

# The Kentucky Division of Social Security *...leading the way*

<http://sssa.state.ky.us>

## Form W-2 Overview for 2000

### Who must file Form W-2?

Employers must file Form W-2 for wages paid to each employee from whom:

- Income, social security, or Medicare taxes were withheld or
- Income tax would have been withheld if the employee had claimed no more than one withholding allowance or had not claimed exemption from withholding on **Form W-4**, Employee's Withholding Allowance Certificate.

Also, every employer who pays remuneration for services performed by an employee, including noncash payments, must furnish a Form W-2 to each employee. **Note:** Remuneration of less than \$600 paid to Kentucky elections workers is not reported on a Form W-2. Amounts between \$600 and \$1,100 must be reported on Form W-2. Remuneration amounting to less than \$1,100 is, however, exempt from social security and Medicare withholding.

### When to file a paper Form W-2

File Copy A of Form W-2 with the entire page of Form W-3 by **February 28, 2001**. You may owe a penalty for each Form W-2 you file late.

### Where to file a paper Form W-2

File Copy A of Form W-2 with the entire page of Form W-3 at the following address:

Social Security Administration  
Data Operations Center  
1150 E. Mountain Drive  
Wilkes-Barre, PA 18769-0001

### Magnetic Media Reporting

If you are required to file 250 or more Forms W-2, you must file them on magnetic media (or electronically) unless the IRS has granted you a waiver.

You may be charged a penalty if you fail to file on magnetic media (or electronically) when required.

If you are filing Forms W-2 on magnetic media, you will need Form 6559, Transmitter Report and Summary of Magnetic Media, and you may also need Form 6559-A, Continuation Sheet for Form 6559. **Do not use Form W-3.**

**Note:** *If you file on magnetic media (or electronically), do not file the same returns on paper.*

Magnetic media reporting specifications for Form W-2 are in the SSA's **Pub. No. 42-007 (TIB-4)**, *Magnetic Media Reporting*, and **Pub. No. ICN (MMREF)**, *Magnetic Media Reporting and Electronic Filing*. The year 2000 will be the last that you can submit your W-2 data using the TIB-4 format. You will be required to submit next year's W-2 information using the MMREF format. The 2000 TIB-4 format is available on the Social Security Administration web page at <http://www.ssa.gov/employer/info/00tib4.htm>

The MMREF format and instructions, which you can use for 2000, has been rewritten and updated. This is currently available on the SSA web page at <http://www.ssa.gov/employer/info/00mmref1.htm>.

You can also get magnetic media (or electronic) specifications by contacting the Kentucky Social Security Employer Services Liaison Officer at 502/875-8315. See page 4 for additional information on magnetic media reporting.

### Corrections

Use **Form W-2c**, Corrected Wage and Tax Statement, to correct errors (such as incorrect name, SSN or amount) on a previously filed Form W-2. Send **Form W-3c**, Transmittal of Corrected Wage and Tax Statements, with Forms W-2c unless you are only correcting a name or SSN. See **Employee's incorrect**

*continued on page 2...*

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## 2000 Form W-2 Overview

**address on Form W-2** for information on correcting an employee's address. Use Form W-3c to correct a previously filed Form W-3.

If you discover an error on Form W-2 after you issue it to your employee but before you send it to the SSA, mark the "Void" box at the top of the form on Copy A. Prepare a new Copy A with the correct information, and send it to the SSA. Write "Corrected" on the new employee's copies (B, C and 2), and furnish them to the employee. (If the "Void" Form W-2 is on a page with a correct Form W-2, send the entire page to the SSA. The "Void" form will not be processed.)

If you are making an adjustment in 2000 to correct social security and Medicare taxes for a prior year, you must file **Form 941c**, Supporting Statement To Correct Information, with your **Form 941**, Employer's Quarterly Federal Tax, in the return period you find the error, and issue the employee a Form W-2c for the prior year. If you are correcting social security or Medicare wages, also file the entire first page of Form W-2c with Form W-3c with the SSA to correct the social security records.

### Employee's incorrect address on Form W-2

If you filed a Form W-2 with the SSA showing an incorrect address for the employee but all other information on the Form W-2 is correct, **do not** file Form W-2c with the SSA merely to correct the address.

However, if the address was incorrect on the Form W-2 furnished to the employee, **you must do one of the following:**

- Issue a new Form W-2 containing all correct information, including the new address. Indicate

"REISSUED STATEMENT" on the new copies. **Do not** send Copy A to the SSA.

- Issue a Form W-2c to the employee showing the correct address in box b. **Do not** send Copy A to the SSA.
- Reissue Form W-2 with the incorrect address to the employee in an envelope showing the correct address.

### Government employers

State and local agencies have two options for reporting their employees' wages that are subject only to Medicare taxes for part of the year and full social security and Medicare taxes for part of the year.

**Option one** for paper Form W-2 instructions is to file a single Form W-2 with the Medicare-only wages **and** the social security and Medicare wages combined. The Form W-3 must have the "941" box marked in box b.

**Option two** is to file two Forms W-2 and two Forms W-3. File one Form W-2 for wages subject to Medicare tax only. Be sure to check the "Medicare govt. emp." box in box b of Form W-3. File the second Form W-2 for wages subject to both social security and Medicare taxes with the "941" box checked in box b of Form W-3.

**Note:** See magnetic media instructions on page 4 for split reporting requirements when Forms W-2 are reported on magnetic media.

### Lost Form W-2—reissued statement

If an employee loses a Form W-2, write "REISSUED STATEMENT" on the new copy, **but do not send Copy A of the reissued Form W-2 to the SSA.** You may give a reissued Form W-2 to an employee on the official IRS form or on an acceptable substitute form.

### Adoption benefits

Amounts paid or expenses incurred by an employer for qualified adoption expenses under an adoption assistance program are not subject to income tax withholding and are reportable in box 1. These amounts are, however, subject to social security and Medicare and must be reported in boxes 3 and 5. The total amount must also be reported in box 13 with code T.

### Repayments

If an employee repays you for wages received in error, do not offset the repayments against current year's wages unless the repayments are for amounts received in error in the current year. Repayments made in the current year, but related to a prior year or years, require special tax treatment by employees in some cases. You may advise the employee of the total repayments made during the current year and the amount (if any) related to prior years. This information

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will help the employee account for such repayments on his or her federal income tax form.

Please tell your employee that the wages paid in error in a prior year remain taxable to the employee for that year. This is because the employee received and had use of those funds during that year. The employee is not entitled to file an amended return to recover the income tax on these wages. The employee, instead, is entitled to a deduction (or a credit, in some cases) for the repaid wages on his or her Form 1040 for the year of repayment.

*The Commonwealth of Kentucky does not discriminate on the basis of race, color, national origin, sex religion, age or disability in employment or the providing of services and will provide, upon request, reasonable accommodation including auxiliary aids and services necessary to afford individuals with disabilities an equal opportunity to participate in all programs and activities.*

## What's New for 2000

- **Extended due date for electronic filers.** If you file your 2000 Forms W-2 with the Social Security Administration electronically (not by magnetic media), the due date is extended to April 2, 2001. For information on how to file electronically, call the SSA at 1-800-772-6270.
- **Information reporting site.** The Internal Revenue Service operates a centralized call site to answer questions about reporting on Forms W-2, W-3, 1099 and other information returns. If you have questions about reporting on these forms, call 304-263-8700, Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern time. If you have questions about magnetic media (or electronic) filing of Forms W-2, contact the SSA at 1-888-772-2970.
- **New on-line services.** The SSA will roll out their new suite of on-line services, called Employer Service On-line in December. An individual applies for access to ESO by completing an application on-line and is assigned a PIN and password. The SSA verifies that the individual is an employee of the entity and also sends the entity a notice that the employee has received access to ESO. Once access is gained to ESO, the employee will have access to the On-line Wage Reporting System for submission of wage reports electronically and will also have access to an On-line Enumeration Verification System.

The SSA will conduct a pilot project that allows for on-line verification of social security numbers using OEVS. When operational, OEVS will allow for multiple users from one entity. Once access is gained to ESO, the employee can utilize OEVS to verify social security numbers on-line on a real time basis.

- **ATTENTION UNIVERSITIES:** Form 8233 must now be mailed to Philadelphia. Form 8233, *Exemption from withholding on Compensation for Independent & Dependent Personal Services of a Nonresident Alien Individual*, must now be mailed to the Philadelphia Customer Service Center instead of to the Office of Assistant Commissioner International, Compliance Division. Form 8233 must be used by an alien who is claiming exemption from withholding of income tax on compensation for independent or dependent personal services income because of a tax treaty or in order to claim the daily personal exemption amount.

The new mailing address is:

Internal Revenue Service  
International Returns Section  
PO Box 920  
Bensalem, PA 19020-8518

Withholding agents can also fax the form, as long as there are no more than 15 pages, to 215-516-1507.

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### NEW DOSS WEB ADDRESS

We're trying to keep it simple. The Division of Social Security's web address has been shortened considerably. Go to <http://sssa.state.ky.us> for the latest information on FICA reporting and coverage and important links to other federal employment tax sites.

# MAGNETIC MEDIA REMINDERS FOR TAX YEAR 2000

- o SSA does not accept 5.25" or 8" diskettes, CD ROMs, DLX cartridges or 4490 cartridges.
- o SSA does not accept compressed files on diskettes, magnetic tapes or cartridges.
- o Do not create a file that contains any data recorded after the CODE F record.
- o Below are the correct mailing addresses for magnetic media:

## Please use these addresses, instead of the addresses shown on the Form 6559.

Tape/Cartridge Via U.S. Post Office  
Social Security Administration  
AWR Magnetic Media Processing  
5-F-17, NB, Metro West  
PO Box 33009  
Baltimore MD 21290-3009

Diskette via U.S. Post Office  
Social Security Administration  
AWR Magnetic Media Processing  
5-F-17, NB, Metro West  
PO Box 33014  
Baltimore MD 21290-3014

Tape/Cartridge/Diskette Via Other Carrier  
Social Security Administration  
AWR Magnetic Media Processing  
5-F-17, NB, Metro West  
300 N Greene Street  
Baltimore MD 21290-0300

## How do I report Medicare Qualified Government Employment (MQGE) or non-covered wages?

MQGE covered earnings are reportable for those government employees whose wages are subject only to Medicare withholding. Report MQGE wages and tips in the Medicare Wages and Tips field. Report MQGE tax withheld in the Medicare Tax Withheld field.

All code W or RW records containing data solely from MQGE (i.e., containing wages or tips subject only to the Medicare tax) should be grouped to follow a Code E or RE record with an Employment Code of "Q".

All other Code W/RW records (i.e., containing wages not subject to either social security or Medicare tax) should be grouped to follow a Code E/RE record with an Employment Code of "R".

Do not group MQGE Code W/RW records and non-MQGE Code W/RW records after a single Code E/RE record.

*Note: References to magnetic media codes "RW" and "RE" refer to the Magnetic Media Reporting and Electronic Filing (MMREF) format. Code references "W" and "E" refer to the TIB-4 format.*

## I am a government employer. How do I report employees that have both Medicare-only wages and full FICA wages?

You can choose one of two methods for an employee who has wages from Medicare tax and wages subject to both social security and Medicare taxes. These wages must be for the same taxable year while in continuous employment for the same employer. The two methods are:

- Split reporting. Prepare two Code W/RW records for the employee. 1) One Code W/RW record for the Medicare wage and tax data. Place after a Code E/RE record with an Employment Code of "Q". 2) A second Code W/RW record for the full-FICA wage and tax data. Place after a Code E/RE record with an Employment Code of "R".
- Combined reporting. Prepare one Code W/RW record combining both the Medicare only (MQGE) wages and the full-FICA wages. Place after a Code E/RE record with an Employment Code of "R".

*Note: References to magnetic media codes "RW" and "RE" refer to the Magnetic Media Reporting and Electronic Filing (MMREF) format. Code references "W" and "E" refer to the TIB-4 format.*

## Form 6559 and MQGE

Employers who report Medicare-only wages as well as full FICA wages must complete two separate box 11(s) of the Form 6559 which is completed and filed with the magnetic media. Complete the MQGE checkbox for the box 11 with only the MQGE wage information.

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## Changes in Forms W-2 and W-3 Coming

The Internal Revenue Service plans to revise the 2001 Forms W-2 and W-3 to be filed in 2002.

### Form W-2

- Larger size, widened all boxes.
- Added \$ signs to all money boxes, required on Copy A only.
- New box for first name and middle initial, separate box for last name.
- Eliminated box 12.
- Box 13 replaced by boxes 12a, 12b and 12c.
- Deleted "Deceased", "Legal rep." and "Deferred Compensation" checkboxes. Added checkbox for "Third party sick pay."

### Form W-3

- Larger size, widened all boxes.
- Added dollar signs to all money boxes.
- Added "Third party sick pay" checkbox to box b (Kind of Payer).
- Added "For use by third party sick pay payer only" to box 13.
- Added new boxes 16-19 for summary totals of state and local wages and withheld taxes.
- Reformatted contact person information boxes.