

Elliott 2013 Year End Payroll Update

Introduction

The IRS will require the 2013 W-2's, issued in January of 2014, to provide **employer-sponsored health coverage cost** information in Box 12 under the code DD as part of the Affordable Care Act. The DD amount is not taxable and the purpose of this reporting requirement is to provide employees useful and comparable consumer information on the cost of their health care coverage. The current version of Elliott Payroll does not track this information, but since the 2012 year-end update, it can be manually entered for the printed and electronic W-2's.

A higher bracket of additional Medicare tax of 0.9% was created for wages in excess of \$200,000 in 2013 and Elliott 7.5 already supports this additional tax. As of this writing, information is not available if this tax will be adjusted in 2014. Refer to any future publications from the federal government on this matter.

There is no change to the 2013 W-2 Tax Form layout from 2012. If you need to purchase W-2 forms, our tests used STAPLES item number 198518, W-2 Tax Forms, Inkjet & Laser Compatible.

If you have more than 250 W-2 Tax forms to report, you will need to also file W-2's electronically. For the exact W-2 filing requirements, refer to the IRS or SAA publications. The Elliott 2013 year-end update is required to file W-2's electronically since the layout will have minor changes this year. The contact information, including name, address, phone and emails, have been added to the RE record (the employer record). In the past, contact information was only in the RA record (the submitter record). We prompt for contact information when creating the W-2 electronic file and the same contact information will be moved to both RA and RE records. We suggest downloading the 2013 AccuWage software from www.socialsecurity.gov/employer/accuwage/ and verify your electronic file before submitting it.

You must print W-2's and create your W-2 electronic file at the end of 2013 before the first payroll is processed for 2014. Do not clear your Payroll employee YTD data until you have done so.

Updating Employer-Sponsored Health Coverage Cost

To understand this update, you need to know that Elliott stores **employer-sponsored health coverage cost** in two different tables:

Employee File

In Payroll -> Maintenance -> Employee File Maintenance, second screen, field 38 is Employer-Sponsored Health Coverage Cost (for W2). This field can be updated manually and is used by the Elliott W-2 electronic file creation program.

Employee File Maintenance - [Electronics - RSS(96)]

Add Change Delete Extra-data Numeric-list alpha-list exit

08x15 Fixedsys

Emp: 162 JOHNSON, LINDA

| | | | | |
|---------------------|------|--|----------|-----------|
| 1. Savings Bond Ded | 0.00 | 20. D/E Code-3 | M | Not Found |
| 2. Frequency | S | 21. Amount | 45.40 | Amt |
| 3. Bond Size | 0.00 | 22. Frequency | S | |
| 4. Balance | 0.00 | 23. D/E Code-4 | | |
| 5. Union Deduction | 0.00 | 24. Amount | 0.00 | |
| 6. Frequency | | 25. Frequency | | |
| 7. Union Account No | | 26. D/E Code-5 | | |
| 8. Loan Deduction | 0.00 | 27. Amount | 0.00 | |
| 9. Frequency | S | 28. Frequency | | |
| 10. Balance Due | 0.00 | 29. D/E Code-6 | | |
| 11. Garnish Ded | 0.00 | 30. Amount | 0.00 | |
| 12. Frequency | S | 31. Frequency | | |
| 13. Balance Due | 0.00 | 32. D/E Code-7 | | |
| 14. D/E Code-1 | | 33. Amount | 0.00 | |
| 15. Amount | 0.00 | 34. Frequency | | |
| 16. Frequency | | 35. D/E Code-8 | | |
| 17. D/E Code-2 | | 36. Amount | 0.00 | |
| 18. Amount | 0.00 | 37. Frequency | | |
| 19. Frequency | | 38. Employer-Sponsored Health Coverage Cost (for W2) | 1,210.00 | |

Field Number ?

Electronics - RSS(96) 001 ENK TS2ENK EMPMNT

W-2 Information File

The W-2 Information File is used to enter additional information needed on the W-2 form. Data in the W-2 Information record will override information printed for the employee on the W-2 form. To report the Employer-Sponsored Health Coverage Cost you will need to enter that information in the W-2 Information File Box 12 area by going to Payroll -> Maintenance -> W-2 Information File and enter the code DD in Box 12. Keep in mind you can report up to 4 different types of information in Box 12, so the code DD can be in Box 12a, b, c or d. If field 38, Employer-Sponsored Health Coverage Cost, in the Employee file already has a value, the DD code will default to this amount. It can be overridden and that amount and will be saved back to the Employee file automatically.

W-2 Information File Maintenance - [Electronics - R55(96)]

Add Change Delete eXit

08x15 Fixedsys

1. Employee No 162 JOHNSON, LINDA
 2. St Tax Code CA

3. Section 457 Plan Only? N
 Section 457 Plan 0.00
 Non Section 457 Plan 0.00

4. Dependent Care Benefit 0.00
 5. Statutory Employee N
 6. Third-Party Sick Pay N

| 7. Box 12 | Line 12a | Code | Amt |
|-----------|----------|------|---------|
| | | DD | 1210.00 |
| | Line 12b | | 0.00 |
| | Line 12c | | 0.00 |
| | Line 12d | | 0.00 |

| 8. Box 14 | Line | Desc | Amt |
|-----------|--------|------|--------|
| | Line 1 | Ost | 416.29 |
| | Line 2 | | 0.00 |
| | Line 3 | | 0.00 |

Area: 1201 1356 001 EMK TS2EMK PRW2SCN

Create W-2 Information File

You must create a W-2 Information record for each employee in order to print the DD code in Box 12. The easiest way to update “**employer-sponsored health coverage**” to Elliott database is through W-2 Information File maintenance where both W-2 Information File and Employee File can be updated in the same step. Therefore, we suggest you go to Payroll -> Maintenance -> W2 Information File Maintenance and perform the following:

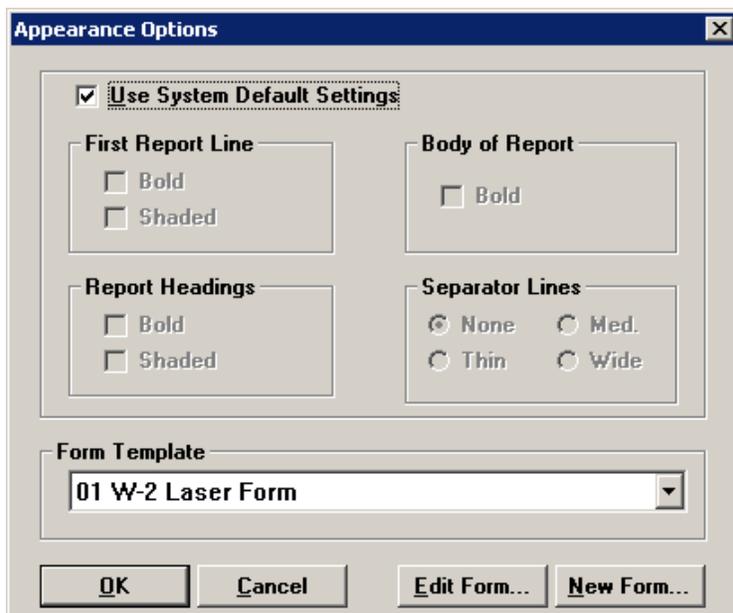
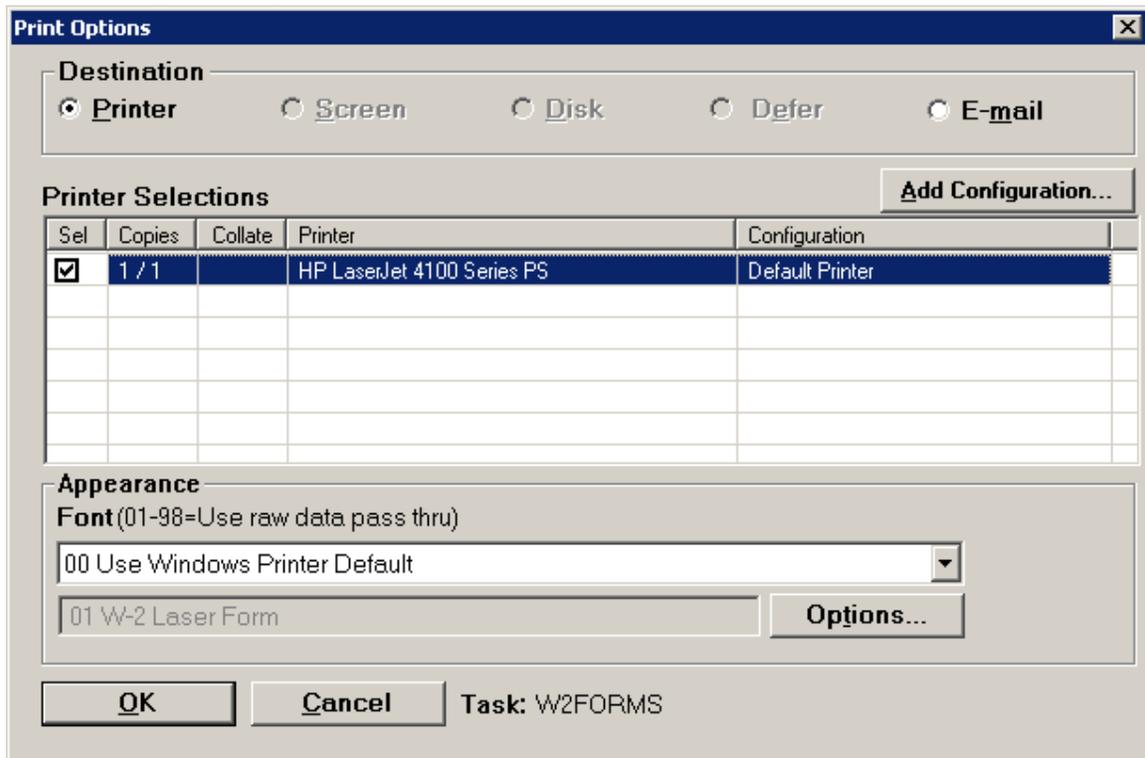
- Add each employee and the corresponding state tax code, similar to the sample screen above.
- Box 12 may be populated with certain codes and amounts automatically. If code DD appears, check for the correct amount. If code DD does not appear, it implies the Employer-Sponsored Health Coverage Cost field in the Employee file is zero. Enter code DD manually in filed line 12a, b, c or d. The amount you enter here will be saved and updated to field 38 of the Employee file automatically, which will then be used for W-2 electronic filing.
- Since an existing employee record in the W-2 Information File may contain residual data from the previous year, if prior year record exist, we recommend deleting them and adding a new one.

Print/Create W-2 Forms

Go to Payroll -> Processing -> Print/Create W-2 Forms. The W-2 Form supported by Elliott is the standard letter size form as published on the IRS website. It has two forms

per page and is intended to be used with a laser printer. You can buy them from any of the major office suppliers.

To print W-2's, you should make sure the W-2 Laser Form template is selected in the Options area. If not, click the Options button and select the proper template in the Appearance Options window (see sample screen below). This template aligns the print correctly on the form. If the W-2 Laser Form template is not available, contact your reseller or Netcellent for further assistance.



The following is a sample of how Employer-Sponsored Health Coverage will print on the W-2 form (Box 12). Keep in mind the DD information printed in Box 12 comes from the W-2 Information File.

| | |
|---|---|
| e Only ▶ | |
| -0008 | |
| 1 Wages, tips, other compensation 39129.27 | 2 Federal income tax withheld 4830.00 |
| 3 Social security wages 38811.47 | 4 Social security tax withheld 1630.03 |
| 5 Medicare wages and tips 38811.47 | 6 Medicare tax withheld 562.77 |
| 7 Social security tips | 8 Allocated tips |
| 9 Advance EIC payment 0.00 | 10 Dependent care benefits 0.00 |
| 11 Nonqualified plans 0.00 | 12a See instructions for box 12 DD 1210.00 |
| 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | 12b |
| 14 Other Ost 416.29 | 12c |

Create W-2 Electronic File

Employers can file their copy of the W-2's electronically by selecting the Create option under Print/Create W-2 Forms. Follow the instructions to create the W-2 electronic file W2REPORT. Below is a sample of how this file looks using Notepad. We recommend installing 2012 Accuwave from the Social Security Administration website. Use 2012 Accuwave to verify the W2REPORT file before sending it to the federal or state government.

