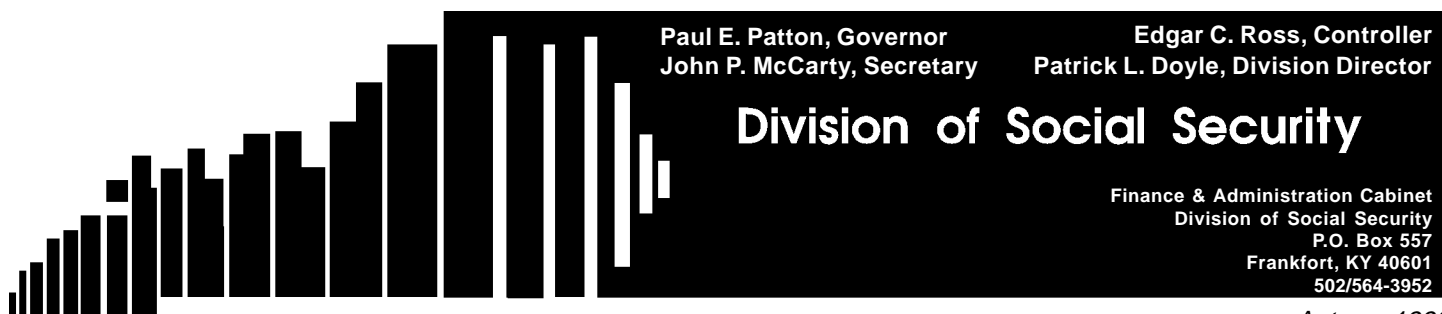


Please distribute this informational release to all appropriate payroll or finance officials within your organization.



Autumn 1998

Public Payroll 1998 is bringing the DOSS, SSA and IRS to a town near you!

Coverage and Reporting Seminars Set for 19 Sites Across the Commonwealth in September and October

The Internal Revenue Service, the Social Security Administration and the Commonwealth of Kentucky will soon be conducting seminars across Kentucky as part of a joint state-federal employment tax education and compliance effort.

Officials from the IRS and SSA, as well as representatives from the Kentucky Division of Social Security, Revenue Cabinet and Department for Local Government, will host about two dozen seminars during September and October. Local governmental employers are the targets of these seminars aimed at improving compliance of federal and state reporting and withholding mandates and Social Security coverage requirements.

The topics to be covered include:

- Who is an employee and who is a contractor
- Which employees are covered for Social Security and Medicare
- Form W-2 update and reporting
- What to expect during an IRS audit
- Verifying Social Security numbers
- Using the Personal Earnings and Benefit Estimate Statement
- Social Security benefits
- State income tax issues
- Department for Local Government assistance

The schedule and locations of the seminars are on page 2 and are also listed on a calendar on the Division of Social Security's web site at:

<http://www.state.ky.us/agencies/finance/depts/ss/fall98cl.htm>

Staff of the Division of Social Security will be contacting you regarding your attendance at a seminar.



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.

Public Payroll 1998

Payroll seminars for Kentucky governmental employers conducted by the Kentucky Division of Social Security, Social Security Administration, Internal Revenue Service, Kentucky Revenue Cabinet and Kentucky Department for Local Government. DOSS will notify you of the seminar most convenient to you. Due to space considerations, please try to attend this seminar. If you are unable to attend the closest, you may, of course, select another seminar date and location.

<u>City</u>	<u>Time and Location</u>	<u>Counties</u>
Lebanon	Tuesday- September 29, 1998. 9 AM to 12 noon Fergie's Restaurant- US Highway 55 (2 miles south of Lebanon on right) (502)692-9988	Boyle, Casey, Marion, Mercer, Taylor, Washington
Elizabethtown	Tuesday- September 29, 1998. 1:30 PM to 4:30 PM Pritchard Community Center- 404 South Mulberry St. (502)765-5551	Breckinridge, Grayson, Hardin, LaRue, Meade, Nelson
Glasgow	Wednesday- September 30, 1998. 9 AM to 12 noon Family Budget Inn- 1003 West Main St. (502)651-5191	Adair, Barren, Cumberland, Green, Hart, Metcalfe, Monroe
Somerset	Monday- October 5, 1998. 9 AM to 12 noon The Center for Rural Development 2292 South Highway 27, Suite 300 (606)677-6000	Clinton, Lincoln, McCreary, Pulaski, Russell, Wayne
London	Tuesday- October 6, 1998. 9 AM to 12 noon Cumberland Valley Area Development District Office 342 Old Whitley Road (606)864-7391	Clay, Jackson, Laurel, Rockcastle, Whitley
Pineville	Tuesday- October 6, 1998. 1:30 PM to 4:30 PM Pine Mountain State Park 1050 State Park Road (606)337-3066	Bell, Harlan, Knox
Hazard	Wednesday- October 7, 1998. 9 AM to 12 noon Holiday Inn- 200 Dawahare Road (606)436-4428	Breathitt, Knott, Lee, Letcher, Owsley, Perry
Prestonsburg	Thursday- October 8, 1998. 9 AM to 12 noon Holiday Inn- 575 US 23 South (606)886-0001	Floyd, Johnson, Magoffin, Martin, Morgan, Pike, Wolfe
Owensboro	Monday- October 12, 1998. 9 AM to 12 noon Holiday Inn- 3136 West Second Street (502)685-3941	Daviess, Hancock, Henderson, McLean, Ohio
Mayfield	Tuesday- October 13, 1998. 9 AM to 12 noon Days Inn- 1101 Housman Street (502)247-3700	Ballard, Calloway, Carlisle, Fulton, Graves, Hickman, McCracken, Marshall, Trigg

<u>City</u>	<u>Time and Location</u>	<u>Counties</u>
Marion	Wednesday- October 14, 1998. 9 AM to 12 noon Fohs Hall- 143 North Walker Street (502)965-4055	Caldwell, Crittenden, Livingston, Lyon, Union
Madisonville	Wednesday- October 14, 1998. 1:30 PM to 4:30 PM Days Inn- 1900 Lantaff Blvd. (502)821-8620	Christian, Hopkins, Muhlenberg, Todd, Webster
Bowling Green	Thursday- October 15, 1998. 9 AM to 12 noon Barren River Area Development District 177 North Graham Road (502)781-2381	Allen, Butler, Edmonson, Logan, Simpson, Warren
Lexington	Tuesday- October 20, 1998. 9 AM to 12 noon Holiday Inn South 5532 Athens-Boonesboro Road (I-75 exit 104) (606)263-5241	Clark, Estill, Garrard, Jessamine, Madison, Powell
Lexington	Tuesday- October 20, 1998. 1:30 PM to 4:30 PM Holiday Inn South 5532 Athens-Boonesboro Road (I-75 exit 104) (606)263-5241	Anderson, Bourbon, Franklin, Harrison, Scott, Woodford
Louisville	Thursday- October 22, 1998. 9 AM to 12 noon Best Western-Brownsboro Inn 4805 Brownsboro Rd (Watterson expressway exit 22) (502)893-2551	Jefferson
Louisville	Thursday- October 22, 1998. 1:30 PM to 4:30 PM Best Western-Brownsboro Inn 4805 Brownsboro Rd (Watterson expressway exit 22) (502)893-2551	Bullitt, Carroll, Oldham, Shelby, Spencer, Trimble
Burlington	Tuesday- October 27, 1998. 9 AM to 12 noon Ellis Cooperative Extension Ctr-6028 Camp Ernst Rd (Corner of Highway 18 and Camp Ernst Road) (606)586-6101	Boone, Campbell, Gallatin, Grant, Kenton, Owen, Pendleton
Maysville	Wednesday- October 28, 1998. 9 AM to 12 noon Ramada Inn- 484 Moody Drive (606)564-6793	Bracken, Fleming, Lewis, Mason, Nicholas, Robertson
Ashland	Thursday- October 29, 1998. 9 AM to 12 noon Ashland Plaza Hotel- One Ashland Plaza (606)329-0055	Boyd, Carter, Greenup, Lawrence
Morehead	Friday- October 30, 1998. 9 AM to 12 noon Carl D. Perkins Community Center Crayton-Jackson Lane (I-64 exit 137 to Morehead, 1/2 mile on right) (606)784-8505	Bath, Elliott, Menifee, Montgomery, Rowan

You may contact the Division of Social Security for additional information at 502/564-3952 or by e-mail at boberlin@mail.state.ky.us.

1998 W-2 Changes and General Instructions

Two check boxes in box 15 eliminated. Two check boxes were removed from box 15. The "Hshld. emp." box was removed because all household employers are now required to file Form W-3 with Form W-2; Form W-3 contains a household employer designation. Also, the "Subtotal" box was removed. You are no longer required to subtotal your Forms W-2 when submitting 42 or more paper forms.

Social security wage base increase. The 1998 wage base for social security is **\$68,400**. There is no limit on the amount of wages subject to Medicare tax. 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.

Educational assistance programs. The \$5,250 exclusion for employer-provided educational assistance, which was scheduled to end with courses started before July 1, 1997, has been extended to include courses starting before June 1, 2000. However, the exclusion does not apply to graduate courses that started after June 30, 1996. Generally, a course starts on the first regular day of class. See **Pub. 508**, Educational Expenses, and **Pub. 15-A**, Employer's Supplemental Tax Guide, for more information.

Employee's incorrect address on Form W-2c; correction. If you filed a Form W-2 with SSA showing an incorrect address for the employee but all other information on the Form W-2 is correct, it is **not** necessary to file **Form W-2c**, Corrected Wage and Tax Statement, with SSA merely to correct the address. However, if the address was incorrect on the Form W-2 furnished to the employee, **you must provide a corrected Form W-2 to the employee.** You may 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 SSA.**

- * Issue a Form W-2c showing the correct address in box b.

Note: The Form W-2c instructions will be changed to reflect these instructions when Form W-2c is next revised.

General Instructions

Who must file. Employers must file Form W-2 for each employee from whom:

- * Income, social security, or Medicare taxes have been 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 engaged in a trade or business who pays remuneration for services performed by an employee, including noncash payments, must furnish a Form W-2 to each employee.

Kentucky counties, generally, do not have to issue a Form W-2 to any election worker who received less than \$600 per year for services rendered. See DOSS spring news release on this issue.

When to file Copy A. File Copy A of Form W-2 with the entire first page of Form W-3, Transmittal of Wage and Tax Statements, by **March 1, 1999. DO NOT STAPLE OR TAPE** Forms W-2 together or to Form W-3.

Where to file Copy A. 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
Wilkes-Barre, PA 18769-0001

Note: If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an **IRS approved private delivery service**, add "ATTN: W-2 PROCESS, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Circular E for a list of IRS approved private delivery services. **Reminder: Do not send cash, checks, stamps, etc. with the Forms W-2 and W-3** that you submit to SSA.

Where to file Copy 1. Send Copy 1 of Form W-2 to Kentucky Revenue Cabinet. For more information concerning Copy 1, contact the Revenue Cabinet at 502-564-4581.

Furnishing Copies B, C and 2 to employees. Furnish Copies B, C and 2 of Form W-2 to your employees, generally, by **February 1, 1999**. You will meet the "furnish" requirement if the form is properly addressed and mailed on or before the due date. If employment ends before December 31, 1998, you may give copies at any time after employment ends, but by February 1, 1999. If an employee asks for Form W-2, furnish the completed copies within 30 days of the request or the final wage payment, whichever is later. You may give Forms W-2 to employees on IRS official forms or on privately printed substitute forms. Be sure the Forms W-2 you provide to employees are clear and legible and comply with the requirements in Pub. 1141.

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

Continued on page 5...

...continued from page 4

Form W-2 info

magnetic information on page 8.

How to complete Form W-2. Form W-2 is a six-part form. Please ensure that all 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 read by machines. The use of red ink or printing hinders report data entry processing by 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 (0000.00). Show the cents portion of the money amounts.**

Send the whole Copy A page of Form W-2 to SSA even if one of the forms is blank or void. Do not staple Forms W-2 together or to Form W-3. Also, if possible, please file Forms W-2 either alphabetically by employees' last names or numerically by employees' SSNs. This will help SSA locate specific forms.

Corrections. Use Form W-2c to correct errors (such as incorrect name, SSN or wage/tax 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, address, or SSN. Instructions are on the forms.

Changes to note for correcting an employee's address. If you discover an error on Form W-2 after you issue it to your employee but before you send it to 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 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 SSA. The "Void" form will not be processed.) If you are making an adjustment in 1998 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 Return, 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 Forms W-2c and W-3c with SSA to correct the social security records.

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 SSA.** You may give a reissued Form W-2 to an employee on the IRS official form or on a privately printed substitute form.

Multiple forms. If necessary, you can issue more than one Form W-2 to an employee. 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. **Do not** report the same federal tax data to SSA on more than one Copy A.

Special Reporting Situations

Repayments. If an employee repays you for wages received in error, do not offset the repayments against current year 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 will help them account for such repayments on their federal income tax returns. If the repayment was for a prior year, you must file Form W-2c with SSA to correct social security and Medicare wages and taxes. Do not correct wages (box 1) on Form W-2c for the amount paid in error. Report an adjustment on Form 941 for the quarter during which the repayment was made to recover the social security and Medicare taxes. Instead of making an adjustment on Form 941, you may file a claim for these taxes using **Form 843**, Claim for Refund and Request for Abatement. You may not make an adjustment for income tax withholding because the wages were paid during a prior year.

Note: 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 (Form 1040X) to recover the income tax on these wages. Instead, the employee 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.

Deceased employee's wages. (This example assumes the employee is covered for social security and Medicare. Contact the DOSS for reporting requirements for non-covered employees.) 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 the payment on the employee's Form W-2 only as social security and Medicare wages to ensure proper social security and Medicare credit is received. On 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**

Continued on page 6...

...continued from page 5

Form W-2 info

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, for the payment to the estate or beneficiary. Use the name and taxpayer identification number (TIN) of the estate or beneficiary on Form 1099-MISC. If you do not have the TIN of the estate or beneficiary leave that box blank.

Example. Before Helen Smith's death on June 15, 1998, she was employed by the county and received \$10,000 in wages on which federal income tax of \$1,500 was withheld. When Smith died, the county owed her \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 was paid to Smith's estate on July 20, 1998. Because the county made the payment during the year of death, it must withhold social security and Medicare taxes on the \$3,000 payment and must complete Form W-2 as follows:

Box d – Helen Smith's SSN

Box e – Helen Smith's name

Box f – Helen Smith's address

Box 1 – 10000.00 (not including the \$3,000 of accrued wages and vacation pay)

Box 2 – 1500.00

Box 3 – 13000.00 (includes the \$3,000 of 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 must also complete Form 1099-MISC as follows:

Boxes for: The recipient's name, address and TIN, as well as the estate's name, address and TIN.

Box 3 – 3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount if reported.)

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. The employer would still file Form 1099-MISC.

Employee business expense reimbursements.

Reimbursements to employees for business expenses must be reported as follows:

* Payments made under an accountable plan are, generally, excluded from the employee's gross income and are not required to be reported on Form W-2. If, however, 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 the applicable employment taxes. 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 the applicable employment taxes. 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, Gift and Car Expenses.

Group-term life insurance. If you paid for group-term life insurance in excess of \$50,000 for an employee or 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**. For covered employees, you must withhold social security and Medicare taxes, but not income tax. Former covered 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 or disability pay in 1998 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.

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. 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 in box 12 or on a separate statement. 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.

Government employers. Federal, 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. **Option one** (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 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 only to Medicare tax. Be sure to check

Continued on page 7...

...continued from page 6

Form W-2 info

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.

Social Security "Fixes" Abound in Washington

Social security is the second most discussed topic in the nation's capitol today. It seems everyone has a plan that will "save" social security and/or "cut taxes". Here are some ideas from President Clinton and members of Congress.

President Clinton has indicated in recent statements that he is willing to consider proposals to invest a portion of the social security payroll tax in private investment accounts but, at the same time, he wants any reform of the current system to provide a guaranteed benefit that is, at minimum, "a dependable foundation of retirement security." Speaking in Albuquerque, New Mexico, at a Social Security forum on July 27 and later to the National Senior Citizens Council on July 28, Clinton stressed that any acceptable reform measure must meet five objectives.

It must be:

- comprehensive and address the program's long-term solvency problem;
- fair and universal;
- dependable, regardless of the ups and downs of the economy or the financial markets;
- protective of the low-income and disabled; and
- fiscally responsible.

Clinton stressed that he has made no final decision on how to reform social security but reaffirmed his position that Congress should not consider using projected budget surpluses for tax cuts or additional spending until social security is fixed. Without committing to any specific proposal to establish individual investment accounts, Clinton noted the advantages and disadvantages of individual accounts that are run privately or by the federal government.

Privately Run Accounts

In the case of the privately run individual account, in which, for example, some percentage of the payroll tax is put into mandatory savings accounts for workers so they can invest the money in the stock market, Clinton mentioned two downsides: 1) the investment could lose money and, combined with the guaranteed portion of the social security fund, final returns could be smaller than under the existing system; and 2) administrative costs for managing a private account could be high, offsetting the higher rate of return from the individual investment.

Government Invested Accounts

Clinton singled out two advantages to government run accounts. Such Accounts would have lower administrative costs and provide at least an average rate of return. Government invested accounts also would provide greater protection for people who retire in bad economic years since their benefits would be averaged over the work life of the recipient, Clinton noted.

Solvency Issue Must Be Resolved

In pressing for the need to resolve the social security solvency issue, Clinton noted that even though the program is sound now, "a demographic crisis is looming." By 2030, there will be twice as many elderly as the 44 million Americans dependent on social security today, Clinton observed. After 2032, contributions from payroll taxes will cover only 75 cents on the dollar of current benefits. Action is needed in a "prudent, disciplined way" to avoid making "dramatic and distasteful decisions down the road," Clinton said.

"If we act now it will be easier and less painful than if we wait until later. I don't think any of you want to see America in a situation where we have to cut benefits 25 percent, or raise inherently regressive payroll taxes 25 percent, to deal with the challenge of the future and our obligations to our seniors," Clinton said.

Senators Working on Plan for Social Security Fix, Tax Cuts

With the support of Senate Majority Leader Trent Lott (R., Miss), two groups of senators have announced plans to dedicate the estimated \$1.6 trillion budget surplus for the years 1999-2008 towards social security and tax cuts. Senate Finance Committee Chairman William V. Roth, Jr. (R., Del) presented his proposal, and Senate Budget Committee Chairman Pete V. Domenici (R., NM) joined Phil Gramm (R., Tex) in announcing they were also working on a plan. Meanwhile, however, Congress has yet to produce a budget surplus, and more maneuvering continued.

The Roth Plan

Roth envisions using part of the budget surplus over the next five years to create personal retirement accounts, modeled after the Thrift Savings Plan available to federal employees. He explained workers would be able to deposit some of their earnings in an account that the government would match with money from the surplus. Workers would have three fund options, which would be overseen by an "Independent Retirement Board." Roth said his plan should appeal to those members who want to "save social security first" and those who want to "provide tax cuts."

The Gramm-Domenici Plan

The Gramm-Domenici proposal is to change the current budget rules--which do not anticipate a surplus--to make sure the estimated \$64 billion in this year's surplus "is not lost," to quote Gramm. He explained that if a "reserve fund" is not set up to channel this money either towards social security or tax cuts, "it will be absorbed by the baseline" and essentially lost.

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 for 1998 are 1/2 inch magnetic tapes, 3480/3490 cartridges, 8 inch, 5 1/4 inch, and 3 1/2 inch diskettes. **The SSA will not accept 8 inch diskettes for 1999 W-2 reporting.**

The magnetic media reporting format booklet, Magnetic Media Reporting: TIB-4, will be mailed during the month of October to any employer who reported 1997 W-2s on mag media. The instructions are already available on the Social Security Administration's web page at <http://www.ssa.gov>. Contact the SSA Mag Media Coordinator in Atlanta at 404-331-2587 for more information.

Among the changes for the 1998 tax year are the deletion of two elements from the Employer Record: "State/Local 69 Number" field and "Limitation of Liability Indicator" field. A field has been altered in the Employer Record. The "Establishment Number OR Coverage Group/Payroll Record Unit (PRU) Number" field has been changed to "Establishment Number".

Remember, the SSA does not accept compressed files on diskettes or magnetic tapes/cartridges. And, NEVER create a file that contains any data recorded after the Code F record.

The SSA is proposing the following changes to the TIB 4 for the 1999 tax year. This change is proposed so that the Supplemental Record will be year 2000 compliant. Please note that all other records in this publication are year 2000 compliant. The proposal will change the "Reporting Period", "Date first Employed", and "Date of Separation" in the Supplemental Record from 4 positions in length to 6 positions.

The SSA has also developed new Magnetic Media Reporting and Electronic Filing specifications (MMREF-1) for submitters who file wage reports to SSA using magnetic tape, cartridge, diskette or electronic filing. The MMREF-1 will replace the existing Technical Information Bulletin, TIB 4. Starting with tax year 1999 reporting, and over a several year period, submitters will transition to the MMREF-1 format.

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 1998 files is March 1, 1999.

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 21290-7282

Diskettes

Social Security Administration
AWR Magnetic Media Processing
5-F-17, NB, Metro West
PO Box 17747
Baltimore, MD 21290-7747

Via carries other than the US Postal Service:

Tapes, Cartridges & Diskettes

Social Security Administration
AWR Magnetic Media Processing
5-F-17, NB, Metro West
300 N Greene St.
Baltimore, MD 21201

NOTE: Use 410-966-9125 as the contact telephone number for the carrier.

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 FOR THE EMPLOYER.