

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

State Government Edition

IRS Introduces Newsletter for Government Employers

Hailed as an example of the new era of public service for the Internal Revenue Service, a national newsletter specifically developed with government entities in mind has debuted. The newsletter is available on the IRS web site at http://www.irs.gov/pub/irs-tege/fall02_fslg.pdf. No paper version of the newsletter is to be produced.

The newsletter is published by the Office of Federal, State and Local Governments (FSLG) which is in the Division of Tax Exempt and Government Entities (TE/GE). According to the IRS, the mission of FSLG is to provide the necessary information and assistance to government employers so that a better understanding of and a better compliance with federal tax laws may be attained.

The primary expertise of the FSLG is employment tax law and information return reporting. The office does, however, have full responsibility for assisting government employers in addressing any federal tax issue.

The initial newsletter includes a list of FSLG contacts and phone numbers from across the nation and an article on Social Security coverage among other items.

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

Get Your Forms W-2c and W-3c On-Line



The Divisions of Printing and Social Security have joined forces to provide you with on-line copies of the 2002 Forms W-2c and W-3c. These electronic forms can be

downloaded, completed on-line, printed and/or e-mailed to other users, such as your employees, the SSA and the Revenue Cabinet.

Go to the Forms Management Library at <http://www.state.ky.us/agencies/finance/depts/printing/oneforms/eformlibrary.htm>

or to the DOSS web site at

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

and click on the appropriate link there.

Download the free software and install it on your PC. Then return to the library and download the appropriate forms.

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 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 any 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 40601-2638

Wage and Tax Adjustments

Income tax withheld from an employee cannot be adjusted after **December 30, 2002**. 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:**

**The Division of Social Security
403 Wapping St. Suite 340
Frankfort, KY 40601-2638
Telephone: 502/564-3952**

Fax: 502/564-2124

Paul E. Patton, Governor
T. Kevin Flanery, Finance Secretary
Daryl Dunagan, Director



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On the Division of Social Security Web Site

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

The following items for the year 2003 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

Dates to Remember...

December 19, 2002, Thursday, close of business: After this date all ROPs and/or Forms SAS-27 must have "2002" written at the top of the page to ensure they are processed against the 2002 file.

December 26, 2002, Thursday, close of business: The last day for submission of a SAS-27 to the Personnel Cabinet to be included in 2002 wages.

December 30, 2002, Monday, close of business: Cutoff for requests for refunds of 2002 withheld income tax must be received in Treasury. After that time, any income tax refunds will have to be done from 2003 funds and adjusted on the 2003 Employee Master File.

** Social Security and Medicare adjustments will continue to be made as needed. See the article on page two.

January 8, 2003, Wednesday, close of business: Any 1999 social security or medicare wage or tax adjustments must be received by the Division of Social Security.

January 10, 2003, Friday, 1:00 p.m.: The last day for adjustments. No adjustment updates will be run after this day.

January 13, 2003, Monday: The target date for printing Forms W-2.

January 17, 2003, Friday: The due date for all non-UPPS Forms W-2 data to be returned to the Division of Social Security.

** **Do not enter any 2003 adjustments until the Forms W-2 are printed. New year adjustments entered too soon will adjust the 2002 Form W-2 record and result in the issuance of corrected Forms W-2.**

2002 Reconciliation

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 2002 and that these adjustments have been entered into the UPPS system.

2003 Social Security Facts and Figures

The wage base for social security for 2003 is \$87,000. The full amount of an employee's wages is taxable for Medicare purposes. (The estimate for 2004 is currently \$91,500.)

The social security tax rate is 6.2 percent on the employee's taxable wages up to the maximum amount \$87,000. The Medicare tax rate is 1.45 percent on the employee's taxable wages. The total taxable wages are subject to the 1.45 percent medicare withholding.

Social Security Tax	1999	2000	2001	2002	2003
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	\$72,600	\$76,200	\$80,400	\$84,900	\$87,000

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	\$740	\$780	\$830	\$870	\$890
Annual increase in benefits	1.30%	2.40%	3.50%	2.60%	1.40%
Government Control Employee	\$110,700	\$114,500	\$117,600	\$121,600	not available
Expiration of statute of limitations	4/15/03	4/15/04	4/15/05	4/15/06	4/15/07
Election worker exclusion	\$1000/yr	\$1,100/yr	\$1,100/yr	\$1,200/yr	\$1,200/yr

Miscellaneous Information					
Standard Mileage Rate	32.5 ¢	32.5¢:	34.5¢	36.5¢	36¢
	Jan 1-Mar 31				
	31¢:				
	Apr 1-Dec 31				
Cents Per Mile Rule—Maximum car value	\$15,500	\$15,400	\$15,400	\$15,300	not available
Relocation and Medical Rate	10¢	10¢	12¢	13¢	12¢

Attention: Non-UPPS Agencies!

The Kentucky Division of Social Security will e-mail, in December, the 2002 Excel transmittal file and year-end instructions to all agencies that have paid any wages outside the UPPS system. Please contact Jim Clarke if you are such an agency and do not receive this transmittal.