Lesson 12, Electronic Filing Form W-2

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Welcome to this presentation.

I've a few announcements before we get started.

The information contained in this presentation's current as of the day it was presented, and shouldn't be considered official guidance.

Any stories, names, characters, and incidents portrayed in this production are fictitious. No identification with actual persons (living or deceased), places, buildings, and products is intended or should be inferred.

This program will be maintained in accordance with federal recordkeeping laws.

Now let's get started.

This is the last of 12 lessons created on payroll taxes.

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In this lesson, we'll concentrate on how to electronically file Form W-2.

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Let's review what a W-2 is, and how it's used.

As you learned in Lesson 3, a W-2 is the form that's received by employees. It lists their annual wages, as well as any deductions from those wages – such as federal income tax withholding, social security withholding, and Medicare withholding.

Form W-2's required to be submitted to the Social Security Administration (SSA) by Jan. 31 of the following year. SSA uses the forms to ensure individuals are properly credited for the benefits they're paying.

The IRS uses the Form W-2 for enforcement purposes. The IRS matches the W-2's to income tax returns to ensure individuals are properly reporting earnings and paying the correct amount of tax.

Individuals use the Form W-2 to properly file federal and state tax returns.

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There are two ways to file Forms W-2 with SSA.

The first way to file Forms W-2 is to mail the paper copy to SSA.

The second way is to electronically submit them to SSA.

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Paper Forms W-2 are often expensive and error prone. This is because you must purchase the correct and current forms every year.

If you're using accounting software, you can't print the W-2s and mail those in. If you do, they'll be rejected.

You must use IRS approved paper. The paper forms must be properly filled out the first time, because they're carbon copy papers. If you make an error, there's no way to "erase" that mistake. You must void the form and start over on a new form.

The paper forms are also labor intensive and expensive for SSA to process.

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There are many advantages to e-filing Forms W-2.

Electronic filing's fast, safe and secure. There's nothing to mail since you'll be submitting them online. You'll receive an immediate electronic receipt. Processing and posting of wages from the W-2 into the SSA and IRS systems if faster. And you'll be saving money for employers and SSA.

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There are two options to file the forms electronically. There are pros and cons to each option we'll discuss. It's important to know these so you can make the best decision for your situation.

Option 1 is to use your accounting software. Your accounting software may be able to perform an electronic file upload to SSA.

With this option, you can transmit your wage file to SSA over the internet without the need to re-enter the information already existing in your accounting software.

However, if your file doesn't match the proper format SSA may not be able to process your file, and may return your submission for correction and resubmission.

If you don't make the proper corrections or confirm the file was received, your employees' wages won't be properly credited. Your totals of all W-2 reports may not match tax payment totals for the year. And you may be subject to a financial penalty by the IRS.

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If you file using this option, you need to make sure your tribe official's W-2s are correct. Nothing should be in boxes 3, 4, 5, & 6, and Box 14 needs to include the amount of wages they received with the description RR 59-354.

You'll still need to perform an end-of-year reconciliation using the W-3 totals from your software, and your copy of the 941s that you filed with the IRS. This is the only way you'll catch reporting errors.

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There are still a few more things to consider if you choose to use your accounting software to file the Forms W-2.

SSA may return your submission for correction and re-submission. Make sure you know how to check if your submission was returned, how to make the proper corrections, and how to re-submit your file.

Make sure you know how to confirm your file was received. If you're not sure of the process, contact your software provider for assistance.

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The second option for electronically filing your Forms W-2 is to use Business Services Online (BSO). BSO's owned and operated by SSA.

Just like using your accounting software, there are pros and cons that need to be considered.

BSO allows you to check the status of your report online. You can view your W-3 totals online. You're able to view report errors and notices online. And you'll receive a confirmation number as soon as you submit your file.

However, it's necessary for you to re-enter the information that already exists in your accounting software. If you forget to submit your file, your work will be lost after May of the year you're working in.

You must submit the file for SSA to receive and process it. If you don't submit the file your employees' wages won't be properly credited. You may be subject to a financial penalty by the IRS for failure to file the returns. And BSO doesn't keep a copy of your W-2s. You must save and print a copy for your files.

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If you file using BSO, make sure your tribe official's W-2's are correct. Nothing should be in boxes 3, 4, 5, & 6, and Box 14 needs to include the amount of wages received with the following description RR 59-354.

You'll still need to perform an end of year reconciliation, using the W-3 totals from BSO, and your copy of the 941s that you filed with the IRS. This is the only way you will catch reporting errors.

Any option you choose to use to file your Form W-2's, make sure they get submitted before Jan. 31.

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BSO's an SSA program. For information, go to https://www.ssa.gov/employer/.

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To use BSO, you must register for a user ID and PIN and select a password. You must also request access to different functions.

Don't use your Electronic Federal Tax Payment System (EFTPS) PIN or another person's PIN to access BSO. IDs and PIN numbers are assigned to you as an individual, not to the tribe.

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Once you register and have access to BSO, you can file W-2s and W-2Cs online. You can check report status, view report errors, and verify employees' names and social security numbers.

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If you choose to use BSO to file your W-2s, you don't need any forms or software. You'll log in to your account and key the data into the online forms.

You can create up to 50 W-2s for each W-3, or 5 W-2Cs for each W-3c. There are built in edits, therefore if you make an error, it's easy to fix.

W-2s can be prepared using BSO for the current year as well as the previous two years. When you've completed your W-2s, or after you've completed 50, BSO will automatically total the amounts and create a W-3. When completed, you'll need to print the W-2s and distribute them to the employees.

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Beginning with the 2016 filing year, all filing dates for W-2s became Jan. 31, regardless of if you filed with paper or electronically.

Make sure you print your W-2s from BSO and either hand them to or mail them to employees.

If you're informed of any errors, make corrections to W-2s on BSO or your accounting software for name, SSN, address, and payroll information. Make sure to provide employees a copy of the corrected form.

Logon to BSO or your accounting software and submit your files to SSA no later than Jan. 31. You can file any time before this date, just make sure the information's correct.

Make sure you get a confirmation after you submit your files and keep a copy for the tribe's records with hard copy W-2s.

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Remember, just because you entered and printed your W-2's online through BSO doesn't mean they've been filed with SSA. You must logon to BSO and submit your files to SSA and get a confirmation number. If you don't submit,

your files will be deleted in May and your work will be lost. If you don't submit your files, you'll receive penalties for not filing the required returns.

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Once you've chosen how you want to file and submit your Forms W-2, stick with it. You can choose to file electronically using one of the two options that were just discussed, or you can choose to paper file your Forms W-2.

Don't do both.

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If you need assistance, go to <u>https://www.ssa.gov/employer/</u>. The site has tutorials, demonstrations, handbooks, instructions, and frequently asked questions for your use.

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Remember BSO's an SSA program. IRS and ITG specialists don't have access to the system, and have minimal knowledge on how the system works.

Only you know your password and security questions, so make sure you know your answers in case you become locked out of the system.

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If you need assistance, contact SSA.

The Employer Reporting Assistance Branch hotline phone number is 800-772-6270.

The BSO Technical Assistance Branch hotline phone number is 888-772-2970.

In this lesson, you're learned how to electronically file Form W-2.

Thank you.