

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

<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 2003 Forms W-2c and W-3c. These forms have been modified to print Copy A in the required red ink.

These electronic forms can be downloaded, completed on-line and printed for 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.

Election Workers and FICA

Kentucky election workers who receive less than \$600 per year for their services are generally not required to have these earnings reported to the Internal Revenue Service by their county. Revenue Ruling 2000-6 provides

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2004 Social Security Facts and Figures

The wage base for social security for 2004 is \$87,900. The full amount of an employee's wages is taxable for Medicare purposes.

For example, an employee earns \$91,000 in 2004. The social security tax rate (6.2%) will be applied to \$87,900. The medicare tax rate (1.45%) will be applied to the entire \$91,000.

WHO IS A GOVERNMENTAL EMPLOYEE FOR FEDERAL TAX PURPOSES?

Elected and appointed officials are considered officers and therefore employees of their political subdivision for federal employment tax purposes. Such local, Kentucky officials include, but are not limited to mayors, city council/commission members, school board members, conservation district supervisors, any board/commission/authority members appointed by the city or county. Wages paid these employees should be reported, at the end of each calendar year, on Form W-2, not Form 1099.

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.

Backup Withholding

If you make payments to individuals or businesses who are not your employees, you may be required to withhold on these payments if the payee has not furnished a correct taxpayer identification number (TIN). See the most recent IRS governmental employer newsletter about backup withholding reportable on Form 1099-MISC at http://www.irs.gov/pub/irs-tege/dec03_fslg_ng.pdf.

Who is subject to backup withholding?

You may be required to withhold 28% of payments to a payee if:

- 1) The payee did not furnish a taxpayer identification number (TIN),**
- 2) You have been notified the TIN furnished by the payee is incorrect, or**
- 3) You have been notified the TIN of the payee is missing.**

What payments are subject to backup withholding?

Rents, non-employee compensation for services, reportable gross proceeds paid to attorneys, and other fixed or determinable gains, profits, or income payments reportable on Form 1099-MISC.

See Publication 1281 or Publication 1679 for additional payments subject to backup withholding.

Lost Form W-2

If an employee loses a Form W-2, write **“REISSUED STATEMENT”** on the new copy and furnish it to the employee. Do not send Copy A of the reissued Form W-2 to the SSA. Employers are not prohibited (by the Internal Revenue Code) from charging a fee for the issuance of a duplicate Form W-2.

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On the Division of Social Security Web Site

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

The following items for the year 2004 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

Forms W-4

Forms W-4 for employees claiming exemption from income tax withholding in 2003 expire on February 15, 2004. To continue to be exempt from withholding in 2004, an employee must file a new Form W-4 by February 15. If the employee does not give you a new Form W-4, withhold federal income tax as if the employee is single with zero withholding allowances.

Generally, you must send to the IRS copies of certain Forms W-4 received during the quarter from employees still employed by you at the end of the quarter. Send copies when the employee claims

- (a) more than 10 withholding allowances or
- (b) exemption from withholding and his or her wages would normally be more than \$200 per week.

Send the copies to the IRS office where you file your Form 941. You are not required to send any other Forms W-4 unless the IRS notifies you in writing to do so.

See Publication 15 for more information.

How to Report Deceased Employees

If an employee dies during the year, you must report any wages, vacation pay and other compensation paid after the date of death. If you make these payments in the same year the employee died, you usually must withhold social security and/or medicare taxes, depending on the employee's coverage status. This will ensure the deceased employee's survivors receive the benefit of proper social security and medicare credits.

On the employee's 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 make 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 payment recipient on Form 1099-MISC.

See the 2003 Form W-2 instructions for more information.

This newsletter was designed to provide awareness of social security coverage and reporting responsibilities for Kentucky state and local government employers. This newsletter should not be cited or used as authority with respect to federal employment taxes. The Internal Revenue Code and the Social Security Act, along with the associated regulations, rulings and case law, are the only valid citations of authority.

De Minimis Transportation Benefits

You can exclude the value of any de minimis transportation benefit that you provide to an employee from the employee's wages. A de minimis transportation benefit is any transportation benefit that you provide to an employee if it has so little value (taking into account how frequently you provide transportation to your employees) that accounting for it would be unreasonable or administratively impracticable.

You can generally exclude the value of transportation benefits that you provide to an employee during 2004 from the employee's wages up to the following limits.

- \$100 per month for combined commuter highway vehicle transportation and transit passes.
- \$195 per month for qualified parking.

See Publication 15-B for details.

Election Workers... continued from page 1

guidance concerning the tax reporting requirements for wages paid election workers.

Wages paid for election worker services are not subject to federal income tax withholding according to IRS regulation §31.3401(a)-(b)(2). Wages paid election workers are not subject to FICA (neither social security nor medicare) if the **remuneration paid is less than \$1,200 in 2004, according to section 218(c)(8) of the Social Security Act.**

See a Division fact sheet at <http://www.state.ky.us/agencies/finance/depts/ss/el-work.pdf> for additional information.

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