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Division of Social Security

Finance & Administration Cabinet
Division of Social Security
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DOSS Coverage\Reporting Seminars Scheduled Across Kentucky for October

Seventeen seminars designed to help local government bodies and political subdivisions with social security coverage and reporting issues have been scheduled in October by the Division of Social Security. There are no fees required to attend the half-day seminars, all of which will begin at 9 a.m. local time, except two afternoon sessions on October 30 and 31 starting at 1:30 p.m. local time.

Agenda items set so far include detailed discussions on electronic payment of employment taxes, employer wage reporting and withholding responsibilities, social security and medicare coverage, as well as reporting cafeteria plans and fringe benefits. As of this writing, representatives of the office of the Auditor of Public Accounts and the Department of Local Government plan to attend the seminars.

The agenda is flexible and additional topics may be added. Any suggestions for items to be included should be forwarded to Daryl Dunagan at 502-564-3952, FAX 502-564-2124.

Governmental entities that may wish to send representatives to the seminars include airport boards, ambulance districts, cities, conservation districts, counties, fire protection districts, hospitals, housing authorities, libraries, school boards, utilities and water districts.

Additional information will be forthcoming prior to the seminars.

DOSS Seminar Schedule

Wednesday
Oct. 2
Morehead
MSU University Center
East Room B, 2nd Flr

Monday
Oct. 7
Elizabethtown
Pritchard Community Ctr.
404 S. Mulberry.

Tuesday
Oct. 8
Owensboro
Davies Co. Library
450 Griffith Ave.

Wednesday
Oct. 9
Ky. Dam Village
Gilbertsville School
Hwy 641

Thursday
Oct. 10
Hopkinsville
Hopkinsville Library
1101 Bethel St.

Friday
Oct. 11
Bowling Green
Barren ADD
177 Graham Ave.

Wednesday
Oct. 16
Burlington
Boone Co. Ext. Office
Hwy 18/Camp Ernst Rd.

Thursday
Oct. 17
Maysville
Ramada Inn
484 Moody Dr.

Monday
Oct. 21
Jamestown
Jamestown Resorts
3677 S Hwy 92

Tuesday
Oct. 22
London
Cumberland Valley ADD
342 Old Whitley Rd.

Wednesday
Oct. 23
Hazard
Perry Co. Library
479 High St.

Thursday
Oct. 24
Prestonsburg
Big Sandy ADD
100 Resources Dr.

Friday
Oct. 25
Ashland
City Hall
1700 Greenup Ave.

Wednesday
Oct. 30
Richmond
EKU Funderburk Bldg.
Room 211

*Wednesday
Oct. 30
Versailles
County Conservation Dist.
180 Beasley Rd.

@Thursday
Oct. 31
Louisville
KIPDA Office
11520 Commonwealth

*1:30 p.m. start

@ 2 sessions
9 a.m. and 1:30 p.m.

1996 Overview of the Form W-2 Wage and Tax Statement

Need Help?

Information Reporting Call Site — The IRS 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 related to reporting on information returns, you may call 304-263-8700. If you have questions about magnetic media filing of Forms W-2, contact the Social Security Administration (SSA) at 404-331-2587 in Atlanta. See Magnetic Media Reporting on page 3.

Bulletin Board Services — Using a personal computer and a modem, you can get information from either of two electronic Bulletin Board Systems (BBS) — the SSA-BBS or the IRP-BBS (IRS). You can access the SSA-BBS by dialing 410-965-1133 or the IRP-BBS (IRS) by dialing 304-264-7070.

Information available includes magnetic media filing information, some IRS and SSA forms and publications, correct social security number information, information on electronic filing, and general topics of interest about information reporting. You can also use the bulletin board systems to ask questions about magnetic media or electronic filing programs, and reporting on information returns.

The Division of Social Security at 502-564-3952 can also offer assistance about coverage and reporting issues encountered by local governmental employers.

Forms and Publications -- You can get IRS forms and publications by calling 1-800-TAX-FORM (1-800-829-3676). You can get information through IRIS, the Internal Revenue Information Services, on FedWorld, a government bulletin board. Tax forms, instructions, publications, and other IRS information, are available through IRIS.

IRIS is accessible via a computer and modem by calling 703-321-8020. On the Internet, telnet to fedworld.gov or, for file transfer protocol services, connect to ftp.fedworld.gov. If you are using the World Wide Web, connect to — <http://www.ustreas.gov>.

FedWorld's help desk offers technical assistance on accessing IRIS (not tax help) during regular business hours at 703-487-4608. The IRIS menus offer information on available file formats and software needed to read and print files. You must print the forms to use them; the forms are not designed to be filled out on-screen.

Substitute Forms — A revenue procedure explains the format that must be used on all substitute paper W-2 and W-3 forms. It is reprinted as Pub. 1141, General Rules and Specifications for Private Printing of Substitute Forms W-2 and W-3.

Earned Income Credit (EIC) Notification

You must notify any employees not having income tax withheld that they may be eligible for an income tax refund because of the EIC. You can do this by using the official IRS Form W-2 which contains a statement on the back of Copy C concerning the EIC. If you use a substitute Form W-2, or if you are not required to furnish Form W-2, or if you do not furnish a timely Form W-2 to your employee, you may have to give your employee Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC). Get Notice 1015, Employers — Have You Told Your Employees About the Earned Income Credit (EIC)?, for more information.

Changes To Note

Social Security Wage Base Increase — The 1996 wage base for social security (old age, survivors, and disability insurance) is \$62,700. There is no limit on the amount of wages that are subject to Medicare tax in 1996. For social security, the tax rate is 6.2 percent each for employers and employees. For Medicare, the rate is 1.45 percent each for employers and employees.

Reporting Requirement for Military Employers — Military employers are now required to report basic quarters, subsistence allowances, and combat pay provided to their employees in box 13 using code Q.

Filing Form W-2

Who Must File — Employers must file Form W-2 for each employee from whom income, social security, or Medicare taxes have been withheld. You must also file the form for each employee from whom 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. These rules apply to any employee even if they are related to you.

If you have 250 or more Forms W-2 to file, see instructions for Magnetic Media Reporting on page 3. Detailed employment information is given in Circular E, Employer's Tax Guide.

When To File for Employers with less than 250 Forms W-2 — File Copy A of Form W-2 with the entire first page of Form W-3, Transmittal of Wage and Tax Statements, by February 28, 1997. If you need an extension of time to file Form W-2, see When To File in the instructions for Form W-3.

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

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

Note: If you use "Certified Mail" to file, change the ZIP code to "18769-0002."

Distribution — Send Copy 1 of Form W-2 to the Kentucky Revenue Cabinet. For more information concerning Copy 1, contact the Kentucky Revenue Cabinet. Keep Copy D with your Copy of Form W-3 for your records.

Furnish Copies B, C, and 2 of Form W-2 to your employees, generally by January 31, 1997. You will meet the "furnish" requirement if the form is properly addressed, mailed, and postmarked on or before the due date.

If employment ends before December 31, 1996, you may give copies any time after employment ends. If an employee asks for Form W-2, give him or her the completed copies within 30 days of the request or the final wage payment, whichever is later.

You may give statements to employees on government-printed official forms or on privately printed substitute forms (see Substitute Forms on page 2). Be sure the statements you provide to employees are clear and legible.

Undeliverable Forms W-2 — Keep for 4 years any employee copies of Forms W-2 that you tried to deliver but could not.

Magnetic Media Reporting — If you file 250 or more Forms W-2, you must report on magnetic media unless the IRS granted you a waiver. A waiver can be requested on Form 8508, Request for Waiver From Filing Information Returns on Magnetic Media. This form must be submitted to the IRS 45 days before the due date of the return. Get Form 8508 for filing information.

Note: If you file on magnetic media, do not file the same returns on paper.

Magnetic media reporting specifications are in the SSA's Technical Instruction Bulletin No. 4. This bulletin can be downloaded from the SSA's bulletin board via a computer and modem by dialing 410-965-1133. You can also get these specifications by contacting the Social Security Magnetic Media Coordinator in Atlanta at 404-331-2587.

Reporting instructions for magnetic media filing may differ from the paper reporting instructions. For example, magnetic media filers may enter more than three entries in box 13 in one individual's wage report on magnetic tape but not on one paper Form W-2.

General Instructions

The following guidelines are provided to help you complete and, if necessary, correct Forms W-2.

Calendar Year Basis — The entries on Form W-2 must be based on a calendar year. Use Form W-2 for the correct tax year.

Taxpayer Identification Numbers — The SSA and IRS use these numbers to check the payments you report against the amounts shown on the employees' tax returns. These numbers are also used to record employee earnings for future social security and Medicare benefits. When you prepare Form W-2, be sure to show the correct social security number (SSN) on the form or on magnetic media. When you list a number, please separate the nine digits properly to show the kind of number.

Alien Residence Status Change — If your employee has been given a new social security card following an adjustment to his or her alien residence status which shows a different name or social security number, correct your records for 1996 and show the new information on the 1996 Form W-2. If you filed Form W-2 for the same employee in prior years under the old name and social security number, file Form W-2c, Statement of Corrected Income and Tax Amounts, to correct the name and number. (See Corrections below.)

Use one Form W-2c to correct each prior year. Advise the employee to contact the local Social Security office no earlier than 9 months after the correction was made to ensure that his or her record has been updated.

Corrections — Use Form W-2c to correct errors on a previously filed Form W-2. Use Form W-3c, Transmittal of Corrected Income and Tax Statements, to send with the Forms W-2c unless you are only correcting the employees' names or SSNs. Instructions are on the forms.

If a Form W-2 needs to be corrected before Copy A is filed with the SSA, mark the "Void" box on the original Copy A. Prepare a new Form W-2 and send the new Copy A to the SSA. Write "Corrected" on the employee's copies (B, C, and 2) and give those to the employee. Do not write "Corrected" on the new Copy A.

If you are making an adjustment in 1996 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 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 or tips, also file the entire first page of Forms W-2c and W-3c with the SSA to correct the social security records.

Repayments — If employees make repayments to you for amounts received in error, do not offset the repayments against current-year payments 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 will help them account for such repayments on their Federal income tax returns. See Circular E for more information.

Reissued Statement — If an employee loses a statement, write “REISSUED STATEMENT” on the new copy, but do not send Copy A of the reissued statement to the SSA.

Multiple Forms — If necessary, you can issue more than one Form W-2. For example, you may need to report more than three coded items in box 13 or you may want to report other compensation on a second form. If you issue a second Form W-2, complete boxes b, c, d, and e with the same information as on the first Form W-2. Show any additional items that were not included on the first Form W-2 in the appropriate boxes. See also section on Government Employees on page 5. Do not report the same Federal tax data to the SSA on more than one Copy A.

Special Reporting Situations

Note: The following explanations assume there is social security and/or Medicare coverage applicable in each case. As you well know, coverage of services can vary from position to position.

Moving Expense Reimbursements — Reimbursements (including payments made directly to a third party and services furnished in kind) for an employee’s moving expenses are reported as follows:

Qualified moving expense reimbursements are excluded from wages and are reported in box 13 of Form W-2 using code P. These are reimbursements for moving expenses incurred that would have been deductible by the employee if he or she had paid them but were not deducted by the employee in a prior year. These reimbursements should be made under rules similar to those of an accountable plan. Other moving expense reimbursements are included in wages and are subject to withholding, social security and Medicare taxes. For details on moving expenses see Pub. 521, Moving Expenses.

Employer Paid Taxes — If you paid an employee’s share of social security or Medicare taxes rather than deducting it from his or her wages, you must include the amount as wages, social security wages, and Medicare wages. This rule does not apply to household or agricultural employees. The amount to include as wages is determined by using the formula that is available in Pub. 15-A in the discussion of Employee’s Portion of Taxes Paid by Employers.

Reporting Deceased Employee’s Wages — If an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. If you made the payment in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report them on the employee’s Form W-2. This will ensure the deceased employee’s survivors receive the benefit of proper social security and Medicare credits. On the Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6. Do not show the payment in box 1. If you made the payment after the year of death, do not report it on Form W-2 and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you also must report it in box 3 of Form 1099-MISC, Miscellaneous Income, as a payment to the estate or beneficiary. Use the name and TIN of the estate or beneficiary on Form 1099-MISC.

Example — Before Employee A’s death on June 15, 1996, A was employed by the county and received \$10,000 in wages on which Federal income tax of \$1,500 was withheld. When A died, the county owed A \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 was paid to A’s estate on July 20, 1996. Because the county made the payment during the year of death and the county’s employees are covered for social security under a section 218 agreement, the county must withhold social security and Medicare taxes on the \$3,000 payment and must complete Form W-2 as follows:

Box d, Employee A’s social security number

Box e, Employee A’s name

Box f, Employee A’s address

Box 1, 10000.00 (does not include accrued wages and vacation pay)

Box 2, 1500.00

Box 3, 13000.00 (includes accrued wages and vacation pay)

Box 4, 806.00

Box 5, 13000.00

Box 6, 188.50

Box 15, Mark the “Deceased” box

The county also must complete Form 1099-MISC as follows:

Boxes for recipient’s name, address, and TIN — The estate or beneficiary’s name, address, and TIN.

Box 3, 3000.00

If the county made the payment after the year of death, the \$3,000 would not be subject to social security and Medicare taxes and would not be shown on Form W-2. However, the county would still file Form 1099-MISC.

Employee Business Expense Reimbursements — Reimbursements for employee business expenses should be reported as follows:

Generally, payments made under an accountable plan are excluded from the employee's gross income and are not required to be reported on Form W-2. However, if you pay a per diem or mileage allowance, and the amount paid exceeds the amount treated as substantiated under IRS rules, you must report as wages on Form W-2 the amount in excess of the amount treated as substantiated. The excess amount is subject to income tax withholding, social security and/or Medicare. Report the amount treated as substantiated (i.e., the nontaxable portion) in box 13 using code L.

Payments made under a nonaccountable plan are reportable as wages on Form W-2 and are subject to income tax withholding, social security and/or Medicare.

For more information on accountable plans, nonaccountable plans, amounts treated as substantiated under a per diem or mileage allowance, the standard mileage rate, the per diem substantiation method, and the high-low substantiation method, see Pub. 463, Travel, Entertainment, and Gift Expenses; and Pub. 1542, Per Diem Rates.

Group-Term Life Insurance — If you paid for group-term life insurance in excess of \$50,000 for an employee (including a former employee), you must report the amount determined by using the table in Pub. 15-A in boxes 1, 3, and 5 of Form W-2. Also, show the amount in box 13 with code C. Former employees must pay the employee part of social security and Medicare taxes on premiums for group-term life insurance over \$50,000 on Form 1040. You are not required to collect those taxes. However, you must report the uncollected social security tax with code M and the uncollected Medicare tax with code N in box 13 of Form W-2.

Sick Pay — If you had employees who received sick pay in 1996 from an insurance company or other third-party payer, and the third party notified you of the amount of sick pay involved, you may be required to report the information on the employees' Forms W-2. See Sick Pay Reporting in Pub. 15-A for specific instructions or call DOSS (502-564-3952) for a position paper explaining the basics of third-party sick pay.

Fringe Benefits — Include all taxable fringe benefits in box 1 as wages, tips, and other compensation and, if applicable, in boxes 3 and 5 as social security and Medicare wages. Show the total value of the fringe benefits in box 12 of Form W-2. You may issue a separate statement or another Form W-2 showing just the value of the fringe benefits in boxes 1, 3, 5, and a note in box 12. The amounts reported in boxes 13 and/or 10 should not be included in the amount reported in box 12. If you provided your employee a vehicle and included 100 percent of its annual lease value in the employee's income, you must separately report this value to the employee. The employee can then figure the value of any business use of the vehicle and report it on Form 2106, Employee Business Expenses. See Fringe Benefits in Pub. 535, Business Expenses, for more details or call DOSS (502-564-3952) for a position paper explaining the employer's responsibility for reporting employer provided vehicles..

Note: If you used the commuting rule or the vehicle cents-per-mile rule to value the personal use of the vehicle, you cannot include 100 percent of the value of the use of the vehicle in the employee's income. See Pub. 535.

Government Employers — State and local agencies have two options for reporting their employees' wages that are subject to only Medicare taxes for part of the year and full social security and Medicare taxes for part of the year. For example, a teacher subject to Medicare tax only also performs service as a school bus driver subject to full FICA. The first option is to file two Forms W-2. File one Form W-2 with wages subject only to Medicare tax. Be sure to check the Medicare Government Employment box in item 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 item b of Form W-3.

The second option (which SSA prefers) 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 should have the 941 box marked.

How To Complete Form W-2

Form W-2 is a six-part form. Please ensure that the copies are legible. Type the entries on Form W-2 using black ink. Do not use script type, inverted font, italics, or dual case alpha characters. Copy A is imaged and character recognized by machines. The use of red ink or printing hinders report data entry processing by the SSA. It is important that entries in the boxes do not cross one or more of the vertical or horizontal lines that separate the boxes. Please do not erase, whiteout, or strike over an entry. Make all dollar entries without the dollar sign and comma but with the decimal point (00000.00). Show the cents portion of the money amounts.

Send the whole Copy A page to the SSA even if one of the forms is blank or void. If you are sending 42 or more Forms W-2, please show subtotals on every 42nd form for the preceding 41 forms.

If possible, please file Forms W-2 either alphabetically by employees' last names or numerically by employees' SSNs. This will help the SSA locate specific forms.

Reconciling Forms W-2, W-3 and 941

When there are discrepancies between amounts reported on Forms 941 filed with the IRS and Forms W-2 and W-3 filed with the SSA, the SSA or IRS will contact you to resolve the discrepancies. This costs time and money, both for you and the Federal government.

To eliminate errors that can cause discrepancies:

1. Report bonuses as wages and as social security and Medicare wages on Forms W-2 and 941.
2. Report both social security and Medicare wages and taxes separately on Forms W-2, W-3, and 941.
3. Report social security taxes on Form W-2 in box 4 for social security tax withheld, not as social security wages.
4. Report Medicare taxes on Form W-2 in box 6 for Medicare tax withheld, not as Medicare wages.
5. Make sure the social security wage amount for each employee does not exceed the annual social security wage base (\$62,700 in 1996). There is no wage base limit on Medicare wages and tips.
6. Do not report noncash wages not subject to social security or Medicare taxes as social security or Medicare wages.

To reduce the discrepancies between amounts reported on Forms W-2, W-3, and Form 941:

1. Be sure the amounts on Form W-3 are the total amounts from Forms W-2.
2. Reconcile Form W-3 with your four quarterly Forms 941 by comparing amounts reported for —

Social security wages, social security tips, and Medicare wages and tips. The amounts may not match if, for example, you made adjustments for the current year on Form 941c. In this case, the amounts reported in boxes 13 and 14 of Form W-3 should include Form 941c adjustments only for the current year (i.e., if the Form 941c adjustments include amounts for a prior year, do not report those adjustments on the current year Forms W-2 and W-3).

Social security taxes and Medicare taxes. The amounts shown on the four quarterly Forms 941 including current year adjustments should be approximately twice the amounts shown on Form W-3.

Advance earned income credit. Amounts reported on Forms W-2, W-3, and 941 may not match for valid reasons. If they do not match, you should determine that the reasons are valid. Keep your reconciliation in case there are inquiries from the IRS or the SSA.

Legislative Update

President Clinton's recent signing of the Small Business Tax Bill (HR 3448), which is noted from its increase of the minimum wage, also included a number of provisions effecting the payroll of state and local government employers.

* Electronic Filing -- Employers who had been mandated to begin filing federal payroll taxes electronically will have an additional six months to become ready. HR 3448 set the new beginning date as July 1, 1997. See related story on following page

* Educational Assistance -- IRC Section 127 is extended for undergraduate courses for the period January 1, 1995 through May 31, 1997. The exclusion for graduate level courses is extended from January 1, 1995, through June 30, 1996.

Section 127 excludes up to \$5,250 of employer-provided educational assistance from an employee's taxable wages. Undergraduate assistance for more than \$5,250 and graduate assistance after June 30, 1996, is also available under IRC Section 132 which deems employer reimbursements for job-related educational expenses to be a working condition fringe benefit and nontaxable.

IRS Regulation 1.162-5 defines job-related education as that which:

- 1) maintains or improves skills required by an individual in his/her employment, trade or business; or
- 2) meets the express requirements of an individual's employer, or those of applicable law or regulation, as a condition of retaining an established employment relationship, status or rate of compensation.

The regulation stipulates that the following types of education DO NOT qualify as job related:

- 1) education necessary to meet the minimum educational requirements to qualify for employment; or
- 2) education that will qualify an individual for a new trade or business.

If educational assistance for undergraduates for more than \$5,250 and graduate assistance after June 30, 1996, is not job-related, it must be included in the employee's taxable wages and is subject to federal income, social security and Medicare withholding.

* Minimum wage -- The 90 cent hike in the minimum wage will come in two steps. The minimum wage increases to \$4.75/hr. on Oct. 1, 1996, and then to \$5.15/hr. in September 1997.

* Compensatory damages -- Compensatory damages in nonphysical personal injuries cases, including employment discrimination cases are now to be treated as wages.

Electronic Filing System Offers Many Options

HR 3448, recently signed by President Clinton, pushed back the mandated starting date for the next level of employers scheduled to begin using the electronic federal tax payment system (EFTPS) by six months.

On July 1, 1997, the pool of employers required to make payroll tax deposits electronically will grow significantly. At that time, the dollar threshold for mandatory participation will drop from \$47 million of 1993 and 1994 tax receipts to \$50,000 of 1995 tax receipts

IRS and Social Security Administration officials are working to phase in EFTPS, which will replace the TAXLINK, the current electronic filing system.

Who is Mandated?

Any employer that deposited \$50,00 or more in federal employment taxes (federal withholding, social security and Medicare, but not FUTA) during 1995 is required to remit all depository taxes through EFTPS beginning July 1, 1997. Notification and enrollment forms will be mailed by IRS to the "address of record" - the same address to which Forms 941 are mailed. Forms sent to mandated employers will have much of the information preprinted, but employers are urged to review the material.

There is a toll-free number set up to help with EFTPS. Employers in the southern U.S.(including Kentucky) may call 800-555-4477.

Options Abound

There are a variety of methods by which payment may be made through EFTPS, and a personal computer is not required. Whether the employer uses the ACH debit, ACH credit or Fedwire method, all taxes of an employer must be remitted using the same method.

Under the ACH debit method, IRS's financial agent accesses the employer's bank account (after notification from the employer) and provides a confirmation number which constitutes proof of payment. Some employers maintain a separate bank account for this purpose.

The notification to the IRS must take place the day before the due date and may be accomplished using a personal computer and modem or with no more than a telephone. Those using a personal computer will be provided EFTPS software (*Windows* environment). Telephone deposits can be made by calling into an automated voice response system (live operators are also available). Either way, the payment information may be provided as early as 30 days before the actual due date.

Under the ACH credit method, the employer notifies its bank, which must initiate a payment transaction the day before the due date. The bank may provide a confirmation number to the employer, and the IRS will regard it as proof of due diligence, but not of payment. An employer can, however, call the EFTPS on the due date to see if the transaction was successful. Although the employer notifies its bank, not the IRS, under this method, the employer is still required to register in EFTPS.

Fedwire is a same-day settlement option for employers that need more time to determine their liability or are subject to next-day deposit requirements. It is also available as a backup in case an ACH transaction is impossible. The payment must be received by the Federal Reserve Bank by 2 p.m. in the time zone of the employer's Federal Reserve Bank District head office. EFTPS-mandated employers will be automatically enrolled for Fedwire.

What Should an Employer Do Now?

If an employer is enrolled in TAXLINK now, it should complete and submit the EFTPS registration forms and continue using TAXLINK until further notice. The new enrollment forms are necessary because EFTPS is administered by a totally separate financial agent of the government. The forms may be requested at 800-555-4477.

If an employer is not currently enrolled with TAXLINK, it should not attempt to enroll in TAXLINK, but should wait for EFTPS registration forms or request them at 800-555-4477.

The Future of EFTPS

Employers depositing \$50,000 or more in federal employment taxes during 1996 will be required to use EFTPS in 1998. Those depositing \$20,000 or more during 1997 will be mandated for EFTPS use in 1999.

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.

Magnetic Media Tips

Internal Revenue Service regulations require any employer filing 250 or more Form W-2s to transmit that information on magnetic media. Note: For W-2 reporting, IRS regards each Employer Identification Number as a separate employer. Acceptable mag media are 1/2 inch magnetic tapes, 3480 cartridges, 8 inch, 5 1/4 inch, and 3 1/2 inch diskettes.

The magnetic media reporting format booklet, Magnetic Media Reporting: TIB-4, will be mailed during the month of October to any employer who reported 1995 W-2s on mag media. The instructions are already available on the Social Security administration's bulletin board 410-965-1133 for downloading. An employer who will be reporting on mag media for the first time for 1996 should contact the SSA Mag Media Coordinator in Atlanta at 404-331-2587.

Magnetic media must have an external, identifying label on each reel, cartridge or diskette. Form 6559 must be completed and sent to SSA with the media. The filing deadline for tax year 1996 files is February 28, 1997.

Send the mag media file and Form 6559 to:

Via the US Postal Service:

Tapes & Cartridges

Social Security Administration
AWR Magnetic Media Processing
5-F-17, NB, Metro West
PO Box 17282
Baltimore, MD 21235

Diskettes

Social Security Administration
AWR Magnetic Media Processing
5-F-17, NB, Metro West
PO Box 17747
Baltimore, MD 21235

Via carries other than the US Postal Service:

Tapes & Cartridges

Social Security Administration
AWR Magnetic Media Processing
5-F-17, NB, Metro West
300 N Greene St
Baltimore, MD 21235

Diskettes

Social Security Administration
AWR Magnetic Media Processing
5-F-17, NB, Metro West
300 N Greene St
Baltimore, MD 21235

DO NOT SEND PAPER FORMS W-2 TO THE SSA IF MAG MEDIA REPORTING IS USED. SENDING PAPER AND MAG MEDIA FOR THE SAME W-2 WILL RESULT IN DUPLICATE WAGE POSTINGS, TAX ASSESSMENTS FROM THE IRS AND MUCH CONFUSION.

The IRS may waive the magnetic media reporting requirement for an employer if hardship is shown in a request for waiver. To apply for a waiver from filing on mag media or an extension of filing time, an employer must complete and submit a waiver request (Form 8508) or an extension request (Form 8809) to the IRS. These forms can be obtained by calling IRS at 800-829-3676.

1996 Waiver Requests must be received by IRS no later than January 15, 1997. 1996 Extension Requests must be received by the IRS no later than February 28, 1997. Information on these request may be obtained at:

Internal Revenue Service
Martinsburg Computing Center
PO Box 1359
Route 9 and Needy Road
Martinsburg, WV 25410-1359
(Telephone 304/263-8700)

Status of 8 Inch Diskettes Changed

Contrary to a previous announcement, 8 inch diskettes will be accepted for tax years 1996 and 1997 reports. The SSA had proposed that it would no longer accept 8 inch diskettes, but has since changed the effective date of the proposal to tax year 1998 (reported in calendar year 1999.)