
Additional W-2 Info

Third Party Sick Pay

Federal legislation requires the reporting of sick pay payments made to employees from a third party, as well as any taxes withheld on those payments. These must be included on the employee W-2 form OR on a separate form provided by the third party.

It's important to obtain this information from the appropriate third party provider as soon as possible. These entries must be processed on or before your last 2019 payroll to ensure your 941 and W-2 forms are accurate. ***Additional charges will be applied if this information is received after your last payroll.***

If you can't get your information to Netchex before your last payroll of 2019, inform your Customer Service Team. Otherwise, additional charges may apply for tax returns that need to be recreated.

Note: If your third party provider is paying and reporting all taxes on the benefit and preparing W-2s on your behalf, DO NOT provide Netchex with the payment information.

Fringe Benefit / Personal Use of Auto / Group Term Life Insurance Reporting

Federal Legislation requires that, under certain circumstances, the value of some non-cash fringe benefits be reported on the 941 and the employees' W-2. Taxable Fringe Benefits are included as wages, making them subject to Federal Income Tax, FICA, FUTA, and possibly State Income and Unemployment Tax. The IRS has issued regulations defining what is considered a Taxable Fringe Benefit and how to arrive at its value. The taxing on these benefits varies by each company's interpretation of the law. ***If you require advice on this, please contact your CPA, as Netchex cannot legally advise you on this matter.***

When reporting these benefits, ensure your employees have adequate pay from which to withhold the taxes, thus relieving you of the potential liability of paying the employee taxes. Fringe Benefits need to be submitted by the time your last payroll for 2019 is processed. ***Additional charges will apply for any reporting of these benefits after that time.***

Cost of Employer Sponsored Health Coverage

The Affordable Care Act requires many employers to report the cost of coverage under an employer-sponsored group health plan. The amount reported should include both the portion paid by the employer and the portion paid by the employee. The value of the health care coverage will be reported in Box 12 of the W-2, with Code DD to identify the amount.

Note: Reporting the cost of health care coverage on the W-2 does not mean the coverage is taxable. The value of the employer's excludable contribution to health coverage continues to be excludable from an employee's income, and it is not taxable. This reporting is for informational purposes only and will provide employees useful and comparable consumer information on the cost of their health care coverage. For additional guidance you can review the following link:

<http://www.irs.gov/uac/Form-W-2-Reporting-of-Employer-Sponsored-Health-Coverage>

Netchex allows you to manage this reporting using year-end tools. Visit this page to review your company's setup and contact your Customer Service Team should you have any questions.

Additional W-2 Info

Affordable Care Act (ACA)

The Affordable Care Act added section 6056 to the Internal Revenue Code, which requires applicable large employers to file information returns with the IRS and provide statements to their full-time employees about the health insurance coverage the employer offered. **These forms are called Form 1094-C and 1095-C.** Under the regulations implementing section 6056, an applicable large employer may be a single entity or may consist of a group of related entities (such as parent and subsidiary or other affiliated entities). In either case, these reporting requirements apply to each separate entity and each separate entity is referred to as an applicable large employer member (ALE member). An applicable large employer is an employer that employed an average of at least 50 full-time employees on business days during the preceding calendar year.

The IRS will use the information provided on the information return to administer the employer shared responsibility provisions of section 4980H. The IRS and the employees of an ALE member will use the information provided as part of the determination of whether an employee is eligible for the premium tax credit under section 36B.

Please visit ACA Central in Netchex. For additional guidance, review the following link:

<http://www.irs.gov/Affordable-Care-Act>

Other

Box 12 Code W will contain HSA contributions from the employer as well as pre-tax contributions made by the employee. Please make sure all employer contributions are in the employee's pay history.

Box 13 on the W-2 includes these categories:

- Statutory Employee
- Retirement Plan
- Third Party Sick Pay

The Retirement Plan box will be automatically checked if you have any plan funded via payroll deduction (401(k), 403(b), SIMPLE, etc.). Similarly, the Third Party Sick Pay box will be checked if your employee is paid through a mapped earnings code. If any of these categories need to be checked for other reasons you can do so manually on the employee's Wage and Tax page or notify your Customer Service Team for assistance.

You can verify your company's earnings and deduction mapping to the W-2 using the W-2 Verification Report.

Box 14 is used by Netchex to report the total amount of pre-tax deductions an employee has. This amount is labeled PRE-TAX and is used for informational purposes only. Reporting in this box is not required by the IRS.

Allocated Tips: if you have completed your Form 8027 and determine you will need to report allocated tips, contact your Customer Service Team for assistance in setting up the appropriate earnings code and its mapping to the W-2.