop Down Box

- Show SSN button

- Reasonable Maximum Amount feature for data entry in amount fields

- Clear screen option sets amounts in all boxes to zero to prevent an employee from receiving a W2.

- All amount fields must be positive.

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W2 Edit (W2ED19)
New Items added 2012

- Box12-DD/ER-HC: cost of employer provided health care
- Box12-DD/ER-AJ: Adjustments to employer provided health care

W2 Edit (W2ED19)
W2 Data Source

Src   Either an X is displayed for the source, or the field is blank.

Source: [ ]   Changed: [   ]

CODE	EXPLANATION
X	The source of the data is the Extract file. All the data on the screen is just as it was extracted from the Final Merge program.
(blank)	The record has been edited differently than the information extracted from the Final Merge program.

Changed   If the record has been changed, the date of change is displayed. If this field is blank, the record has not been edited.

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W2ED19 and Xprt Box

XPrt   FOR SITES USING EMPLOYEE SELF SERVICE (ESS) AND THE PDF INTERFACE ONLY. Type a <u>Y</u> to suppress creating a printed W2 form for an employee.

XPrt: [ ]   Source: [ ]   Changed: [ ]

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Task 17-T (Tech)
Final W2 Prelist Report

- Payroll Staff final review, use W2ED19 for any last minute corrections and rerun report.

- Report of W2 Edit Changes (W2RP19)

Task 18-T (Tech)
Ready to Print W2 Forms

- Payroll approves the Final W2 Prelist.

- Main method of printing W2 forms: laser printing.

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Task 18-T (Tech)
W2 Forms - Sample

Interval Between W2 Distribution and Creation of W2 File for SSA
Shortened for 2019 (first done for 2016)

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Task 19-T (Tech)
Create Electronic Transmittal File for SSA

- Execute Y19W2FILE.

- Transfer W2 Transmittal file to your PC using Reflections and/or Minisoft (Version H) or DBVIS (Version L) - see 2019 W2 Processing Manual

Task 20-T (Tech)
Create Transmittal Totals Report

- Execute Y19W2TFTOTAL.

Task 21-T Saving History Files

- Execute Y19w2save (Version H only)

- There is no W2/1099 save command in Version L. The production files are already isolated by year in the /var/opt/qss/w21099 directory

File Name	Description
W2T18.HISTORY.QSSUSER	The raw W2 transmittal file (do not sent this to SSA)
W2FILE18.HISTORY.QSSUSER	The W2 transmittal file that is sent to SSA
W2D18.HISTORY.QSSUSER	Created by Y18W2FNLMRG and edited by the W2ED18 program
W2EXPT18.HISTORY.QSSUSER	Used to export data to third-party printing solutions
W2ZIPC18.HISTORY.QSSUSER	Contains W2 counts by zip code
W2PIXD18.HISTORY.QSSUSER	Cross-references employee W2 to internal document number for one-off laser form printing
W2PIFD18.HISTORY.QSSUSER	PIF data file for printing laser W2 forms

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Special Notes for W2 Processing

If you have employees with no SSN to report, you have selected a field to flag them with an "X" on the Client-Defined (PP02CL) screen in the Personnel System for W2 processing. (Such employees should be reported with an SSN of 000-00-0000.)

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More Items to be Noted

- If an employee SSN changes in the database during the year and the W2 file is already extracted, the employee will retain the bad SSN.

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