







Getting Prepared for Calendar Year-End

Calendar year-end comes with many challenges; the trick to a successful year end is to report issues regarding taxable income prior to the end of the year. LEAs are asked via DFS-Notify to complete spreadsheets for earnings adjustments. A sample of the DFS-Notify sent on an annual basis and the spreadsheets is illustrated below:

 Fri 11/16/2018 9:38 AM
DFS-NOTIFY
PAY2019-02: Wage and Tax Adjustments Required for 2018 W-2 Form

To fernando.cubias@alvordschools.org; beth.davis@alvord.k12.ca.us; raymond.briebesca@alvordschools.org; cbagnara@banning.k12.ca.us; choff@banning.k12.ca.us; cordonez@beaumontsd.k12.ca.us; msalcedo@cvusd.us; suescott@eaglemtnschool.com; tammiedye@eaglemtnschool.com; yara.pacheco@desertsands.us; rita.dehni@leusd.k12.ca.us; charles.cornett@leusd.k12.ca.us; arleen.sanchez@leusd.k12.ca.us; pbuckhou@hemetusd.org; satiyoata@hemetusd.org; tjohnson1@hemetusd.org; jacqueline_benson@jUSD.k12.ca.us; cgarcia@jUSD.k12.ca.us; rhanson@menifeeusd.org; rstearns@menifeeusd.org; dcherry@murrieta.k12.ca.us; smatusek@murrieta.k12.ca.us; cbaldwin@murrieta.k12.ca.us; jsimmons@nuview.k12.ca.us; cfreeburg@nuview.k12.ca.us; pvanbuskirk@psusd.us;

Cc Brenda Franklin; Debbie Van Holland; Frances Davenport; Paula Pengelly; Amal Qaqish; Kathy Rhodes; Lorraine Estrada; Juliet Comaduran; Parul Bhakta; Maricela Bermudez; Shabana Berket; James Whittington; Lisa Coleman; Ana Lambert; Anabel Gonzalez; Reyna Philp; Lindsay Gleason; Julie Portillo; Carolyn Yoakum; Isabell Salazar; Tracey Corso; Samantha Pelerine; Erika Ortega

 1 - W-2 Processing timelines Districts Community Colleges 2018.pdf 169 KB	 2 - 2018_W-2_Worksheets_Template.xlsx 359 KB
 3 - 2018 W-2 Data Checklist Certification due Tuesday Dec 4 2018.pdf 103 KB	 4 - 2018 W2 Health & Welfare Certification (Box 12, DD), due Jan 4, 2019.pdf 40 KB
 5 - 2018 Adjustments to Taxable Wages w-Attachments.pdf	

Action Required: Return by Tuesday, December 4, 2018

Greetings,

This bulletin and supplemental attachments should be distributed to the district payroll supervisor, risk management supervisor and accounts payable supervisor. **PLEASE FORWARD THIS DFS-NOTIFY TO THE APPLICABLE STAFF. YOU ARE THE ONLY CONTACT AT YOUR DISTRICT RECEIVING THIS EMAIL.**

This bulletin provides information and instructions concerning W-2 reporting for additional wage and tax items.

Galaxy will produce the annual W-2 Employee Wage and Tax Statements for all district, community college and charter employees with Galaxy taxable wages in 2018. In addition, 2018 wage and tax data will be electronically transmitted to the Social Security Administration (SSA) as part of the annual W-2 production process.

W-2s are created based upon final year-to-date data in Galaxy and will not require any district action. There are, however, a variety of year-end "additional compensation" items that may require some special district processing in order to be included on the W-2.

This bulletin and its attachments are not intended as tax advice, but only to assist school districts in understanding the W-2 reporting requirements and Galaxy capabilities. Districts with specific tax questions should seek advice from their tax counsel or through Federal and State tax agency resources.

Internal Revenue Service (IRS) regulations require employers to report the value of specific benefits paid by the district and /or third parties for applicable employees on the W-2. In some instances these values are subject to FICA and Medicare taxes.

Attached are the following documents:

1. 2018 W-2 Processing Timelines, Districts and Community Colleges
2. 2018 W-2 Worksheets Template, due Dec. 4, 2018
3. 2018 W-2 Data Checklist and Certification, due Dec. 4, 2018
4. 2018 W-2 Health and Welfare Certification, due Jan. 4, 2018
5. 2018 Adjustments to Taxable Wages – instructions for the Worksheets Template

Please complete and submit all required information within the prescribed timelines in order to allow sufficient time for our office to input and validate data reported by each school district. Data and corrections submitted by school districts after the December 4, 2018 deadline will result in a W-2C issued in February 2019 and may be subject to IRS/EDD penalties.

Revised W-2s will be issued in January 2019 only for employees with Workers Comp Wages and Third Party Sick Pay Wages reported by a third-party administrator in early January 2019.



20XX W-2 Data Checklist and Certification

District No. _____ District Name: _____

- The district has no reportable payments/benefits.
- The district has reportable payments/benefits. Enclosed is data for the following payments/benefits:

Please enter total number of employees to be adjusted from each applicable spreadsheet:

- _____ Group Term Life Insurance in Excess of \$50,000 – Current Employees (Box 12, code C)
- _____ Group Term Life Insurance in Excess of \$50,000 – Terminated/Retired (Box 12 Code C & N)
- _____ Third-Party Sick Pay – District Paid & Employee Pretax, Q4 (Box 13 checkbox)
- _____ Non-Taxable Third-Party Sick Pay – Employee Paid Post Tax (Box 12, Code J)
- _____ Employee Use of District Vehicles (Box 14)
- _____ Domestic Partner Benefits – including former employees/retirees
- _____ Workers' Compensation, Q4
- _____ Health Savings Account- Health & Welfare Module Only Employee Pretax & Voluntary Deduction Module deductions no longer require manual reporting (Box 12, Code W)
- _____ December Revolving Cash Wages-not offset with a 20XX district repay, net zero
- _____ Other, Specify: _____
- _____ Health and Welfare Pretax 125 Plan Refunds
- _____ Vol. Deduction Pretax Refunds (Dep. Care, Flex Savings Acct, Other 125 Plan Pretax Insurance Premiums)
- _____ 20XX WC Award Reversals, previously untaxed using Galaxy adjustment codes 997-998.

I certify that, to the best of my knowledge and belief, the data reported is true and correct and in compliance with federal and state laws and regulations.

Authorized Signature _____

Date _____

Name (print) _____

Phone Number _____

Please scan and email by December 1, 20XX to:
 Riverside County Office of Education
 District Fiscal Services – Payroll
 Attn: Julie Portillo
jportillo@rcoe.us

District Number	District Name	Prepared By	Telephone Number																		
YEAR: 2016	Alvord Unified School District																				
COMPLETE ONLY SHADED AREAS																					
Batch #	District #	Employee Data				Earnings							Employee Taxes to Be Refunded			Employer Taxes to Be Refunded					
		Employee Name	Emp #	Employment Status	Rate	2016 Ineligible Exemption from Galley (Fixed Employee Payroll YTD)	WC \$ to be Excluded from Taxable Wages (Factor Negative Amount) (-)	Net Taxable Wages - Monthly Adjust Column Q1 Less than \$0	FICA Wages - Should be Negative Amount (-)	Medicare Wages - Should be Negative Amount (-)	SDI Wages	UI Wages	Workers Comp Wages Total Q1	EE FICA	EE Medicare	EE SDI (refunded to district for EE refund)	ER FICA	ER Medicare	ER UI	Total FICA & Medicare Taxes	Qtr Reporting Date
							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Retirement plan codes can be viewed on the Galley View Employee Participation screen.

* FICA applies to employer with retirement plan codes: M, N, H, NS, P, LP, P5, P7, and P8, up to the 2016 FICA wage base limit of \$118,500. 2016 Maximum Annual Social Security Tax: \$7,347

** Medicare applies to employer with retirement plan codes: M, N, H, NS, P, LP, P5, P7, P9, N, R, R2, R3, Z, and Z4, as well as

*** NOTE Effective January 2015, an additional 0.9% Medicare tax is withheld from employer's wages up to \$200,000. The additional Medicare tax is not matched by employer.

Data must be submitted to our office by 03/31/2017

Complete all tabs that apply to your LEA and send the information to the DFS Payroll.

Annual Worksheet Requests

Annually, a DFS-Notify is sent to all LEAs that requests information regarding taxable income and required adjustments. Below is a list of the worksheets.

- Group-Term Life
- Group-Term Life (Terminated, Retirees)
- Third Party Sick Pay – District Paid & Employee Pre-tax
- Non-Taxable Third Party Sick Pay – Employee Paid, Post-tax
- Employee Use of District Vehicles
- Domestic Partner Benefits, Taxable – include former employees/retirees
- Workers' Compensation (WC) Q4 only
- Health Savings Account, Employee Pre-tax and Employer Contribution
- Revolving Cash Issued without a net zero offsetting POD (include simulation sheet w/e-mail)
- 125 Health and Welfare Pre-tax Refunds refunded by district
- Other 125 Pre-tax Refunds (Dependent Care, Flex Savings Account, Insurance Premiums) refunded by district
- Workers' Compensation Q1, Q2, and Q3 (do not duplicate data already submitted in a previous quarter)
- Other

In addition, please submit to DFS Payroll all adjustments for Q1, Q2, and Q3 WC, not previously submitted, no later than the first week of November, using the Worksheets distributed by previous DFS Notices and posted to the RCOE website. Do **NOT** duplicate previous submissions.

Please hold until February 1 any Workers' Compensation adjustment received for prior years. A worksheet is available on the RCOE website that can be used to submit this information. Do **NOT** combine prior year's workers' compensation with current year adjustments.

Helpful Hints for Completing W-2 Adjustment Worksheets

- Do not alter the worksheets, you may add rows.
- Review worksheet totals/calculations.
- Be careful entering district number (2 digits), employee numbers (6 digits) and retirement codes (2 digits). No dashes please.
- E-mail worksheets and certification forms.
- Have all known W-2 adjustments to DFS by the deadline listed on the DFS-Notify.
- Contact DFS Payroll if you have any questions.

Year-End Checklist

There are a number of items that LEAs can do to ensure a smooth calendar year-end. These activities include, but are not limited to the following:

- Process all employee W-2 corrections and adjustments, cancels, direct deposit reversals, and abatements on time.
- Review annual H&W (Health and Welfare) cost reports.
- Review the DFS Winter Calendar for DFS holidays that may not correspond to your LEA holidays.

Year-End Use of Revolving Cash

Once the final POD for the calendar year runs, the LEA may need to issue revolving cash for missed calendar year wages. Please send in a daily spreadsheet of revolving cash wages issued after the final POD, include a simulation screen used to calculate the net, and **DO NOT** run a net zero POD in the following calendar year. Issuing a net zero POD in the following year will place the wages/taxes on next year's W-2.

For revolving cash issued after the last POD, LEAs will be required to do manual transfers from the accounts charged by the employee to one funding line. Once the funding line transaction is complete, the LEA can issue a commercial warrant to revolving cash account, and deposit warrant to the revolving cash bank account.

If you issue revolving cash for a "missed" 6S payment, the wages will be taxable in new calendar year and will require a net zero POD be issued on the next available POD.

Abatement Impact on W-2

If an employee was overpaid and the repayment was made in the same calendar year, the W-2 will not reflect the wages overpaid.

If an employee repaid a prior year overpayment during the W-2 calendar year, there is no impact to their W-2 wages or taxes. Instead, they will receive a prior year W-2c that includes the amount repaid for a prior year which they may use when filing their tax forms.

Never give tax advice to employees, instead refer employees to their tax professional.

Payroll Warrant Cancels

If an employee did not have constructive receipt of a warrant, in other words the LEA did not issue it to the employee or the employee returned the uncashed payroll warrant, the LEA **MUST** complete the payroll warrant cancellation form and submit it to DFS Payroll prior to the last working day in December. If not submitted, the employee will be taxed erroneously.

Please check all school sites for warrants possibly held by staff or sitting in a drawer.

Non-Receipt of Form W-2

Employees who have not received a Form W-2 by the end of the first week in February should submit a request to their LEA for a duplicate. W2's are available in the View Report Archive. RCOE will not print duplicate W-2s.

W-2 Data Inquiries

Every attempt has, and will be made to ensure the accuracy of the W-2 information. However, any employee who feels the information is inaccurate should contact their LEAs payroll department.

If the LEA needs assistance to answer W-2 questions, the LEA (never the employee) may contact DFS Payroll at (951) 826-6538.

Annual Exempt W-4 Processing

Annually, the Internal Revenue Service (IRS) and the California Employee Development Department (EDD) require employees who claim exempt from Federal and State withholding on their W-4 form, submit an updated W-4 prior to February 15th each year.

W-4 Exempt Report

DFS sends out a DFS Notify to remind LEAs about the W-4 and DE-4 Exemption deadlines. LEAs will be encouraged to run a report out of MicroStrategy that includes a list of all employees claiming “exempt” during the previous year. It is the LEA’s responsibility to notify employees on the list that their “exempt” status will expire.

Employees may also request that no California PIT (Personal Income Tax) be withheld if they incurred no liability for federal income tax for the preceding taxable year and anticipate that no federal income tax liability will be incurred for the current taxable year.

Claiming exempt from withholding for California must be done in conjunction with an exempt W-4 for Federal withholding. Employees cannot claim exempt from California withholding without also claiming exempt from Federal withholding. If an employee wishes to claim exempt from California and Federal withholding, use the Federal W-4 in conjunction with the most current DE-4 form.

Sample W-4 Exempt Certification:**Exemption from Federal withholding**

An employee claiming exempt from withholding according to the IRS, should have had a right to a full refund of the previous year's withholding and expect a refund or no tax liability during the current tax year. In addition, if another person can claim the employee as a dependent on their tax return and the employee can't claim exemption from withholding if their total income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

If an employee is exempt, they should complete only step 1(a), 1(b) and 5. The word EXEMPT must be written under line 4(c) and sign (step 5) the form to validate it. Your exemption for the current year expires February 15 of the following year. See Pub. 505, Tax Withholding and Estimated Tax.

Refer to <https://www.irs.gov/pub/irs-pdf/fw4.pdf> for the most current W-4 form.

Exempt from California withholding

As stated above, California allows employees to claim exempt from withholding only if they are also claiming exempt from Federal withholding. The most current version of DE-4 allows employees to claim exempt on the form. If an employee wishes to claim exempt from California withholding they will need to provide to the LEA the most current version of Form DE-4 along with the W-4, and check the appropriate box to claim exempt.

Refer to https://edd.ca.gov/pdf_pub_ctr/de4.pdf for the most current DE-4 form.

District Exempt W-4 and DE-4 Responsibilities

Employees that do not file a new Employee's Withholding Allowance Certificate prior to the annual deadline (listed on the current year W-4) need to be changed to a withholding rate of single status taxpayer with no check box marked. Updated California withholding certificates (DE-4), not received before the deadline listed on the W-4, should be changed to single/zero.

LEAs may request the Service Desk assist them with a mass update, changing employees to single and no check box for Federal and single zero for state for anyone on the MicroStrategy Report that did not submit a new calendar year W-4 by the February deadline. LEAs need to submit a spreadsheet to the Service Desk that includes: employee number, employee name, requesting all to be updated. This can also be done for California state withholding changes to single/zero

California Requirements for Reporting Exempt or over 11 Withholding Allowances

The state of California no longer requires employers to fax a copy of withholding statements that claim exempt or 11 or more withholding allowances.

Exempt from California withholding

As stated above, California allows employees to claim exempt from withholding only if they are also claiming exempt from Federal withholding. The most current version of DE-4 allows employees to claim exempt on the form. If an employee wishes to claim exempt from California withholding they will need to provide to the LEA the most current version of Form DE-4 along with the W-4, and check the appropriate box to claim exempt.



Clear Form

Employee's Withholding Allowance Certificate

Complete this form so that your employer can withhold the correct California state income tax from your paycheck.

Enter Personal Information	
First, Middle, Last Name	Social Security Number
Address	Filing Status
City State ZIP Code	<input type="checkbox"/> Single or Married (with two or more incomes) <input type="checkbox"/> Married (one income) <input type="checkbox"/> Head of Household

- Use Worksheet A for Regular Withholding allowances. Use other worksheets on the following pages as applicable.
 - Number of Regular Withholding Allowances (Worksheet A)
 - Number of allowances from the Estimated Deductions (Worksheet B, if applicable.)
 - Total Number of Allowances you are claiming
- Additional amount, if any, you want withheld each pay period (if employer agrees), (**Worksheet C**)

Exemption from Withholding

3. I claim exemption from withholding for 2023, and I certify I meet both of the conditions for exemption. (Check box here)
- OR
4. I certify under penalty of perjury that I am **not subject** to California withholding. I meet the conditions set forth under the Service Member Civil Relief Act, as amended by the Military Spouses Residency Relief Act and the Veterans Benefits and Transition Act of 2018. (Check box here)

Under the penalties of perjury, I certify that the number of withholding allowances claimed on this certificate does not exceed the number to which I am entitled or, if claiming exemption from withholding, that I am entitled to claim the exempt status.

Employee's Signature _____ Date _____

Employer's Section: Employer's Name and Address	California Employer Payroll Tax Account Number

Purpose: This certificate, DE 4, is for **California Personal Income Tax (PIT)** withholding purposes only. The DE 4 is used to compute the amount of taxes to be withheld from your wages, by your employer, to accurately reflect your state tax withholding obligation.

Beginning January 1, 2020, *Employee's Withholding Allowance Certificate* (Form W-4) from the Internal Revenue Service (IRS) will be used for federal income tax withholding **only**. You must file the state form *Employee's Withholding Allowance Certificate* (DE 4) to determine the appropriate California PIT withholding.

If you do not provide your employer with a withholding certificate, the employer must use Single with Zero withholding allowance.

Check Your Withholding: After your DE 4 takes effect, compare the state income tax withheld with your estimated total annual tax. For state withholding, use the worksheets on this form.

Exemption From Withholding: If you wish to claim exempt, complete the federal Form W-4 and the state DE 4. You may claim exempt from withholding California income tax if you meet both of the following conditions for exemption:

- You did not owe any federal/state income tax last year, and
- You do not expect to owe any federal/state income tax this year. The exemption is good for one year.

If you continue to qualify for the exempt filing status, a new DE 4 designating **exempt** must be submitted by February 15 each year to continue your exemption. If you are not having federal/state income tax withheld this year but expect to have a tax liability next year, you are required to give your employer a new DE 4 by December 1.

Member Service Civil Relief Act: Under this act, as provided by the Military Spouses Residency Relief Act and the Veterans Benefits and Transition Act of 2018, you may be exempt from California income tax withholding on your wages if

- Your spouse is a member of the armed forces present in California in compliance with military orders;
- You are present in California solely to be with your spouse; and
- You maintain your domicile in another state.

If you claim exemption under **this** act, **check the box on Line 4**. You may be required to provide proof of exemption upon request.

District Exempt W-4 and DE-4 Responsibilities

Employees that do not file a new Employee's Withholding Allowance Certificate prior to the annual deadline (listed on the current year W-4) need to be changed to a withholding rate of single status taxpayer with no check box marked. Updated California withholding certificates (DE-4), not received before the deadline listed on the W-4, should be changed to single/zero.

LEAs may request the Service Desk assist them with a mass update, changing employees to single and no check box for Federal and single zero for state for anyone on the MicroStrategy Report that did not submit a new calendar year W-4 by the February deadline. LEAs need to submit a spreadsheet to the Service Desk that includes: employee number, employee name, requesting all to be updated. This can also be done for California state withholding changes to single/zero

California Requirements for Reporting Exempt or over 11 Withholding Allowances

The state of California no longer requires employers to fax a copy of withholding statements that claim exempt or 11 or more withholding allowances.

Employee Year-End Notifications

As W-2s begin to be distributed by your districts, employees have the same recurring questions. It is considered best practice to send all employees a year-end reminder that includes answers to many of their questions. Types of information districts typically include:

- Holiday schedule for your district
- Changes employees may see on their W-2
- Reminders to review their withholding status annually (IRS mandatory regulation below)
- What to do if they notice an error on their W-2
- Address changes prior to W-2 distribution
- Duplicate W-2 processes
- New mileage rates for business travel
- Explanation of fringe benefits that may appear on the employees W-2

IRS Mandatory W-4 Reminder

IRS regulations [Reg. 3103492(f)(2)-1(c)(3)], require employers to annually remind employees to file a new Form W-4 whenever there is a change in filing status, exemption allowances (number of dependents claimed), or a change in exempt status.

Districts should notify employees before December 1 to file a new Form W-4 if filing status has changed.

If an employee gives you a Form W-4 that replaces an existing Form W-4, begin withholding no later than the start of the first payroll period ending on or after the 30th day from the date when you received the replacement Form W-4. Taxes will not be refunded unless past this time.

Required Year-End Notifications – Federal Earned Income Tax Credit (EITC)

Effective January 1, 2008, all employers are required to notify all of their employees of the federal Earned Income Tax Credit (EITC).

Assembly Bill 650, Chapter 606 (Lieu and Jones) requires any employer who is subject to, and is required to provide unemployment insurance to employees, to notify all employees that they may be eligible for the EITC. Employers shall give notification within one week before or after, or at the same time, they provide employees with an annual wage summary (IRS Form W-2, 1099).

You must provide notification to your employees by either handing it directly to your employee or mailing it to your employee's last known address. Posting of this information on an employee bulletin board will not satisfy the notification requirement.

The notification shall include instructions on how to obtain any notices available from the Internal Revenue Service for this purpose, including, but not limited to, the IRS Notice 797 or any successor notice or form, or any notice created by you, as long as it contains substantially the same language as the notice below or in this sample notice. For more information on the EITC, visit the IRS website.

Sample EITC Notification

“Based on your annual earnings, you may be eligible to receive the earned income tax credit from the federal government. The earned income tax credit is a refundable federal income tax credit for low-income working individuals and families. The earned income tax credit has no effect on certain welfare benefits. In most cases, earned income tax credit payments will not be used to determine eligibility for Medicaid, supplemental security income, food stamps, low-income housing or most temporary assistance for needy families payments. Even if you do not owe federal taxes, you must file a tax return to receive the earned income tax credit. Be sure to fill out the earned income tax credit form in the federal income tax return booklet. For information regarding your eligibility to receive the earned income tax credit, including information on how to obtain the IRS Notice 797 or any other necessary forms and instructions, contact the Internal Revenue Service at 1-800-829-3676 or through its website at www.irs.gov.”

Health Benefit Reporting

The Affordable Care Act (ACA) requires employers who filed more than 250 W-2s in the previous year to report to the IRS health care coverage they offer to their full time employees. The IRS will use this information to administer the employer shared responsibility provisions of the ACA.

The Affordable Care Act requires employers to report the cost of coverage under the employer sponsored group health plan on the employees W-2 in box 12 coded with a DD. This figure includes both the employee and the employer cost of the employer sponsored health plan and is for information only. Specific items to include in box 12 DD are detailed in the attached IRS documentation.

As part of the ACA, LEA employers must also file Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, and Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, with the IRS annually.

Health and Welfare (H&W) Cost Reported on W-2s

The value of health care coverage is reportable on employees W-2 in box 12 DD. The amount reported in box 12 DD should include both the employer paid portion and the employee paid portion of the health care coverage costs.

Below is a list of reminders regarding the ACA W-2 reporting that LEAs should keep in mind to ensure correct box 12 DD reporting.

Box 12 DD Reminders:

- Applicable amount is the total cost of the health plan for the employee and dependents without regard to who pays and whether cost is pre-tax or post-tax contributions.
- Excludes cost for a stand-alone dental or vision plan.
 - LEAs use separate medical plans in Galaxy – do not include any other plan types such as dental or vision.
- On W-2 – informational only.
- Report only for employees being issued a W-2.
 - Galaxy Health and Welfare Module Utilized by LEA.
 - Employer Costs:
 - H&W billings for medical costs (plans flagged).
 - Billing date determines the calendar year.
 - Includes warrants that have been paid, unpaid, stop/reissue, and stale dated warrants.
 - Employer Costs from the Enter H&W Cost Upload Screen.

Employee Costs :

- Actual payroll deductions made in the calendar year.
 - Based on the issue date of the payroll.
 - Employee Costs from the Enter H&W Cost Upload.
- NOTE: If you are a LEA that is using the Galaxy Health and Welfare Module and you need to make a change to either the employer or employee cost, remember to enter the delta change (either positive or negative) on the Enter H&W Cost Upload Screen.
- Galaxy Health and Welfare Module NOT Utilized by LEA:
 - Employer Costs from the Enter H&W Cost Upload Screen
 - Employee Costs from the Enter H&W Cost Upload Screen
- Refunds to employees because of incorrect payroll deductions for health care costs.
 - Post-tax deductions:
 - Use the Enter H&W Cost Upload Data Screen to make the necessary adjustments for the health care costs reporting informational item only on the W-2.
 - Pre-tax deductions:
 - See the following section, “Health and Welfare Payroll Adjustments”.
 - The 6S payroll that was paid in January of 2016 for fiscal year 2015-16 is being included in the 2016 W-2 health care costs. The 6S payroll that will be paid in January of 2017 for fiscal year 2016-17 will be included in the 2017 W-2 health care costs. See the excerpt below from IRS Notice 2012-9:

Question: How may an employer address a coverage period, such as the final payroll period of a calendar year that includes December 31, but continues into the subsequent calendar year?

Answer: An employer may include the coverage period that includes December 31 but continues into the subsequent calendar year in one of the following manners: (1) treat the coverage as provided during the calendar year that includes December 31; (2) treat the coverage as provided during the calendar year immediately subsequent to the calendar year that includes December 31; or (3) allocate the cost of coverage for the coverage period between each of the two calendar years under any reasonable allocation method, which generally should relate to the number of days in the period of coverage that fall within each of the two calendar years. Whichever method the employer uses must be applied consistently to all employees.

Health and Welfare Payroll Adjustments

Adjustments to the H&W are sometimes required. Below is a set of instructions to allow LEAs to make H&W adjustments that will assist in reporting the correct amount on form W-2, Box 12 DD as well as give the employee the correct refund or additional payment amount on their next pay check. Be careful if you need to take additional money from an employee, the State of California requires employers to get permission from an employee to collect underpayments beyond the agreed upon amount when an employee signed up for the benefit. It is not recommended that LEAs use this method to take additional premiums from an employee.

Adjustment Processing Steps:

1. Modify Employee Benefits (Payroll Adjustment tab).
2. Enter Payroll Adjustments prior to IT initiating the preliminary payroll calculations (a negative amount will reduce the amount of an employee's H&W deduction; a positive amount will increase the employees H&W deduction). **NOTE: the net amount of the deduction must be greater than zero.**
3. Approve Final Payroll.
4. The amount of the H&W deduction taken on the current payroll will show on the "Health and Welfare Deductions by District".

The screen shot below shows the entry required to initiate the refund to the employee using the Modify Employee Benefits screen:

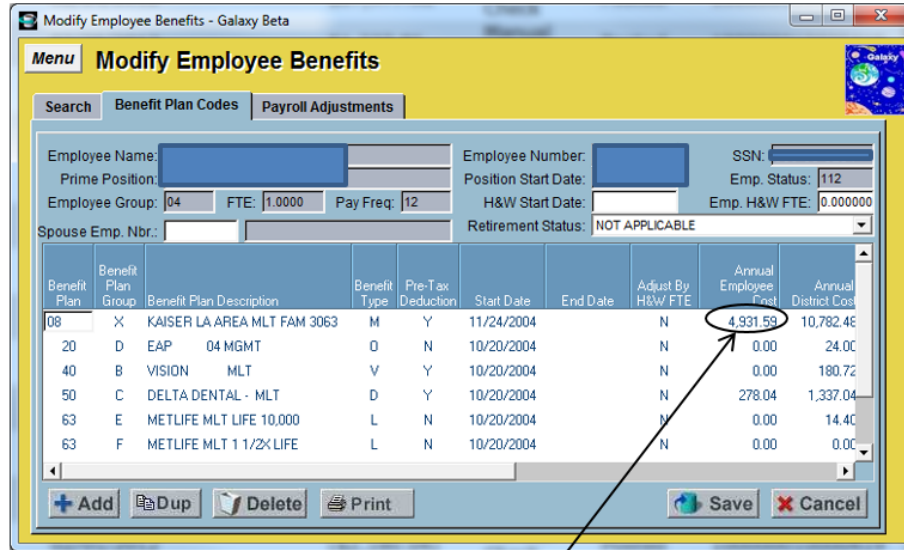
The screenshot shows the 'Modify Employee Benefits' window with the 'Payroll Adjustments' tab selected. The following table represents the data entered in the interface:

Benefit Plan	Benefit Plan Group	Benefit Plan Description	Start Date	End Date	Pre-Tax Deduction	Pay Period Deduction Amount	Maximum Times To Deduct	Maximum Amount To Deduct
08	X	KAISER LA AREA MLT FAM 3063	09/05/2013	09/30/2013	Y	-100.00	1	-100.00
Total:						-100.00		-100.00

Instructions provided in the screenshot:

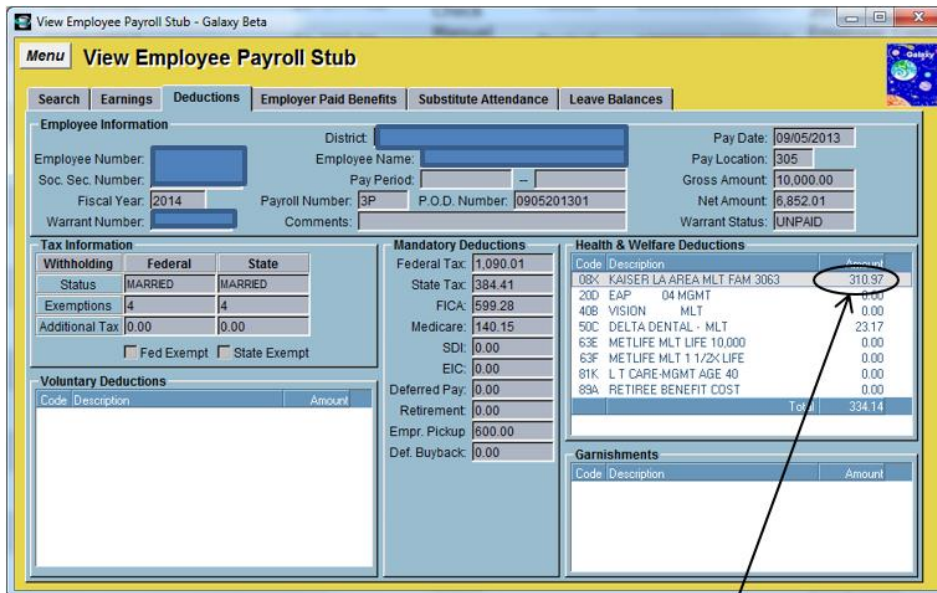
- One-time deduction on the next available payroll
- Deduction can be set up for multiple payrolls by setting Maximum times to deduct along with the start and end dates for the deduction.

The screen shot below shows the employee’s annual employee costs prior to the adjustment being made. Remember: the refund will adjust the next H&W amount; it will not take the deduction below zero and will not refund an amount unless the difference between the normal amount deducted and the refunded amount is a zero or greater.



Monthly deduction before the adjustment:
 $4,931.59 / 12 \text{ months} = 410.97$

The screen shot on the following page shows the employees next pay stub, a reduction in the current \$410.97, by \$100, the amount of the adjustment. Box 12 DD will reflect the change and if the deduction was originally taken as a pre-tax adjustment, the taxes will be handled correctly.



Monthly deduction of 410.97 reduced by 100.00

Refunds of H&W Premiums through the District:

- The LEA can refund the employee directly using revolving cash or a district issued commercial warrant.
- Contact DFS Payroll unit for further instructions if the refund was for pre-tax premiums.
- Regardless of the tax handling for a refund made by the LEA, enter the adjustment on the “H&W Cost Upload” screen for H&W cost to appear on the W-2 form. This step is necessary for accurate reporting in box 12 DD.
- If the deduction was pre-tax, complete the 125 H&W Refund Spreadsheet.
- If the deduction was post-tax, no additional spreadsheet is necessary.

For further assistance with the H&W module, please contact the RCOE Service Desk.

The following page shows a screen shot of the Enter H&W Cost Upload screen:

Enter HW Cost Upload Data - Galaxy BETA

Menu Enter HW Cost Upload Data

Search Details

Calendar Year: 2016 Batch Number: 01 HW Type: Begin Date: End Date:

Description: Upload Delete All

Employee Number	Employee Name	Employee Group	District Cost	Employee Cost	Other Cost	Total Cost	Comment
			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
		Total:	0.00	0.00	0.00	0.00	

+ Add Dup Delete Print Save Cancel

Below is a sample of the Tax Deferred template. If you have questions about the use of this spreadsheet or need additional support, contact DFS Payroll.

2022: Tax Deferred Plan Refunds Refunded at District: Health & Welfare Module Deductions Only														Worksheet 11		
				District Number		Prepared By				Phone Number						
atch #	District #	Emp # (6 digits)	Employee Name	Retirement Plan Code	Taxable Earnings			Pretax H&W Module Deduction	Employee Taxes		Employer Taxes		Total EE FICA & Medicare Taxes	Total ER FICA & Medicare Taxes	Net Refund to Employee by district	Qtr Rprting Date
					Value to be Included in Fed/State Taxable Wages (Box 1,16)	FICA Wages (Box 3)	Medicare Wages (Box 5)	125 Plan (H&W)	EE FICA .062 (Box 4)	EE Medicare 0145 (Box 6)	ER FICA .062	ER Medicare .0145				
00					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12/31/2022
00					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12/31/2022
00					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12/31/2022
00					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12/31/2022

W-2 H&W Reports Available through MicroStrategy

There are several reports that were created in MicroStrategy to assist LEAs to track the W-2 Box 12 DD information. Once such report, sample below, is the W-2 H&W Amounts - Data Extract that can be downloaded into Excel so LEAs are able to review the information that will be listed in Box 12 DD. This report give LEAs an opportunity to check for reasonable amounts, a best practice would be to sort employees by type of coverage and validate that the costs are the same.

W2 H&W Amounts - Data Extract

Page by:
District: XX

Employee Group Code	Employee Group Description	Employee Full Name	Employee Number	Sum of District Cost	Sum of Emp Cost	Sum of Other Cost	Sum of Total Cost
07				6,576.42	1,937.04	0.00	8,513.46
07				6,576.42	1,937.04	0.00	8,513.46
07				6,576.42	1,937.04	0.00	8,513.46
07				6,576.42	1,937.04	0.00	8,513.46
07				6,576.42	1,937.04	0.00	8,513.46
				956,722.89	351,438.82	0.00	1,308,161.51

Run by XXXXXX at 9/6/2016 8:51:09 AM

Another report available through MicroStrategy is called the W-2 H&W Amounts. This report is more formal; the report lists and gives employee counts by group. The report also gives the LEA an opportunity to see the total LEA cost and employee cost by employee group. A sample section of the report is shown below:

SCHOOL DISTRICT

W2 H&W Amounts
Displays the Employee, District and Other Costs for an employee.

September 6, 2016

Run by at 8:39 AM
Prompt 1: SCHOOL DISTRICT
Prompt 2: Calendar Year
12:00 AM

Employee	District Cost	Employee Cost	Other Cost	Total Cost			
Employee Group: 04 - CERTIFICATED MANAGEMENT							
	5,792.75	1,788.00	0.00	7,580.75			
	6,615.62	2,086.04	0.00	8,701.66			
	1,093.00	0.00	0.00	1,093.00			
	6,489.42	4,240.28	0.00	10,729.70			
	6,615.62	2,086.04	0.00	8,701.66			
	6,576.42	2,086.04	0.00	8,662.46			
	6,576.42	2,086.04	0.00	8,662.46			
	2,008.92	0.00	0.00	2,008.92			
Employee Count: 8	Employee Group: 04 - Total:	41,768.17	14,372.44	0.00	56,140.61		
Employee Group: 07 - CSEA							
Employee Count: 49	Employee Group: 07 - Total:	295,770.34	86,232.67	0.00	382,003.01		
District XX Total:				956,722.89	351,438.82	0.00	1,308,161.51

Report Version 10/1/2012

Page 1 of 1

Health and Welfare Certification Form

The Health and Welfare Certification Form is a requirement for year-end. This form will be sent to DFS once the LEA has certified that the amount reported in Box 12 DD on the W-2 is correct to the best of the LEA’s knowledge.

The health and welfare certification form will be sent out with the annual calendar year-end DFS-Notify:



**20XX W-2 Data
Health & Welfare Certification**

District Number: _____ District Name: _____

The value of the health care coverage will be reported in Box 12 of the [Form W-2](#), with Code DD to identify the amount. In general, the amount reported will include both the portion paid by the employer and the portion paid by the employee.

An employer is not required to issue a Form W-2 solely to report the value of the health care coverage for retirees.

- The district has no 20XX reportable Health & Welfare payments/benefits. (eligible districts, charters, community colleges are filing fewer than 250 W-2 forms)
- The district has reportable Health & Welfare payments/benefits. I have verified the information is accurate for reporting on Form W-2 (20XX).
- Attached is the last page of the ~~Microstrategy~~ 20XXW2 H&W Amounts Data Report.

I certify that, to the best of my knowledge and belief, the data reported is true and correct and in compliance with federal and state laws and regulations.

Authorized Signature

Date

Name

Phone Number

Please scan and email by Tuesday, January 2, 2023 to:
Riverside County Office of Education
District Fiscal Services- Payroll



Form W-2 Reporting of Employer-Sponsored Health Coverage

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. Reporting the cost of health care coverage on the Form W-2 does not mean that 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.

Employers that provide "applicable employer-sponsored coverage" under a group health plan are subject to the reporting requirement. This includes businesses, tax-exempt organizations, and federal, state and local government entities (except with respect to plans maintained primarily for members of the military and their families). However, federally recognized Indian tribal governments are not subject to this requirement.

Transition Relief

For certain employers, types of coverage and situations, there is transition relief from the requirement to report the value of coverage beginning with the 2012 Forms W-2. This transition relief first applied to the 2013 Forms W-2 that were issued in 2014. The relief applies for the 2015 tax year and will continue to apply to future calendar years until the IRS publishes additional guidance. (Note: employers generally are required to provide employees with the 2015 Forms W-2 in January 2016.) Any guidance that expands the reporting requirements will apply only to calendar years that start at least six months after the guidance is issued. See the "Optional Reporting" column in the below chart for the employers, types of coverage, and situations eligible for the transition relief.

Reporting on the Form W-2

Employers that are subject to this requirement should report the value of the health care coverage in Box 12 of the [Form W-2](#), with Code DD to identify the amount. There is no reporting on the Form W-3 of the total of these amounts for all the employer's employees.

In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. See the chart, below, and the [questions and answers](#) for more information.

An employer is not required to issue a Form W-2 solely to report the value of the health care coverage for retirees or other employees or former employees to whom the employer would not otherwise provide a Form W-2.

The chart below illustrates the types of coverage that employers must report on the Form W-2. Certain items are listed as "optional" based on transition relief provided by [Notice 2012-9](#) (restating and clarifying [Notice 2011-28](#)). Future guidance may revise reporting requirements but will not be applicable until the tax year beginning at least six months after the date of issuance of such guidance.

The chart reviews the reporting requirements for Box 12, Code DD, and has no impact on requirements to report these items elsewhere. For example, while contributions to Health Savings Arrangements (HSA) are not to be reported in Box 12, Code DD, certain HSA contributions are reported in Box 12, Code W (see [General Instructions for Forms W-2 and W-3](#)).

Form W-2 Reporting of Employer-Sponsored Health Coverage

Coverage Type	Form W-2, Box 12, Code DD		
	Report	Do Not Report	Optional
Major medical	X		
Dental or vision plan not integrated into another medical or health plan			X
Dental or vision plan which gives the choice of declining or electing and paying an additional premium			X
Health Flexible Spending Arrangement (FSA) funded solely by salary-reduction amounts		X	
Health FSA value for the plan year in excess of employee's cafeteria plan salary reductions for all qualified benefits	X		
Health Reimbursement Arrangement (HRA) contributions			X
Health Savings Arrangement (HSA) contributions (employer or employee)		X	
Archer Medical Savings Account (Archer MSA) contributions (employer or employee)		X	
Hospital indemnity or specified illness (insured or self-funded), paid on after-tax basis		X	
Hospital indemnity or specified illness (insured or self-funded), paid through salary reduction (pre-tax) or by employer	X		
Employee Assistance Plan (EAP) providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
On-site medical clinics providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Wellness programs providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Multi-employer plans			X

Domestic partner coverage included in gross income	X		
Governmental plans providing coverage primarily for members of the military and their families		X	
Federally recognized Indian tribal government plans and plans of tribally chartered corporations wholly owned by a federally recognized Indian tribal government		X	
Self-funded plans not subject to Federal COBRA			X
Accident or disability income		X	
Long-term care		X	
Liability insurance		X	
Supplemental liability insurance		X	
Workers' compensation		X	
Automobile medical payment insurance		X	
Credit-only insurance		X	
Excess reimbursement to highly compensated individual, included in gross income		X	
Payment/reimbursement of health insurance premiums for 2% shareholder-employee, included in gross income		X	
Other Situations	Report	Do Not Report	Optional
Employers required to file fewer than 250 Forms W-2 for the preceding calendar year (determined without application of any entity aggregation rules for related employers)			X
Forms W-2 furnished to employees who terminate before the end of a calendar year and request, in writing, a Form W-2 before the end of that year			X
Forms W-2 provided by third-party sick-pay provider to employees of other employers			X

The chart was created at the suggestion of and in collaboration with the IRS' Information Reporting Program Advisory Committee (IRPAC). IRPAC's members are representatives of industries responsible for providing information returns, such as Form W-2, to the IRS. IRPAC works with IRS to improve the information reporting process.

Related Information:

- [IR-2011-31](#), IRS Issues Interim Guidance on Informational Reporting of Employer-Sponsored Health Coverage

- [Notice 2010-69](#), Interim Relief with Respect to Form W-2 Reporting of the Cost of Coverage of Group Health Insurance Under § 6051(a)(14)
- [Webinar](#), Reporting of Employer Healthcare Coverage on Form W-2
Page Last Reviewed or Updated: 02-Mar-2016



Employer-Provided Health Coverage Informational Reporting Requirements: Questions and Answers

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. To allow employers more time to update their payroll systems, [Notice 2010-69](#), issued in fall 2010, made this requirement optional for all employers in 2011. IRS [Notice 2011-28](#) provided further relief by making this requirement optional for certain smaller employers for [2012 Forms W-2](#) (meaning the Forms W-2 for calendar year 2012 generally furnished to employees in 2013). [Notice 2012-9](#), issued in January 2012, restates and clarifies guidance in Notice 2011-28. It provides guidance for employers that are subject to this requirement for the 2012 Forms W-2 and those that choose to voluntarily comply with it for either 2011 or 2012.

The following questions and answers provide information for employers on reporting the cost of the health insurance coverage, including information on transition relief for 2012, how to report, which coverage to include, and how to determine the cost of the coverage. There are many more questions and answers included in Notice 2012-9 that cover a variety of issues.

Q1. Does the cost of an employee's health care benefits shown on the Form W-2 mean that the benefits are taxable to the employee?

A. No. There is nothing about the reporting requirement that causes or will cause excludable employer-provided health coverage to become taxable. The purpose of the reporting requirement is to provide employees useful and comparable consumer information on the cost of their health care coverage.

Q2. When will employers have to start reporting the cost of health care coverage on the Form W-2?

A. Reporting for the 2011 calendar year (meaning the Form W-2 generally required to be furnished to employees in January 2012) was optional. For the 2012 calendar year and for future years, employers generally are required to report the cost of health benefits provided on the Form W-2. Transition relief is available for certain employers and with respect to certain types of coverage, as explained in Q&A-4, below. Reporting for employers covered by the transition relief, and with respect to the types of coverage covered by the transition relief, is not required until future guidance is provided, and in no event will such reporting by these employers and with respect to these types of coverage be required on any 2012 Forms W-2 or on a Form W-2 for a subsequent year until future guidance is issued.

Q3. Which employers are subject to this reporting requirement?

A. Except as provided in the transition relief described in the next Q&A, all employers that provide "applicable employer-sponsored coverage" (see Q&A-5 below) under a group health plan are subject to the reporting requirement. This includes federal, state and local government entities (except with respect to plans maintained primarily for members of the military and their families), churches and other religious organizations, and employers that are not subject to the COBRA continuation coverage requirements, but does not include federally recognized Indian tribal governments or, until further guidance, any tribally chartered corporation wholly owned by a federally recognized Indian tribal government.

Third-party sick-pay providers that provide the Forms W-2 to the employees of the employers with which they have contracted do not have to report the cost of coverage. However, a Form W-2 provided by the employer to the employee must report the cost of coverage regardless of whether that Form W-2 includes

sick pay or whether a third-party sick pay provider is furnishing a separate Form W-2 reporting the sick pay.

Q4. What transition relief is being provided by Notice 2012-9? To which employers and types of coverage does it apply and how long does it last?

A. For certain employers and with respect to certain types of coverage listed below, the requirement to report the cost of coverage will not apply for the 2012 Forms W-2 (the forms required for the calendar year 2012 that employers generally are required to provide employees in January 2013) and will not apply for future calendar years until the IRS publishes guidance giving at least six months of advance notice of any change to the transition relief. However, reporting by these employers and for these types of coverages may be made on a voluntary basis.

The transition relief applies to the following:

(1) employers filing fewer than 250 Forms W-2 for the previous calendar year (for example, employers filing fewer than 250 2012 Forms W-2 (meaning Forms W-2 for the calendar year 2012, which generally are filed with the SSA in early 2013) will not be required to report the cost of coverage on the 2013 Forms W-2 (which generally are filed with the SSA in early 2014). For purposes of this relief, the number of Forms W-2 the employer files includes any forms it files itself and any filed on its behalf by an agent under § 3504 (see Q&A-3 of Notice 2012-9 for more information). In addition, for purposes of this relief, the employer is determined without the application of any aggregation rules;

(2) multi-employer plans;

(3) Health Reimbursement Arrangements;

(4) dental and vision plans that either

- are not integrated into another group health plan or
- give participants the choice of declining the coverage or electing it and paying an additional premium (see Q&A-20 of Notice 2012-9 for more information);

(5) self-insured plans of employers not subject to COBRA continuation coverage or similar requirements;

(6) employee assistance programs, on-site medical clinics, or wellness programs for which the employer does not charge a premium under COBRA continuation coverage or similar requirements; and

(7) employers furnishing Forms W-2 to employees who terminate before the end of a calendar year and request a Form W-2 before the end of that year.

For more information on the additional transition relief for certain employers and with respect to types of coverage, see Section IV of Notice 2012-9.

Q5. What types of health care coverage must be included in the amount reported on the Form W-2?

A. The chart on the [Form W-2 Reporting of Employer-Sponsored Health Coverage](#) lists many types of health care coverage and various other situations, and explains whether reporting is required, prohibited, or optional.

The chart was created at the suggestion of and in collaboration with the IRS' Information Reporting Program Advisory Committee (IRPAC). IRPAC's members are representatives of industries responsible for providing information returns, such as Form W-2, to the IRS. IRPAC works with IRS to improve the information reporting process.

Q6. What amount should the employer report on the Form W-2 for health coverage? The amount the employer paid? The amount the employee paid? Or both?

A. In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. In the case of a health FSA, the amount reported should not include the amount of any salary reduction contributions. See Notice 2012-9 for more detail on the interim rules that apply to reporting contributions to a health FSA.

Q7. Where on the Form W-2 should the employer report the cost of these health care benefits?

A. The cost of these health care benefits will be reported in box 12 of the Form W-2, with Code DD to identify the amount.

Q8. What amount of health benefits should be reported on the Form W-2 for employees that terminated employment during the year and had employer-provided coverage both before and after termination?

A. Under the interim rules, the employer may use any reasonable method for inclusion of the coverage provided after termination, so long as that method is applied consistently. See Notice 2012-9, Q&A-6, for examples.

Q9. What amount of health benefits should be reported on the Form W-2 for an employee that leaves during the year and requests a W-2 before the end of the year?

A. If an employee makes such a request in writing, the employer must provide the W-2 within 30 days. However, under the interim rules, the employer will not be required to report any amount of health benefits in box 12, Code DD.

Q10. Will employers now be required to issue a Form W-2 to retirees or other former employees to whom the employer would not otherwise issue a Form W-2?

A. No.

Q11. Where can I get more information about the employer's requirement to report the aggregate cost of an employee's health care benefits on the Form W-2?

A. Detailed information about the interim rules for this reporting requirement and the additional transition rules for certain employers and with respect to certain types of coverage can be found in Notice 2012-9 and the instructions for the 2012 Form W-2.

Q12. We are a business that issued 150 W-2s in 2011; our wholly owned subsidiary, B Corp, issued 200 W-2s in 2011. Is our business covered by transition relief from the requirement to report the value of coverage on the 2012 Forms W-2 because neither business filed more than 250 W-2s? In other words, do the 414 controlled group rules apply such that we are considered one employer and not eligible for the transition relief?

A. Transition relief from the requirement to report the value of coverage on the 2012 Form W-2 is available to the parent company and its subsidiary because each filed fewer than 250 Forms W-2 for the preceding calendar year. For purposes of applying this relief, the W-2 count is determined without application of any entity aggregation rules for related employers.

Form W-2c, Corrected Wage and Tax Statement**Q13. We are a large employer that issued more than 250 W-2s in 2011. Due to a misunderstanding of the requirements to report employer sponsored health coverage on Form W-2, we did not program health insurance amounts into our payroll system in time for the 2012 W-**

2s. We reviewed the guidance in Notice 2012-9, and we do not qualify for transition relief, however we could not find where the notice requires corrected W-2s for unreported or incorrect amounts. Must we issue W-2cs for this correction?

A. Yes. Section 6051(a) of the Code requires this information to be reported on Form W-2. An amended return, a Form W-2c, is required if an original Form W-2 fails to include the required information.

Page Last Reviewed or Updated: 04-Aug-2016

W-2 Timeline

The deadline for getting the Form W-2 in the mail to employees is the last day of January, unless that day falls on a weekend. If the last day falls on a weekend, W-2s are due to employees the first Monday in February.

The W-2s will be distributed based on your current warrant/stub delivery method. If your LEA wishes a different distribution method, please contact DFS Payroll (DFSPayroll@rcoe.us). The W-2 images will be made available through the Galaxy Report Archive. Please review and download a copy of the file for easy access and reprints.

Social Security Deadlines

DFS Payroll also sends a file that contains all W-2 employee information to the Social Security Administration on or before the last day of the month of January, unless that day falls on a weekend. If the last day falls on a weekend, the W-2 file to the Social Security Administration is due the first Monday in February.

The deadline for Social Security filing changed from March 31st to the last day in January in 2016 to combat taxpayer fraud. The moving up of the filing deadline shortens the period of time DFS Payroll has to address W-2 errors. Therefore, it is imperative to have employee errors reported to DFS Payroll as soon as they are discovered.

DFS/LEA Deadlines

Calendar year-end preparation for LEAs includes taking the time to review the annual DFS/LEA W-2 Processing Calendar that will be shared with all LEAs annually via DFS-Notify and during the October FMAC meeting. All W-2 related information must be submitted within the DFS Payroll prescribed timelines in order to allow sufficient time for our office to input and validate data reported and avoid IRS and FTB penalties and interest.

Data and corrections submitted by LEAs after the DFS deadlines will be processed after the final W-2 print, resulting in W-2c statements being issued mid-February.

2024**W-2 PROCESSING CALENDAR**

DATE	Activity
October-December	LEA - Review the Health & Welfare Reports for 2024 W-2 box 12DD accuracy. If necessary, make the necessary corrections in the Galaxy Health & Welfare System to update 2024 W-2 box 12, DD.
Monday, October 21	DFS/LEA - DFS Notify: 2024 W-2 Reportable adjustment worksheets will be emailed to LEAs, along with a <i>2024 W-2 Data Checklist & Certification</i> . -Checklist and Worksheets DUE from LEAs on Monday, December 2, 2024.
Monday, November 4	DFS – Preliminary query for W-2 tax types 9 and 10 (types 11 and 14 are no longer reported)
Friday, November 8	DFS/LEA -DFS Notify: LEAs to ask employees to review their name, address, Social Security number, and Form W-4 information to maintain accuracy on Form W-2. ITS -1099 Reconciliation, W-2 Reportable, and exception reports are created and distributed for review via the View Report Archive screen within Galaxy.
Wednesday, November 27	LEA/DFS – Final Receipt of 2024 Abatements in DFS to be included in 2024 W-2.
Monday, December 2	LEA - All 2024 W-2 Reportable adjustment worksheets due to DFS along with <i>2024 W-2 Data Checklist and Certification</i> . DFS/LEA - DFS Notify: Email <i>2024 W-2 Data Health & Welfare Certification</i> , Employer-Sponsored Health Coverage (box 12, DD). Certification will be DUE from LEAs on Tuesday, January 2, 2025.
Monday, December 9	DFS – Prepare Financial Transfer Forms for manual 2024 tax adjustments updated in Galaxy. LEA – Final deadline to enter/approve AP claims for Tax Types 9 and 10 upload to W-2s.
Tuesday, December 10	ITS – Transfer of accounts payable records type 9 and 10 to W-2 file (types 11 and 14 are no longer reported).
Tuesday, December 17	LEA/DFS/ITS – Final 2024 POD
Wednesday, December 18	DFS/LEA – Upload Financial Tax Transfers to/from LEAs holding accounts for 2024 W-2 reportable items. Include on December 19 (06A) tax deposit. LEA/DFS/ITS – LEAs not using Galaxy for H&W (Desert Center & Jurupa USD) to upload 2024 Health & Welfare Data to Galaxy. DFS - Check employee W-2 count (250 W-2s) on ALL GALAXY CHARTERS to validate box 12, DD exemption. DFS/LEA – DFS Notify: 2024 exempt W-4 employee process. If a 2025 Form W-4 is NOT filed, withhold at single without a check box beginning on February 17, 2025

Thursday, December 19	LEA/DFS – Final 2024 payroll warrant cancel, stops, and replacement payroll warrant requests due to DFS from LEAs by 9:30 am
Monday, December 23	DFS - Final 2024 tax deposit DFS – After 06M tax deposit, balance 2024 Annual Tax Reconciliation Report to tax deposits.
Friday, December 27	DFS – Run 2024 Annual Tax Reconciliation Report, balance YTD taxes & deposits.
Thursday, January 2	DFS/ITS/LEA – All 2024 outstanding abatements recalculated. Removal of Federal Income Tax credit LEA/DFS – 2024 W-2 Data Health & Welfare Certification (box 12, DD) due to DFS from LEAs
Friday, January 3 (4pm)	DFS/PRINTWORKS – 1099s will be created, printed, and either distributed to LEA (by Thursday, 1/9), or mailed directly (pending authorization to transmit) DFS – Run final 2024 W-2 Annual Tax Reconciliation Report, recertify W-2 balance. DFS/ITS <ul style="list-style-type: none"> • Verify W-2 TINs, addresses for Charters (ITS) • Verify address on outside of W-2 is the employee’s LEA (ITS) • Check 2024 FICA & Dependent Care Limits (ITS) • Verify LEA sort order (ITS)
Monday, January 6	LEA – Final Galaxy employee address changes to print on W-2.
Tuesday, January 7 (5pm) Printing (1/8-1/15)	DFS/ITS/PRINTWORKS – W-2s will be created, printed, and distributed to the LEA, or mailed directly to employee’s home address (by Friday, 1/17)
Wednesday, January 15	DFS/LEA – 2024 W-2 revision data accepted for December Third Party Sick Pay and December 2024 Workers’ Compensation wages
Friday, January 17	DFS/Mailroom – Final distribution to LEAs. (LEAs should not hold the W-2s. Please distribute to employees as soon as possible to allow enough time to correct errors with a revised W-2 vs. a W-2c.)
Tuesday, January 21	DFS – Annual tax reconciliation, rebalance 2024 W-2 data to deposits, wages reported. LEA – Sign and return the Authorization to Transmit to SSA to DFSPayroll
Wednesday, January 22- Friday, January 24	DFS/ITS/PRINTWORKS – Create & print W-2 revisions
Friday, January 24	DFS – Prepare Q4 2024 941, DE9, DE9423, including additional Third-Party Sick Pay and Workers’ Compensation. 2024 IRS and EDD deposit processed for final adjustments. <i>Please Note: Any late adjustments will create penalties & interest charges from the IRS and EDD.</i>
Monday, January 27	ITS – Create final 2024 W-2 Annual Tax Reconciliation Report & W-2 files for each LEA. Send to archive – Full file to D98 (DFS) DFS/ITS – 2024 Forms W-2, W-3 E-filing with SSA DFS/ITS – Upload to EDD Q4 2024 State PIT, SDI and UI. DFS – Complete IRS claim, if necessary, to go with Q4 2024 941.
Friday, January 31	GALAXY IS FROZEN FOR 2024 W-2s

	<p>If Form 2024 W-2 changes are required, the LEA must <i>manually</i> submit corrections to DFS and employees will receive a 2024 W-2c.</p> <p>LEA – 1099s and W-2s MUST BE POSTMARKED to vendors/employees</p>
<p>Monday, February 3</p>	<p>LEA/DFS/ITS–W-2c revisions accepted.</p>

LEA – Local Education Agency (K12, CC, Charters)

DFS – District Fiscal Services

ITS – Information Technology Services