



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

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State Government Edition

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## *According to Doyle...*

We of the Division of Social Security want to thank everyone who attended our 2001 A Payroll Tax Odyssey seminar on November 29. About one hundred state agencies were represented at the seminar which covered a wide range of federal and state employment tax issues.

During the sessions, DOSS representatives, Daryl Dunagan and I and Steve Seithers from the SSA discussed social security and medicare coverage and reporting concerns. Carol Kelien from the Department of Personnel addressed various personnel issues.

All in all, there was a lot of information presented at the seminar for those who were able to attend. I would very be interested to hear your comments on the sessions...the quality of this year's presentations, additional topics that should be included in future workshops and others in the employment tax field you would want to hear.

2002 is almost here and the DOSS is ready. On our web site (<http://sssa.state.ky.us>) we have the 2002 Form W-4, the 2002 Form W-5 (for AEIC) and Circular E (Publication 15) which contains the 2002 tax tables. You can down load this material from our web site a lot quicker than trying to call the IRS this time of the year. We are also ready to assist you with any matters involving the IRS and the SSA--just give us a call (502/564-3952).

On behalf the DOSS staff--Connie Eggen, Jim Clarke and Daryl--I wish everyone a happy holiday season and best wishes for a successful 2002.

***Patrick L. Doyle***

Director, Division of Social Security

# 2001 Form W-2c Instructions

Once a Form W-2 has been filed with the Social Security Administration, any corrections must be made on Form W-2c and Form W-3c. Both forms are available from the Division of Social Security (DOSS).

If the only correction is to the employee's name or social security number, file only a Form W-2c. If the employee has a name change, the employee must notify the SSA and request a new social security card.

Form W-3c is used to accompany Copy A of a Form W-2c sent to the DOSS. Separate Forms W-3c must be used for each type of Form W-2 being corrected and must accompany a single form W-2c, as well as with multiple Forms W-2c.

Forms W-2c and W-3c must be filed with the DOSS. **Disregard any instructions to file the W-2c/W-3c with the Social Security Administration at Wilkes-Barre DOC.**

Send Copy A of Form W-2c and the original of Form W-3c to:

The Division of Social Security  
Bush Building  
403 Wapping St., Suite 340  
Frankfort KY 40601

## Wage and Tax Adjustments

Income tax withheld from an employee cannot be adjusted after **December 27, 2001**. Adjustment can, however, still be made to social security and medicare wages and taxes, as explained below.

If less than the correct amount of social security and medicare is withheld, the agency must collect the underpayment from the employee and prepare a Form SAS-27 to pay the employer share. A Form W-2c must be filed to ensure an adjustment is made to the employee's social security and/or medicare wages. Send the Forms W-2c and W-3c, employee's payment and a copy of Form SAS-27 to the DOSS.

If more than the correct amount of social security and medicare is withheld, the excess must be returned to the employee. A receipt (Request for Refund on Payroll) with the date and amount of repayment is required. If the over collection of social security and medicare is for a prior calendar year, the agency must obtain a written statement from the employee stating that the employee has not and will not claim a refund or credit of the over payment. Obtain a copy of this certification statement (Form DOSS-1) from the DOSS. A Form W-2c must be filed to ensure an adjustment is made to the employee's social security and/or medicare wages. Send the Forms W-2c, W-3c, certification statement and Request for Refund on Payroll to the DOSS.

DOSS will review forms W-2c prior to distribution to employees to ensure proper form preparation. FAX a copy to Connie Eggen of this office for review.

Please address any questions concerning the W-2 correction process to Connie Eggen by phone at 502/564-3952, by fax at 502/564-2124 or by E-mail.

**The Kentucky  
Division of Social Security  
Newsletter is published by:**

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Frankfort, KY 40601-2638  
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Fax: 502/564-2124**

Paul E. Patton, Governor  
Patrick L. Doyle, Director

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## Now on the Division of Social Security Web Site

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

The following items for the year 2002 are now available:

- Form W-4--Changes the amount of federal income tax withholding from wages
- Form W-5--Earned Income Credit advance payment certificate
- Publications 15, 15A and 15B-- employer tax guides

# 2001 Reconciliation Dates to

# Remember...

Each state agency is responsible for reconciling the wages paid during the year to the Form W-2 printed for each employee. Insure that all manual pay updates, especially for Forms SAS-27 and Requests for Refund on Payroll, are reflected in the wage and tax amounts printed on the Form W-2. Verify that the manual pay update has processed correctly by ensuring the update is reflected on the employee's Quarterly Earnings History.

The Division of Social Security reconciles the amount of social security and medicare wages and taxes that it has received and processed throughout the year to the wage and tax amounts on Forms W-2 for each agency. DOSS will notify each agency which is required to verify and correct any reporting or payment discrepancies.

**The fourth quarter report of the Forms SAS-27 and ROPs this division has received will be run on December 21. It will include all the Forms SAS-27 and ROPs we have received throughout the year. Please make sure that the report includes ALL the Forms SAS-27 and ROPs your agency produced in 2001 and that these adjustments have been entered into the UPPS system.**

## **Attention: Non-UPPS Agencies!**

The Kentucky Division of Social Security will e-mail, on December 20, the 2001 Excel transmittal file and year-end instructions to all agencies that have paid any wages outside the UPPS system. Please contact **Connie Eggen** if you are such an agency and do not receive this transmittal.

**December 19, 2001, Wednesday, close of business:** After this date all ROPs and/or Forms SAS-27 must have "2001" written at the top of the page to ensure they are processed against the 2001 file.

**December 20, 2001, Thursday, close of business:** The last day for submission of a SAS-27 to the Personnel Cabinet to be included in 2001 wages.

**December 27, 2001, Thursday, close of business:** Cutoff for requests for refunds of 2001 withheld income tax must be received in Treasury. After that time, any income tax refunds will have to be done from 2002 funds and adjusted on the 2002 Employee Master File.

**January 3, 2002, Thursday:** The one-line YTD wage report will be produced again--a second chance to review YTD figures for accuracy.

**January 8, 2002, Monday, close of business:** Any 1998 social security or medicare wage or tax adjustments must be received by the Division of Social Security.

**January 11, 2002, Friday, 1:00 p.m.:** The last day for adjustments. No adjustment updates will be run after this day.

**January 15, 2002, Tuesday:** The target date for printing Forms W-2.

**January 18, 2002, Friday:** The due date for all non-UPPS Forms W-2 data to be returned to the Division of Social Security.

*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.*

# 2002 Social Security Facts and Figures

The wage base for social security in the year 2002 is \$84,900. The full amount of an employee's wages is taxable for Medicare purposes.

The social security tax rate is 6.2 percent on the employee's taxable wages up to the maximum amount that is established each year by the Social Security Administration. The Medicare tax rate is 1.45 percent on the employee's taxable wages. Medicare wages paid prior to January 1, 1994 are subject to a maximum wage base established by the SSA. The total taxable wages are subject to the 1.45 percent medicare withholding.

The election worker exclusion is adjusted each year to reflect changes in the economy. The 2002 threshold amount is \$1,200 a year.

<b>Social Security Tax</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Employee rate	6.20%	6.20%	6.20%	6.20%	6.20%
Employer rate	6.20%	6.20%	6.20%	6.20%	6.20%
Maximum wages	\$68,400	\$72,600	\$76,200	\$80,400	\$84,900

## **Medicare Tax**

Employee rate	1.45%	1.45%	1.45%	1.45%	1.45%
Employer rate	1.45%	1.45%	1.45%	1.45%	1.45%

## **Other Wage Information**

Earnings required for one quarter coverage	\$700	\$740	\$780	\$830	\$870
Annual increase in benefits	2.10%	1.30%	2.40%	3.50%	2.60%
Government Control Employee	\$110,700	\$110,700	\$114,500	\$117,600	
Expiration of statute of limitations	4/15/02	4/15/03	4/15/04	4/15/05	4/15/06
Election worker exclusion	\$1000/yr	\$1,000/yr	\$1,100/yr	\$1,100/yr	\$1,200/yr

## **Miscellaneous Information**

Standard Mileage Rate	32.5 ¢	32.5¢: Jan 1-Mar 31 31¢: Apr 1-Dec 31	32.5¢	34.5¢	36.5¢
Cents Per Mile Rule—Maximum car value	\$15,600	\$15,500	\$15,400	\$15,400	
Relocation and Medical Rate	10¢	10¢	10¢	12¢	13¢