

Affects of Special W2 Situations on Processing

This document describes the affects of situations a district may have on W2 reporting.



The items listed here in **red** affect balancing between W2 Report and Submission and Quarter Report. These items will cause the total gross on W2 Report and Submission to be higher than that found on Quarter Report as they apply.

Adoption assistance, cash payment

Payment processed as **Adoption Assistance** pay type

- Exempt from:
 - Federal taxation
 - Ohio taxation
 - SERS/STRS
- Not exempt from:
 - Medicare taxation
 - OBES wages
- City taxes treated according to how the '**Tax Non Cash Earn**' flag is set on the **Payroll Item Configuration** record

Adoption assistance, Section 125 treated as wages

Set up as **Payroll Item** with type of **ADOP**

- Included annuity type of Section 125 treated as wages
- Exempt from:
 - Federal taxation
 - Ohio taxation
- Not exempt from:
 - Medicare taxation
 - OBES wages
 - SERS/STRS
- City taxations are according to whether or not the city honors annuities

Cost of Life Insurance over \$50,000

Use **Life Insurance Premium Pay Type**

- Exempt from:
 - Federal tax withholding
 - Ohio withholding
 - SERS/STRS
- Not exempt from:
 - Federal taxation
 - Ohio taxation
 - Medicare taxation
- City taxes treated according to how the '**Tax Non Cash Earn**' flag is set on the **Payroll Item Configuration** record

Dependent Care Benefits

- Exempt from:
 - Federal taxation up to exclusion limit of \$5000
 - Ohio taxation up to exclusion limit of \$5000
 - City taxation if a Section 125 plan

Educational Reimbursements

Contact legal or tax advisor if necessary to determine how payment should be handled. Contact NWOCA if assistance is needed in implementing

Employee Expense Reimbursements

If paid through warrant and the district wants the amounts to appear on the W2 form see separate document for more details-[Reimbursable Employee Expenses](#)

Fringe Benefits

Amounts must be entered in **Core/Adjustments** on the **Federal 001** record using **Type- 'Fringe Benefit'**

Health Savings Accounts (Employee portions)

Set up as annuity in **Payroll Item Configuration** with **Annuity Type = "I"**

- Exempt from
 - Federal taxation
 - Ohio Taxation
 - City withholdings
 - Medicare
 - OBES Reporting
- Not exempt from:
 - SERS/STRS

Health Savings Accounts (Employer portions)

Set up as annuity in **Payroll Item Configuration** with **Annuity Type = "I"**

- Enter only board portions in Payroll Item records
- Exempt from
 - Federal taxation
 - Ohio taxation
 - City withholdings
 - Medicare
 - OBES reporting
 - SERS/STRS

Insurance amounts paid to annuity company

- Exempt from:
 - SERS/STRS
 - Medicare taxation
- Not exempt from:
 - Federal taxation
 - Ohio taxation
 - City taxation

Medical Savings Accounts

Set up as **Payroll Item Configuration** type of **MSA**

- Exempt from:
 - Ohio taxation
 - SERS/STRS
 - OBES reporting
- Not exempt from:
 - Federal taxation
 - Medicare taxation
- City taxation will be according to the **'Tax Employer Amount'** flag in payroll item configuration

Medicare, employer pays employee share

Set up as 692/693 with Employer amount as 2.9%

- Exempt from:
 - SERS/STRS

- Not exempt from:
 - Federal taxation
 - Ohio taxation
 - Medicare taxation
- City taxation will be according to 'Tax Employer Amount' flag found in **Payroll Item Configuration**

Moving Expenses-Active Military Only

Section 125 plans, treated as non-wages

Set up as **Payroll Item** record with **ANN** type

- Exempt from:
 - Federal taxation
 - Ohio taxation
 - Medicare taxation
 - City taxation
- Not exempt from:
 - SERS/STRS

SERS/STRS Employer Pickup (Annuitized)

Set up as 590/591 **Payroll Item** records

- Exempt from:
 - Federal taxation
 - Ohio taxation
- Not exempt from:
 - Medicare taxation
- City taxation is according to whether or not city honors annuities

SERS/STRS Non-annuitized

Set up as 400/450 **Payroll Item** records

- Not exempt from:
 - Federal taxation
 - Ohio taxation
 - City taxation
 - Medicare taxation

Third Party Sick Pay; Taxable

- Contact insurance provider to determine type of third party sick payment
- Contact legal or tax advisor if necessary to determine how payment should be handled
- See [Third Party Sick Pay](#). Contact NWOCA if assistance is needed implementing

Third Party Sick Pay; Non-taxable

Enter amount in **Core/Adjustments** on the **Federal 001 PayrollItem** using the 'Third Party Pay' Type

Use of Company Vehicle

- Contact legal or tax advisor if necessary to determine how payment should be handled
- Any amounts reportable must be entered in **Core/Adjustments** on the **Federal 001 Payroll Item** using the 'Vehicle lease' Type
- Contact NWOCA if assistance is needed in implementing