



# The Kentucky Division of Social Security

## *...leading the way*

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

### Forms W-2c/W-3c Changes For 2003

Once a Form W-2 has been filed with the federal Social Security Administration (SSA), any necessary corrections must be made on Form W-2c and Form W-3c. Both forms are available online from the Kentucky Forms Management Program (KFM) at <http://www.state.ky.us/agencies/finance/depts/printing/oneforms/eformlibrary.htm>.

Please contact the KFM at 502.564.2670 for technical assistance with the online program and forms. Contact James Driver of the Division of Social Security (DOSS) for assistance with installing the program or forms. Please address any questions concerning the Form W-2 correction process for Kentucky state government agencies to Connie Eggen.

**SSA requires that Copy A of any Forms W-2c and W-3c must be printed in red ink. Consequently, any form for a Kentucky state government agency must be filed with the DOSS via e-mail, who will review, print and process the federal copy of the forms.**

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### Attention: Non-UPPS Agencies!

The Kentucky Division of Social Security will e-mail, in December, the 2003 Excel transmittal file, if applicable, and year-end instructions to all agencies that have paid any wages outside the UPPS system. Please contact Tammy Taylor if you are such an agency and do not receive this transmittal.

### 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.

*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.*

# 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.

Please send copies of Forms W-4 to Eugene Harrell in the Office of the State Treasurer if an employee claims:

- More than 10 withholding allowances; or
- Exemption from withholding and the employee's per week wages would normally be more than \$200 per week.

## How to Report Deceased Employees

If an employee dies during the year, you must report any wages, vacation pay, compensatory 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 medicare taxes. This will ensure the deceased employee's survivors receive the benefit of proper social security and medicare credits. If you make the payment after the year of death **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 for federal income tax purposes in box 3 of Form 1099-MISC as a payment to the estate or beneficiary. Use the name and TIN of the estate or beneficiary on Form 1099-MISC. Contact the Division of Statewide Accounting in the Finance Cabinet at 502/564-6690 for information on 1099 reporting.

See Section 5E.3 of the UPPS payroll manual for instructions on how to pay a deceased employee.

Checks issued to a deceased employee, whether for the final pay check, annual leave, and/or compensatory time, are to be made out to the estate of the deceased. If the payments are made via the UPPS, the "A" screen may be used to change the name of the payee to "the estate of ...". **It is very important that after these checks are generated, however, to replace "the estate of ..." with the name of the deceased employee** on the "A" screen to ensure the Form W-2 will be generated in the name of the deceased employee.

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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

# Dates to Remember...

**December 18, 2003, Thursday, close of business:** After this date all ROPs and/or Forms SAS-27 must have "2003" or "2004" written in red at the top of the page to ensure they are processed against the correct file.

**December 24, 2003, Wednesday, close of business:** The last day for submission of a SAS-27 to the Personnel Cabinet to be included in 2003 wages.

**January 5, 2004, Monday, close of business:** Cut off for requests for refunds of 2003 withheld income tax must be received in Treasury. After that time, any income tax refunds will have to be done from 2004 funds and adjusted on the 2004 Employee Master File.

\*\* Social Security and Medicare adjustments will continue to be made as needed.

**January 9, 2004, Friday, close of business:** Any 2000 social security or medicare wage or tax adjustments must be received by the Division of Social Security.

**January 9, 2004, Friday, 1:00 p.m.:** The last day for adjustments in UPPS. No adjustment updates will be run after this day.

**January 13, 2004, Tuesday:** The target date for printing UPPS Forms W-2.

**January 16, 2004, 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 2004 adjustments until the Forms W-2 are printed. New year adjustments entered too soon will adjust the 2003 Form W-2 record and result in the issuance of incorrect Forms W-2.**

## 2003 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 31. 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 2003 and that these adjustments have been entered into the UPPS system.**

Forms W-2c/W3c Changes Continued from page 1

Kentucky state government agencies should follow the instructions listed below for any corrections:

- Enter the correction data to the forms and save the completed forms and data as a .fil file.
    - > Click the Save button at the top of the form.
    - > On the "Save Fill-In Form File As" window, save the form as a .fil file.
    - > Name your file by using employee name for Form W-2c and the agency name for Form W-3c.
    - > Examples:
      - W2c John Smith.fil** for Form W-2c
      - W3c Finance.fil** for Form W-3c.
    - > Do not use the SSN in the file name.
    - > Save the files in your KFM folder that contains the W-2c/W-3c programs.
  - Print and distribute, in black ink, the employee copies (Copies B, C, 2) of Form W-2c and the "Notice to Employee" on page 6.
  - Print (in black ink) and send to the KY Revenue Cabinet Copy 1 of Form W-2c.
  - Forms W-2c/W-3c must be sent via e-mail to the DOSS, who will review and print, in red ink, the federal copy of the forms. DOSS will sign and date Form W-3c and then send the federal copy of both forms to the SSA. Disregard any instructions to file the federal copy of Forms W-2c/W-3c with the SSA at Wilkes Barre, PA.
  - State agencies must e-mail the completed form's data file to Connie Eggen of DOSS.
    - > Open a blank e-mail message.
    - > Click Insert; File.
    - > Go to your KFM folder and select the .fil files that contain the completed Forms W-2c/W-3c.
    - > Click OK.
    - > Send e-mail to Connie.
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