



Commonwealth of Kentucky Master Commissioner



Reporting Information and Examples

Office of the Controller
Division of Local Government Services
Social Security Coverage & Reporting
PO Box 639
Frankfort, KY 40602-0639
Phone: (502) 564-3952
FAX: (502) 564-2124
Email: KYSocialSecurity@ky.gov
Website: www.kssa.ky.gov

The Kentucky Social Security Coverage and Reporting Branch (SSCRB) is responsible for the coverage, collection, and reporting of social security and Medicare taxes on behalf of the Commonwealth of Kentucky and its political subdivisions. This includes the positions of master commissioner of the Circuit Court.

Master Commissioners are considered employees of the Commonwealth of Kentucky for social security purposes pursuant to Section 218 of the Social Security Act. This is in recognition of the fact that these officials perform services for the Commonwealth as an officer and should be entitled to the same privilege accorded other state employees in social security coverage.

The following information is a review of the procedures for the reporting of social security and Medicare (FICA) and the voluntary payment of federal and state income taxes.

In order to take advantage of the FICA coverage offered by the Commonwealth, all commissioners must report on Form SS-16 (furnished to you by this branch) the amount of all official earnings, up to the maximum reportable amount subject to the provisions of the Rules of Civil Procedure—Rule 53.07 for a given year.

Rule 53.07 establishes the maximum amount of \$53,000 per annum for personal compensation derived from fees as a master commissioner, unless the Chief Justice approves a higher maximum. Where the master commissioner also serves as the domestic relations commissioner, the total personal compensation may not exceed \$101,000 (\$53,000 as MC and \$48,000 as DRC) per annum, again unless approved by the Chief Justice.

Points to remember:

- Before reporting can begin, you must register with the SSCRB by completing the Master Commissioner Information Form (MC-Info Form) and Personnel Action Form (MC-PAF). *Copies of the MC-Info Form and MC-PAF form are included on pages 24 and 25.*
- An annual supply of Forms SS-16 will be sent to each commissioner in January.
- Social security contributions must be paid on services covered by the Section 218 agreement even if the official performing such services is already receiving social security benefits.
- Income reported for FICA purposes must be reported when paid, not when earned. For example, if you earned a fee in March but were not paid until April, you would report the income on the Form SS-16 for April.
- The SSCRB will provide a Form W-2 to you in January of each year reflecting wages reported for the previous year.
- Please notify our office if you resign the commissioner position.

Voluntary Reporting of Federal and State Taxes

A master commissioner may voluntarily request payment of income tax from the fees received for the performance of service as a commissioner that would otherwise be exempt from such withholding. Such voluntary agreements are permitted only for payments that are includible in gross income and are applicable to all such payments received for the performance of service in the position of a commissioner. This option is available under Section 3402(p) of the IRC.

Voluntarily payment of your federal and state income tax (in addition to FICA taxes that commissioners already pay) may eliminate the need for estimating quarterly state and federal tax payments or reporting under a personal Employer Identification Number (EIN).

Participation in the voluntary reporting of state and federal income tax to our office requires:

- The commissioner **must** ask for voluntary withholding via a written request to the SSCRB before reporting state and federal taxes. The written request can be sent via postal mail, fax or e-mail.
- The SSCRB will send the commissioner a Voluntary Withholding Agreement (Form SS-FIT) and a Form W-4, both of which must be completed and returned to the SSCRB.
- Monthly report forms (Form SS-16a) required for the voluntary payment of federal income tax, state income tax and FICA will be supplied by our office upon receipt of the Voluntary Withholding Agreement.
- Each completed monthly report (Form SS-16a) for federal income tax, state income tax and FICA submitted to this office must be accompanied by separate checks—each made payable to the Kentucky State Treasurer. That is, one report and a check for federal income tax, a check for state income tax and a check for FICA contributions must be submitted monthly to the SSCRB, which will deposit the checks with the appropriate taxing authority.
- At the end of the tax year, your Form W-2 will reflect all state and federal income tax paid under this voluntary agreement, in addition to the FICA contributions.

Kentucky Retirement System Members

Under a Memorandum of Agreement between the Commonwealth of Kentucky and the Internal Revenue Service, which became effective on January 1, 2017, both the taxable Social Security wages and taxable Medicare wages will include the employees' retirement contributions to the Kentucky Retirement System (KRS). This settlement affects all State and Local Governmental employers within the Commonwealth of Kentucky including Master Commissioners that make contributions to KRS.

Both governmental employers and their employees will each have to pay the increased amount. The additional contributions will result in increased Social Security benefits upon retirement.

In calculating the tax withholdings on Form SS-16 or SS-16a for both Social Security and Medicare, retirement contributions will **NOT** be deducted from gross wages to arrive at the taxable Social Security and Medicare wages. You will need to notify our office if you or your employees join KRS to assure that the Retirement box on your Form W-2 will be marked correctly.

It should be noted that the KRS contributions are only taxable for Social Security and Medicare taxes. The State and Federal taxes continue to be tax deferred. This means, while you **will not** deduct the contribution from the Social Security and Medicare wages, you **will** deduct the contribution from the Federal and State wages before calculating the taxes.

Form SS-16 Completion Instructions

Item A	Enter the calendar month and year covered by the report.
Column B	Enter the social security number of the Commissioner, deputy and/or employee.
Column C	Enter the name of the Commissioner, deputy or employee.
Column D	Enter the wages subject to social security. Report up to your maximum amount as determined by Rule 53 of the Rules of Civil Procedure, but no more than \$137,700 for 2020. (Combine the total monthly wages for each employee and enter on separate lines.)
Column E	Enter the social security tax due on the wages reported in Column D. Multiply the wages by 6.20%.
Column F	Enter the wages subject to Medicare. Report up to your maximum amount as determined by Rule 53 of the Rules of Civil Procedure. (Combine the total monthly wages for each employee and enter on separate lines.)
Column G	Enter the Medicare tax due on the wages reported in Column F. Multiply the wages by 1.45%.
Column H	Enter the wages subjected to Federal and State taxes. (Deduct the KRS contribution if applicable. The KRS contribution should only be deducted from the State and Federal wages. The contribution is taxable for Social Security and Medicare taxes.)
Item I	Enter the amount of your KRS contribution if applicable.
Item J	Enter the amount of FICA tax due. (Total of Columns E and G.)
Item K	Enter the check number for the FICA tax check.

Reminder: The form is to be mailed to the Social Security Coverage & Reporting Branch, PO Box 639, Frankfort KY 40602-0639 no later than the fifth day of the month following receipt of fees or salary for the previous month. Indicate such month in Box A, "Period Ending". Add columns E and G together to calculate the amount of FICA tax due. Enter the amount on Line I. Send one check payable to the Kentucky State Treasurer for this amount. Enter the check number on Line J.

The SSCRБ requires all Master Commissioners to submit 12 SS-16 forms for each tax year, or, one for each month served as Commissioner. Multiple months **cannot** be included on one form. Each month must have a separate report. If no fees or salary is earned in a month, then a zero report must be submitted. Zero reports are also due by the fifth day of the month following the previous month.

If you resign or any personal information changes, please notify this office as soon as possible to insure personnel data remains up to date.

Form SS-16 Example 1a

Example 1a applies to Master Commissioners who **are not** making contribution to the Kentucky Retirement System (KRS).

Example 1a:

Bill Smith is the Master Commissioner for Bluegrass County. During the month of January his wages were \$4416.67. Bill **does not** make contributions to KRS.

He would pay Social Security and Medicare taxes on \$4416.67 ($\$4416.67 \times 6.2\%$ (\$273.84) and $\$4416.67 \times 1.45\%$ (\$64.05). Bill would report \$4416.67 in wages for Social Security and Medicare and remit the appropriate taxes. His Fed/State wages would also be entered as \$4416.67 since no KRS contribution were made. The KRS Contribution field can be left blank or a zero can be entered.

Bill also has an employee, Jane Doe, the AOC has approved for a part-time position. During the month of January, her wages were \$1166. Jane **does not** make contributions to KRS.

She would pay Social Security and Medicare taxes on \$1166 ($\$1166 \times 6.2\%$ (\$72.30) and $\$1166 \times 1.45\%$ (\$16.91). Her Fed/State wages would also be entered as \$1166 since no KRS contribution were made. The KRS Contribution field can be left blank or a zero can be entered.

Note: If you use Form SS-16 to report wages and taxes to our office, you must include the Federal/State wages even though you are not reporting the taxes through our office.

A sample of a completed Form SS-16 for Example 1a is included on the next page.

Commonwealth of Kentucky Social Security Coverage and Reporting Branch 2020 Monthly Report of Commissioner Wages and

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Bluegrass County Master Commissioner

(A) Period Covered: **January 2020**

This original YELLOW form is to be mailed to the Social Security Coverage and Reporting Branch, PO Box 639, Frankfort KY 40602-0639, no later than the fifth day of the month following receipt of fees or salary for the previous month. Indicate such month in Box A, "Period Covered". Include ONE check made payable to the Kentucky State Treasurer for the total amount of the social security and medicare taxes in columns E and G. A form must be submitted for each month you serve as Master Commissioner. Multiple months cannot be included on one report. If no fees or salary is received for a month, a zero report must be submitted. The zero report is also due by the 5th day of the following month.

(B) Social Security Number	(C) Name	(D) Soc Sec Wages	(E) SS Tax @ 6.2%	(F) Medicare Wages	(G) Med Tax @ 1.45%	(H) Fed/State Wages	(I) KRS Contribution
000-00-0000	Bill Smith	\$4,416.67	\$273.84	\$4,416.67	\$64.05	\$4,416.67	
000-00-0000	Jane Doe	\$1,166.00	\$72.30	\$1,166.00	\$16.91	\$1,166.00	
TOTALS ----->		\$5,582.67	*\$346.14	\$5,582.67	*\$80.96	\$5,582.67	

DO NOT staple checks to Form

*Add the totals of columns E and G together to calculate the amount of Social Security and Medicare tax due. Enter the amount on Line J.

*Send ONE check payable to the Kentucky State Treasurer for this amount. Enter the Check Number on Line K. Send the original YELLOW form.

*Deduct the KRS contribution in Column I from the Medicare wages in Column F for the taxable Federal and State wages to enter in Column H.

NOTE: The KRS contribution is taxable for Social Security and Medicare and should NOT be deducted from the gross wage to obtain the taxable SS/Med wages.

***If no fees or salary is received in a month, you MUST submit a zero report.**

(J) \$ 427.10

(K) Check # 1234

FOR OFFICIAL USE ONLY	FOR OFFICIAL USE ONLY
PRU: 960 Type: ___ Pay Date: ___/___/2020 Tran Code:1602 Cab/Dept:99-960 Seg #: ___ SSN: _____	PRU: 960 Type: M Pay Date: ___/___/2020 Tran Code:1602 Cab/Dept:99-960 Seg #: ___ SSN: _____
Wage: _____ ER Cont: _____ EE Cont _____	Wage: _____ ER Cont: _____ EE Cont _____
CK #: _____ CK Amt: _____ DOC #: _____	CK #: _____ CK Amt: _____ DOC #: _____

THIS FORM IS FOR THE 2020 REPORT YEAR ONLY

Form SS-16 Example 1b

Example 1b applies to Master Commissioners who **are** making contribution to the Kentucky Retirement System (KRS).

Example 1b (Form SS-16):

Bill Smith is the Master Commissioner for Bluegrass County. During the month of January his wages were \$4416.67. Bill is also a member of KRS at a 6% rate.

He would pay Social Security and Medicare taxes on \$4416.67 ($\$4416.67 \times 6.2\%$ (\$273.84) and $\$4416.67 \times 1.45\%$ (\$64.05). The 6% contribution would be deducted from Bill's Federal and State taxes ($\$4416.67 - 6\%$ (\$265) = \$4151.67). Therefore, on the Form SS-16, Bill would then report \$4416.67 in wages for Social Security and Medicare and \$4151.67 in wages for Federal and State and remit the appropriate taxes.

Bill also has an employee, Jane Doe, the AOC has approved for a part-time position. During the month of January, her wages were \$1166. Jane **is not** a member of KRS.

She would pay Social Security and Medicare taxes on \$1166 ($\$1166 \times 6.2\%$ (\$72.30) and $\$1166 \times 1.45\%$ (\$16.91). Her Fed/State wages would also be entered as \$1166 since no KRS contribution were made. The KRS Contribution field can be left blank or a zero can be entered.

Note: If you use Form SS-16 to report wages and taxes to our office, you must include the Federal/State wages even though you are not reporting the taxes through our office.

A sample of a completed Form SS-16 for Example 1b is included on the next page.

Commonwealth of Kentucky Social Security Coverage and Reporting Branch 2020 Monthly Report of Commissioner Wages and

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Bluegrass County Master Commissioner

(A) Period Covered: **January 2020**

This original YELLOW form is to be mailed to the Social Security Coverage and Reporting Branch, PO Box 639, Frankfort KY 40602-0639, no later than the fifth day of the month following receipt of fees or salary for the previous month. Indicate such month in Box A, "Period Covered". Include ONE check made payable to the Kentucky State Treasurer for the total amount of the social security and medicare taxes in columns E and G. A form must be submitted for each month you serve as Master Commissioner. Multiple months cannot be included on one report. If no fees or salary is received for a month, a zero report must be submitted. The zero report is also due by the 5th day of the following month.

(B) Social Security Number	(C) Name	(D) Soc Sec Wages	(E) SS Tax @ 6.2%	(F) Medicare Wages	(G) Med Tax @ 1.45%	(H) Fed/State Wages	(I) KRS Contribution
000-00-0000	Bill Smith	\$4,416.67	\$273.84	\$4,416.67	\$64.05	\$4,151.67	\$265.00
000-00-0000	Jane Doe	\$1,166.00	\$72.30	\$1,166.00	\$16.91	\$1,166.00	
TOTALS ----->		\$5,582.67	*\$346.14	\$5,582.67	*\$80.96	\$5,317.67	\$265.00

DO NOT staple checks to Form

*Add the totals of columns E and G together to calculate the amount of Social Security and Medicare tax due. Enter the amount on Line J.

*Send ONE check payable to the Kentucky State Treasurer for this amount. Enter the Check Number on Line K. Send the original YELLOW form.

*Deduct the KRS contribution in Column I from the Medicare wages in Column F for the taxable Federal and State wages to enter in Column H.

NOTE: The KRS contribution is taxable for Social Security and Medicare and should NOT be deducted from the gross wage to obtain the taxable SS/Med wages.

***If no fees or salary is received in a month, you MUST submit a zero report.**

(J) \$ 427.10

(K) Check # 1234

FOR OFFICIAL USE ONLY	FOR OFFICIAL USE ONLY
PRU: 960 Type: ___ Pay Date: ___/___/2020 Tran Code:1602 Cab/Dept:99-960 Seg #: ___ SSN: _____	PRU: 960 Type: M Pay Date: ___/___/2020 Tran Code:1602 Cab/Dept:99-960 Seg #: ___ SSN: _____
Wage: _____ ER Cont: _____ EE Cont _____	Wage: _____ ER Cont: _____ EE Cont _____
CK #: _____ CK Amt: _____ DOC #: _____	CK #: _____ CK Amt: _____ DOC #: _____

THIS FORM IS FOR THE 2020 REPORT YEAR ONLY

Form SS-16a Completion Instructions

Item A	Enter the calendar month covered by the report.
Column B	Enter the social security number of the Commissioner, deputy and/or employee.
Column C	Enter the name of the Commissioner, deputy and/or employee.
Column D	Enter the wages subject to social security. Report up to your maximum amount as determined by Rule 53 of the Rules of Civil Procedure, but no more than \$137,700 for 2020.
Column E	Enter the social security tax due on the wages reported in Column D. Multiply the wages by 6.20%.
Column F	Enter the wages subject to Medicare. Report up to your maximum amount as determined by Rule 53 of the Rules of Civil Procedure.
Column G	Enter the Medicare tax due on the wages reported in Column F. Multiply the wages by 1.45%.
Column H	Enter the wages subjected to Federal and State taxes. <i>(Deduct the KRS contribution and/or deferred comp 401k/457 amounts if applicable. The KRS contribution, 401k and/or 457 should only be deducted from the State and Federal wages. The contribution is taxable for Social Security and Medicare taxes).</i> Enter any deferred comp amounts in the appropriate column on the SS-16a Continuation Page.
Column I	Enter the amount of federal income tax withheld.
Column J	Enter the amount of state income tax withheld.
Column K	Enter the amount of the KRS Contribution if applicable.
Item L	Enter the amount of FICA tax due. (Total of Columns E and G.)
Item M	Enter the check number for the FICA tax check.

Reminder: The form is to be mailed to the Social Security Coverage & Reporting Branch, PO Box 639, Frankfort KY 40602-0639 no later than the fifth day of the month following receipt of fees or salary for the previous month. Indicate such month in Box A, "Period Ending". Add columns E and G together to calculate the amount of FICA tax due. Enter the amount on Line L. Send one check payable to the Kentucky State Treasurer for this amount. Enter the check number on Line M. When submitting Federal and State income taxes, please enclose a separate check for the federal income tax in column I and a separate check for the state income tax in column J, each made payable to the Kentucky State Treasurer.

Master Commissioner must submit 12 forms for the tax year, or, one for each month served. Multiple months cannot be included on one report. If no fees or salary is earned in a month, a zero report is required. Zero reports are also due by the fifth day of the month following the previous month.

If you resign or any personal information changes, please notify this office as soon as possible to insure personnel data remains up to date.

Form SS-16a Example 2a

Example 2a applies to Master Commissioners who **are not** making contribution to the Kentucky Retirement System (KRS), but are participating in the voluntary withholding of Federal and State taxes.

Example 2a:

Bill Smith is the Master Commissioner for Bluegrass County. During the month of January his wages were \$4416.67. Bill **does not** make contributions to KRS. He does participate in the voluntary withholding of Federal and State taxes to the SSCR. B.

He would pay Social Security and Medicare taxes on \$4416.67 ($\$4416.67 \times 6.2\%$ (\$273.84) and $\$4416.67 \times 1.45\%$ (\$64.05). Bill would report \$4416.67 in wages for Social Security, Medicare and State/Federal and remit the appropriate taxes. The KRS Contribution field can be left blank or a zero can be entered.

Bill also has an employee, Jane Doe, the AOC has approved for a part-time position. During the month of January, her wages were \$1166. Jane **is not** a member of KRS.

She would pay Social Security and Medicare taxes on \$1166 ($\$1166 \times 6.2\%$ (\$72.30) and $\$1166 \times 1.45\%$ (\$16.91). Her Fed/State wages would also be entered as \$1166 since no KRS contribution will be made. The KRS Contribution field can be left blank or a zero can be entered.

A sample of a completed Form SS-16a for Example 2a is included on the next page.

Commonwealth of Kentucky Social Security Coverage and Reporting Branch 2020 Monthly Report of Commissioner Wages and Taxes

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Bluegrass County Master Commissioner

(A) Period Covered: **January 2020**

This original YELLOW form is to be mailed to the Social Security Coverage and Reporting Branch, PO Box 639, Frankfort KY 40602-0639, no later than the fifth day of the month following receipt of fees or salary for the previous month. Indicate such month in Box A, "Period Covered". Include ONE check made payable to the Kentucky State Treasurer for the total amount of the social security and medicare taxes in columns E and G. When submitting federal and state income taxes, include a separate check for the total federal income tax in column I and a separate check for the total state income tax in column J, each made payable to the Kentucky State Treasurer. A form must be submitted for each month you serve as Master Commissioner. Multiple months cannot be submitted on one report. If no fees or salary is received in a month, a zero report must be submitted. A zero report is also due by the 5th day of the following month.

(B) Social Security Number	(C) Name	(D) Soc Sec Wages	(E) SS Tax @6.20%	(F) Medicare Wages	(G) Medi Tax @1.45%	(H) FIT/SIT Wages	(I) Federal income tax	(J) State income tax	(K) KRS Contribution
000-00-0000	Bill Smith	\$4,416.67	\$273.83	\$4,416.67	\$64.04	\$4,416.67	\$557.04	\$210.21	
000-00-0000	Jane Doe	\$1,166.00	\$72.30	\$1,166.00	\$16.91	\$1,166.00	\$48.00	\$43.00	
TOTALS----->		\$5,582.67	* \$346.14	\$5,582.67	* \$80.96	\$5,582.67	** \$605.04	** \$253.21	

DO NOT staple checks to Form

(L) \$427.10

(M) Check # 1234

*Add the totals of columns E and G together to calculate the amount of Social Security and Medicare tax due. Enter the amount on Line L.

*Send ONE check payable to the Kentucky State Treasurer for this amount. Enter the check number on Line M.

*If applicable, deduct the KRS contribution and/or Deferred Comp contribution from the Medicare wages in Column F for the taxable Fed/State wages to enter in Column H.

*Send ONE check for the total Federal Income Tax in column I and ONE check for the total State Income Tax in column J, each payable to the Kentucky State Treasurer.

*Send original YELLOW form. **Note: If no fees or salary is received in a month, you MUST submit a zero report**

FOR OFFICIAL USE ONLY

PRU: 960 Type:____ Pay Date:____/____/2020 Tran Code:1602
Cab/Dept:99-960 Seg #:____ SSN: _____

Wage:_____ ER Cont:_____ EE Cont_____

CK #:_____ CK Amt:_____ DOC #:_____

FOR OFFICIAL USE ONLY

PRU: 960 Type: M Pay Date:____/____/2020 Tran Code:1602
Cab/Dept:99-960 Seg #:____ SSN: _____

Wage:_____ ER Cont:_____ EE Cont_____

CK #:_____ CK Amt:_____ DOC #:_____

THIS FORM IS FOR THE 2020 REPORT YEAR ONLY

Form SS-16a Example 2b

Example 2b applies to Master Commissioners who **are** making contribution to the Kentucky Retirement System (KRS).

Example 2b:

Bill Smith is the Commissioner for Bluegrass County. During the month of January his wages were \$4416.67. Bill contributes \$50.00 a month to a Deferred Comp 401k plan and \$50.00 a month to a Deferred Comp 457 plan and is also a member of KRS at a 6% rate.

He would pay Social Security and Medicare taxes on \$4416.67 ($\$4416.67 \times 6.2\%$ (\$273.83) and $\$4416.67 \times 1.45\%$ (\$64.04). The 401k and 457 contributions and the 6% KRS contribution ($\$4416.67 \times 6\% = \265) would be deducted from Bill's Federal and State taxes ($\$4416.67 - \$50 - \$50 - \$265 = \$4051.67$). Therefore, on the Form SS-16a, Bill would report \$4416.67 in wages for Social Security and Medicare and \$4051.67 in wages for Federal and State and remit the appropriate taxes.

Bill also has an employee, Jane Doe, the AOC has approved on a part-time basis. During the month of January, her wages were \$1166. Jane **is not** a member of KRS and does not make any Deferred Comp contributions.

She would pay Social Security and Medicare taxes on \$1166 ($\$1166 \times 6.2\%$ (\$72.30) and $\$1166 \times 1.45\%$ (\$16.91). Her Fed/State wages would also be entered as \$1166 since no KRS or Deferred Comp contributions were made. The KRS Contribution field can be left blank or a zero can be entered.

NOTE: The Form SS-16a Continuation Page must be used to include the Deferred Comp amounts. See the Form SS-16a Continuation Page Example and Instructions on page 14 for more information.

A sample of a completed Form SS-16a for Example 2b is included on the next page.

Commonwealth of Kentucky

Social Security Coverage and Reporting Branch

2020 Monthly Report of Commissioner Wages and Taxes

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Bluegrass County Master Commissioner

(A) Period Covered: _____

This original YELLOW form is to be mailed to the Social Security Coverage and Reporting Branch, PO Box 639, Frankfort KY 40602-0639, no later than the fifth day of the month following receipt of fees or salary for the previous month. Indicate such month in Box A, "Period Covered". Include ONE check made payable to the Kentucky State Treasurer for the total amount of the social security and medicare taxes in columns E and G. When submitting federal and state income taxes, include a separate check for the total federal income tax in column I and a separate check for the total state income tax in column J, each made payable to the Kentucky State Treasurer. A form must be submitted for each month you serve as Master Commissioner. Multiple months cannot be submitted on one report. If no fees or salary is received in a month, a zero report must be submitted. A zero report is also due by the 5th day of the following month.

(B) Social Security Number	(C) Name	(D) Soc Sec Wages	(E) SS Tax @6.20%	(F) Medicare Wages	(G) Medi Tax @1.45%	(H) FIT/SIT Wages	(I) Federal income tax	(J) State income tax	(K) KRS Contribution
000-00-0000	Bill Smith	\$4,416.67	\$273.83	\$4,416.67	\$64.04	\$4,051.67	\$557.04	\$210.21	\$265.00
000-00-0000	Jane Doe	\$1,166.00	\$72.30	\$1,166.00	\$16.91	\$1,166.00	\$48.00	\$43.00	NA
TOTALS----->		\$5,582.67	*\$346.14	\$5,582.67	*\$80.96	\$5,217.67	**\$605.04	**\$253.21	\$265.00

DO NOT STAPLE CHECKS

(L) \$ 427.10

(M) Check # 1234

*Add the totals of columns E and G together to calculate the amount of Social Security and Medicare tax due. Enter the amount on Line L.

*Send ONE check payable to the Kentucky State Treasurer for this amount. Enter the check number on Line M.

*If applicable, deduct the KRS contribution and/or Deferred Comp contribution from the Medicare wages in Column F for the taxable Fed/State wages to enter in Column H.

*Send ONE check for the total Federal Income Tax in column I and ONE check for the total State Income Tax in column J, each payable to the Kentucky State Treasurer.

*Send original YELLOW form. **Note: If no fees or salary is received in a month, you MUST submit a zero report**

FOR OFFICIAL USE ONLY	FOR OFFICIAL USE ONLY
PRU: 960 Type: ___ Pay Date: ___ / ___ /2020 Tran Code:1602 Cab/Dept:99-960 Seg #: ___ SSN: _____	PRU: 960 Type: M Pay Date: ___ / ___ /2020 Tran Code:1602 Cab/Dept:99-960 Seg #: ___ SSN: _____
Wage: _____ ER Cont: _____ EE Cont _____	Wage: _____ ER Cont: _____ EE Cont _____
CK #: _____ CK Amt: _____ DOC #: _____	CK #: _____ CK Amt: _____ DOC #: _____

THIS FORM IS FOR THE 2020 REPORT YEAR ONLY

Form SS-16a Continuation Page Instructions

The SS-16a continuation page is to be used in conjunction with Forms SS-16a when reporting local wages and taxes, employer provided healthcare benefit and/or deferred compensation. You will need to fill out the SS-16a continuation page and total the report. Enter the total amounts from the continuation page onto the Form SS-16a and attach the form to the front of the continuation page.

If you choose to report local wages and taxes, it should be noted that you **cannot** pay these taxes through our office. Voluntary withholding includes Kentucky state taxes and federal taxes only. You will need to continue to pay local taxes as you have in the past. Reporting this information will allow us to include the local wages and taxes on the Form W-2 that our office prepares and eliminate the need for an additional Forms W-2 showing the local wages and taxes.

The SS-16a Continuation Page **MUST** be completed and sent with your Form SS-16a if you are reporting any local wages and taxes and/or deferred compensation. If none of these applies, then the Continuation Page is not needed.

If you would like to receive an electronic copy of the SS-16a Continuation Form, send your request by email to tammy.taylor@ky.gov. If you received an electronic copy last year, you can continue using that form. *The electronic copy only applies to the Continuation Form. The Form SS-16a cannot be sent or completed electronically. The original form on colored paper must be submitted by mail.*

Note: If all employees' wage and tax information is completed on the SS-16a continuation page, it is not necessary to duplicate the information on the Form SS-16a. However, the report totals **MUST be on both the Form SS-16a and the continuation page and both forms sent to our office.**

The samples of the SS-16a Continuation Page and Form SS-16a on the next pages use the information shown in Example 2b.

EXAMPLE 2b
CONTINUATION PAGE

0000 Bluegrass County Master Commissioner										Period Covered: January-20			
Page:													
Name & Social Security #	Soc Sec Wages	SS Tax @6.20%	Medicare Wages	Medi Tax @1.45%	FIT/SIT Wages	Federal Income Tax	State Income Tax	Local Wages	Local Income Tax	Def Comp to 401k (D)	Def Comp to 457 (G)	Health Ins Benefit	KRS Contribution
Bill Smith 000-00-0000	4,416.67	273.83	4,416.67	64.04	4,051.67	557.04	210.21	4,416.67	56.97	50.00	50.00	200.00	265.00
Jane Doe 000-00-0000	1,166.00	72.30	1,166.00	16.91	1,166.00	48.00	43.00	1,166.00	26.24				
TOTALS	5,582.67	346.14	5,582.67	80.96	5,217.67	605.04	253.21	5,582.67	83.21	50.00	50.00	200.00	265.00

EXAMPLE 2b
Include with
Continuation Page

Commonwealth of Kentucky

Social Security Coverage and Reporting Branch

2020 Monthly Report of Commissioner Wages and Taxes

0000	Bluegrass County Master Commissioner	(A) Period Covered: January 2020
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This original YELLOW form is to be mailed to the Social Security Coverage and Reporting Branch, PO Box 639, Frankfort KY 40602-0639, no later than the fifth day of the month following receipt of fees or salary for the previous month. Indicate such month in Box A, "Period Covered". Include ONE check made payable to the Kentucky State Treasurer for the total amount of the social security and medicare taxes in columns E and G. When submitting federal and state income taxes, include a separate check for the total federal income tax in column I and a separate check for the total state income tax in column J, each made payable to the Kentucky State Treasurer. A form must be submitted for each month you serve as Master Commissioner. Multiple months cannot be submitted on one report. If no fees or salary is received in a month, a zero report must be submitted. A zero report is also due by the 5th day of the following month.

(B) Social Security Number	(C) Name	(D) Soc Sec Wages	(E) SS Tax @6.20%	(F) Medicare Wages	(G) Medi Tax @1.45%	(H) FIT/SIT Wages	(I) Federal income tax	(J) State income tax	(K) KRS Contribution
000-00-0000	Bill Smith								
000-00-0000	Jane Doe								
TOTALS----->		\$5,582.67	* \$346.14	\$5,582.67	* \$80.96	\$5,217.67	** \$605.04	** \$253.21	\$265.00

DO NOT staple checks to Form

(L) \$427.10
 (M) Check # 1234

- *Add the totals of columns E and G together to calculate the amount of Social Security and Medicare tax due. Enter the amount on Line L.
- *Send ONE check payable to the Kentucky State Treasurer for this amount. Enter the check number on Line M.
- *If applicable, deduct the KRS contribution and/or Deferred Comp contribution from the Medicare wages in Column F for the taxable Fed/State wages to enter in Column H.
- *Send ONE check for the total Federal Income Tax in column I and ONE check for the total State Income Tax in column J, each payable to the Kentucky State Treasurer.
- *Send original YELLOW form. **Note: If no fees or salary is received in a month, you MUST submit a zero report**

FOR OFFICIAL USE ONLY	FOR OFFICIAL USE ONLY
PRU: 960 Type:____ Pay Date:____/____/2020 Tran Code:1602 Cab/Dept:99-960 Seg #:____ SSN: _____	PRU: 960 Type: M Pay Date:____/____/2020 Tran Code:1602 Cab/Dept:99-960 Seg #:____ SSN: _____
Wage:_____ ER Cont:_____ EE Cont_____	Wage:_____ ER Cont:_____ EE Cont_____
CK #:_____ CK Amt:_____ DOC #:_____	CK #:_____ CK Amt:_____ DOC #:_____

THIS FORM IS FOR THE 2020 REPORT YEAR ONLY

1. What Is FICA?

The Federal Insurance Contributions Act is a Federal Law that assesses Social Security and/or Medicare Taxes. The combined tax rate is 7.65% with the breakdown as follows: Social Security (Retirement, Survivors, and Disability) at 6.2% and Medicare (Hospital Insurance) at 1.45%.

The combined tax rate (employer and employee share) is 15.3%.

2. Why does the State of Kentucky match FICA for Master Commissioners?

Based on two legal precedents, (*Shamburger v. Commonwealth*, Ky, 240 S.W.2d 636 (1951) and an October 7, 1953 OAG Letter), the Master Commissioner has been viewed as an employee of the Commonwealth for Social Security purposes. In keeping with the Section 218 Agreement of the Social Security Act, Section 218(b)(3), the term “employee” includes an officer of a State or political subdivision.

The Internal Revenue Code – Section 3401(c) defines “employee” as an officer, employee, or elected official of the United States, a State, or any political subdivision thereof, or the District of Columbia, or an agency or instrumentality of any one or more of the foregoing

Since the positions of Master Commissioner are considered employees for Social Security purposes, the Social Security Coverage and Reporting Branch has the responsibility to report FICA wages for Master Commissioners. As of July 1, 2005, the Administrative Office of the Courts (AOC) is responsible for the matching of FICA wages.

3. Who sets the maximum amounts for Master Commissioner Wages?

Rule 53.07 established the maximum amount for \$53,000 per annum for personal compensation derived from fees as a master commissioner, unless the Chief Justice approves a higher maximum. Our database resets the maximum wage at the beginning of each calendar year to \$53,000 for Master Commissioners and \$101,000 for Master/Domestic Relations Commissioners (\$53,000 for MC and \$48,000 for DRC) until we are notified in writing from the AOC or the Commissioner that the maximum wage has been increased for the current year.

4. How does my membership in the Kentucky Retirement System (KRS) effect my gross wage?

Beginning January 1, 2017, the KRS retirement contribution is taxable for Social Security and Medicare taxes. This means, the contribution **should not** be deducted

from the Social Security and Medicare gross wages. However, you will continue to deduct the 5% or 6% contribution from your Federal and State wages before calculating the taxes. *(If your KRS participation began before 9/1/2008, your contribution rate is 5%. After 9/1/2008, the rate is a 6%. If you are not sure of your participation date, contact KRS.)*

For example, if your monthly gross wage is \$4,000 and you are a member of KRS at a 6% rate, you would pay Social Security and Medicare taxes on \$4000.00 ($\$4000 \times 6.2\% = \248 and $\$4000 \times 1.45\% = \58). The 6% contribution would be deducted from your Federal and State taxes ($\$4000.00 - 6\% = \3760.00). Therefore, on the Form SS-16, you would report \$4000 in wages for Social Security and Medicare and \$3760 in wages for Federal and State and remit the appropriate taxes.

Since the contribution is now taxable for Social Security and Medicare, the contribution percentage will no longer affect your maximum wages. If your annual maximum wage is \$53,000 then your retirement maximum wage will also be \$53,000. You will still need to notify our office if you or your employees join KRS to assure that the Retirement box on your Form W-2 will be marked correctly.

If you participate in a deferred compensation plan such as 401k or 457, you would also deduct the contribution amount from the Federal and State wages only. These contributions are also taxable for Social Security and Medicare.

Note: If you participate in the State's Health Insurance Plan, you should deduct the employee's premium from all wages.

5. Why do I need to include the KRS contribution amount on the Form SS-16/SS-16a?

Due to the changes in the taxation of the KRS contribution, our office now requires the KRS contribution amount to be reported on the monthly forms for auditing purposes. If you do not participate in KRS, enter zero or NA (not applicable) in this field.

6. Are individuals who are Special Master Commissioners eligible for FICA matching?

No. If a person has not been appointed Master Commissioner, then the status of a Special Master Commissioner is considered an independent contractor. Since special commissioners are specifically used in temporary, special circumstances and are not in the same relationship as an appointed Master Commissioner.

However, if you are an appointed Master Commissioner assigned to do “special” work in another county, the fees generated shall be treated as follows:

a. The first \$5,000 earned annually from service as a Special Master Commissioner **shall not** count toward the Master Commissioner’s salary cap, and **should not** be reported to the AOC on the Annual Report of Master Commissioner or to the Social Security Coverage and Reporting Branch on the monthly Forms SS-16 or SS-16a.

b. Any fees in excess of \$5,000 earned annually from service as a Special Master Commissioner **shall** count toward the Master Commissioner’s salary cap, and **shall** be reported on the Annual Report of Master Commissioner and the monthly Forms SS-16 or SS-16a. For example, if \$5,100 is earned as a Special Master Commissioner, \$100 can be reported. This \$100 counts toward the maximum wage.

7. Who else can receive FICA matching in a Master Commissioner’s Office?

Any person who performs services as an employee from the fees collected *could* be eligible for FICA matching. However, before reporting employees, the Master Commissioner **must** send a written request to the AOC for the approval of any staff. The Social Security Coverage and Reporting Branch **will not** match FICA for an employee that has not been approved by the AOC.

8. When will I receive my W-2?

Our office mails the W-2s before January 31st and you should receive the W-2 by or around this time.

9. What is the latest date to receive the final report without being issued a Form W-2c (Corrected Wage and Tax Statement)?

All reports need to be received in our office no later than January 15th in order to be processed in time to include with the W-2 wage and tax data. Any reports received after this date may result in a W-2c.

This fact sheet was designed to provide awareness of social security coverage and reporting responsibilities for Master Commissioners of the Commonwealth of Kentucky. This fact sheet should not be cited or used as authority with respect to federal employment taxes or the Administrative Office of the Court’s Master Commissioner Accounting Procedures.

1. What is the purpose of Form 1099?

The Internal Revenue Code Section 6041 requires the issuing of the Form 1099 whenever you pay \$600 or more to an individual or partnership for services. These services would include real property and personal property appraisals paid by the master commissioners. This would also include any other services that the master commissioners paid to one individual or partnership during the year.

There are several different types of 1099 forms, each for a variety of purposes. However, they all serve a similar general function, which is to provide information to the IRS about certain types of income from Non-Employment related sources. The payers of these types of income must send one copy of the form 1099 to the IRS and another copy to the recipient of these payments.

2. What types of 1099 forms would apply to Master Commissioners?

According to the Kentucky Division of Statewide Accounting, the two types of 1099 forms that have been filed in the past by Master Commissioners were the 1099-MISC and the 1099-S. However, your accountant or bookkeeper will need to determine which type of 1099 forms need to be filed for recipients each tax year.

3. What is a 1099-MISC?

Form 1099-MISC is the most common tax form used to submit information for income paid to independent contractors. This form serves a similar purpose to an independent contractor as a W2 does for an employee. The form reports the total amount of payments made to a single person or entity that provided services to you during the year.

The form includes personal information such as name, address and either Social Security Number (SSN) or Employer Identification Number (EIN). Most importantly, it will classify each type of payment in separate boxes depending on the reason for the payment. Generally, if you made a payment for contract work, then the annual earnings will be considered Non-Employee Compensation.

If a third party or independent contractor, such as an appraiser, performed services for a Master Commissioner and the individual was paid \$600 or more for their services, then a 1099-MISC would be required for that appraiser.

1099-MISC Instructions are available on the IRS website at <https://www.irs.gov/pub/irs-pdf/i1099misc.pdf>.

4. What is a 1099-S?

The 1099-S is for reporting proceeds from real estate transactions. For the sales or exchange of certain real estate, the person responsible for closing a real estate transaction must report the real estate proceeds on a 1099-S.

There are exceptions for transactions that are not reportable and do not require a 1099-S. These exceptions are listed in the IRS Instructions for Form 1099-S available at <https://www.irs.gov/pub/irs-pdf/i1099s.pdf>.

Exception #4 on page 2 of the IRS instructions states: “*A transfer in full or partial satisfaction of a debt secured by the property. This includes a foreclosure, a transfer in lieu of foreclosure, or abandonment.*”

This exception would most likely apply to the majority of Master Commissioners’ transactions and a 1099-S would not be necessary. However, your accountant or bookkeeper would need to make this determination.

5. Why does the Commonwealth of Kentucky issue and submit 1099s for Master Commissioners?

There are certain situations where it is applicable that the Commonwealth’s TIN is used when preparing a Form 1099 for individuals who perform services for a Master Commissioners office. However, Master Commissioners are not authorized as an employer to file any tax documents to the IRS using the Commonwealth’s TIN.

IRS regulations state that if 250 or more forms are being submitted, they must be submitted electronically or penalties may incur. Since the number of forms the Commonwealth files annually greatly exceeds this amount, the Division of Statewide Accounting is the only agency permitted to submit Forms 1099 to the IRS on behalf of the Commonwealth. A singular agency submitting the 1099s insures that not only is the Commonwealth in compliance with the IRS regulations, but we also have a record of all forms submitted under our TIN for accounting purposes.

Therefore, a 1099 of any type that Master Commissioners need to file using the Commonwealth’s TIN must be submitted to the SSCRB.

6. What are the Social Security Coverage and Reporting Branch’s responsibilities for completing the 1099s for Master Commissioners?

The SSCRB will collect and coordinate the data, print and mail the recipient copies and prepare an electronic file to submit with the IRS. We will then forward the electronic file to the Division of Statewide Accounting who will transmit the data to the IRS.

Note: The Division of Statewide Accounting is the only agency authorized to submit a 1099 file to the IRS on behalf of the Commonwealth of Kentucky.

7. How do you determine if the Master Commissioner or the SSCRB should issue and submit a 1099?

If the individual was paid from the escrow account using the Commonwealth's TIN, the SSCRB is responsible for preparing and filing the 1099 form.

If the individual was paid from an account using the Master Commissioner's TIN, the Master Commissioner is responsible for preparing and filing the 1099 form.

Your accountant or bookkeeper would need to make this determination.

8. How do Master Commissioners Report 1099 data to the Social Security Coverage and Reporting Branch?

The Social Security Coverage and Reporting Branch will provide a 1099 Excel Workbook to all Master Commissioners by e-mail. The spreadsheet will need to be completed and returned by e-mail to tammy.taylor@ky.gov by January 10th.

The required 1099 data must be submitted on the Excel Workbook provided. **Paper copies of the 1099 will not be accepted.** Once received, the data will be uploaded directly from the workbook to the 1099 software.

This process allows Master Commissioners to report 1099 data efficiently to the Branch and reduces the chance of typing errors that could occur when manually entering the data from a paper copy to the software.

9. Who does the recipient contact if they need a duplicate or replacement copy of their Form 1099?

Contact the Social Security Coverage and Reporting Branch at (502) 564-6915 or by email at tammy.taylor@ky.gov to request a duplicate or reissued copy of Form 1099. If sending a request by email, please include the recipient's correct mailing address and email address. While the original form must be mailed, copies of the form can be emailed.

10. How do I determine if a 1099 is necessary?

To determine whether you need to file a 1099 form, there are a number of questions to ask about the relationship with a contractor, and amount paid over the course of the previous year. The following steps can assist you in making this determination:

Step 1: Determine what type of relationship you have with a person or company to decide if you need to issue a 1099 to document the relationship. Typically, you need to supply a 1099 to independent contractors, janitorial services, 3rd party accounts, third-party public-relations firms that are not on your regular payroll or any other company or worker that you paid for services that is not on your payroll.

Step 2: Once you conclude a person meets the criteria from Step 1 to be eligible for a 1099, next you should determine the total amount of money you paid the person or company over the year. If you paid more than \$600 throughout the entire year for the services provided, you need to issue a 1099 form.

Step 3: Check your records for payments made to attorneys. Attorney payments are documented using a 1099.

Step 4: Check the type of corporation the third party is. For example, companies that are sole proprietors, partnerships or LLCs who received money from your company should receive a 1099. C corporations, S corporations or LLCs that are taxed as C or S corporations do not require a 1099.

Step 5: File a 1099 if you are unsure. If you file one but did not need to, there is no harm done. However, if you fail to file one and one was required, you could be penalized heavily.

The penalty for not issuing a Form 1099 is \$50 per form and the penalty for not filing such forms with the Internal Revenue Service also is \$50 per form. This is a total of \$100 for each Form 1099 not filed and issued.

Reminder: The above steps are only to help determine if a 1099 is necessary. Who is responsible for issuing and submitting 1099 forms for individuals that provided services for Master Commissioners is based on which account the payments were made from. For more on how to make this determination, see question #7 on page 3 of this FAQ sheet.

This fact sheet was designed to provide awareness of social security coverage and reporting responsibilities for Master Commissioners of the Commonwealth of Kentucky. This fact sheet 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.

Social Security Coverage & Reporting Branch Master Commissioner Information Form

County

Master Commissioner Name

Social Security Number

Address

City

State

Zip Code + 4

Phone

Fax

E-mail

Official Position

Master Commissioner

Master/Domestic Relations Commissioner

Kentucky Employees Retirement System Member (Contributions from MC fees only)

Yes

No

Note: Please include a copy of the Court Order appointing you as Master Commissioner

Return this form to the Social Security Coverage & Reporting Branch
Mail: PO Box 639, Frankfort KY 40601-0639
E-mail: tammy.taylor@ky.gov
Fax: (502) 564-2124

**Social Security Coverage & Reporting Branch
Master Commissioner Personnel Action Form**

Office Code

County

Social Security Number

Name (First, MI, Last, Suffix)

Home Address

City

State

Zip Code + 4

Personnel Action

(The information below applies to duties performed within the Master Commissioner's office only)

Personnel Action Type

Effective Date

Job Classification

Full Time

Part Time

Job Title

Maximum Wage (Set by AOC)

Member of Kentucky Retirement System

(Only check yes if KRS contribution is made from wages earned from Master Commissioner duties)

Retirement Contribution Percentage

Yes

No

Contribute to deferred compensation plan

401K

457

Both

None

Name or Address Change

New Name and/or Address:

Authorized Official Name and Title

Date

Return this form to the Social Security Coverage & Reporting Branch
Mail: PO Box 639, Frankfort KY 40601-0639
E-Mail: tammy.taylor@ky.gov
Fax: (502) 564-2124