Detailed Design
RELEASE 1223

SERVICE REQUEST 14812
1998 W2 Reporting Changes

December 11, 1998

Information Systems & Computing
Office of the President
University of California
Introduction

Service Request 14812 and an addendum dated December 11, 1998, ask that modifications be made to the 1998 W-2 Reporting Process.

It is asked that the following changes be made to the W-2 process:

- **W-2 Laser Form:**

  The year displayed on the W-2 Laser Form should be changed to the reporting year of 1998. In addition, the YTD Domestic Partner Imputed Income (EDB 5550) should be added to the total (YTD Non-cash Fringe Benefits, EDB 5535) reported in box 12.

  Copy C of the W-2 Laser Form should include the following notice; the notice should be printed in the blank area below ‘Department of the Treasury – Internal Revenue Service.’:

  > This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.

  The capitalization of all letters in the word ‘State’ on Copy 2 of the W-2 Laser Form should be changed to only capitalize the first letter in the word ‘State’

- **Magnetic Tape File:**

  **Record Type ‘E’** (Employer record)

  The Limitation of Liability Indicator field defined for the value in position 255 should be removed, and a blank should be placed in the same position.

  The Establishment Number field defined for the value in positions 163 through 166 should be added to the record format. An initial value of blank should be moved to positions 163 through 166.

  **Record Type ‘W’** (Employee Data record)

  There are no changes to the record format.

  It is noted that the YTD DPI Gross is added to the total (YTD Non-cash Fringe Benefit) currently in positions 174 through 182 of this record. In addition, the total in positions 174 through 182 of this record is added to the total in positions 104 through 113 of the Intermediate Total record (Record Type ‘I’). Lastly, the total in positions
104 through 113 of this record (Record Type ‘I’) is added to the total in positions 122 through 133 of the Total record (Record Type ‘T’).

- Extract Files:

  **W-2 Extract File**

  The YTD DPI Gross (Domestic Partner Imputed Income, EDB 5550) from the PPPPCM table should be captured for W-2 reporting.

  **UI Extract File**

  The YTD DPI Gross (Domestic Partner Imputed Income, EDB 5550) from the PPPPCM table should be captured for quarterly UI reporting.

- W-2 Extract Edit Changes:

  The edit on the Earned Income Credit Amount should be modified to check for a maximum Earned Income Credit Amount of 1363.00. If the employee’s Earned Income Credit Amount exceeds the maximum Earned Income Credit Amount of 1363.00, the Earned Income Credit Amount should be reduced to the maximum Earned Income Credit Amount.

  If an employee’s Domestic Partner Imputed Income is negative, existing error message 60-110 (TAX EXTRACT: EMPLOYEE IS W2 EXCEPTION DUE TO NEGATIVE BALANCE(S)) should be issued. Thus, a W-2 form should not be written for this employee.

  If an employee has a Citizenship Code of ‘X’ and a non-zero Domestic Partner Imputed Income, existing error message 60-125 (TAX EXTRACT: X-CODED ALIEN HAS ONE OR MORE REPORTABLE AMOUNTS) should be issued.

  If an employee has a Citizenship Code of ‘E’ or ‘F’ and a non-zero Domestic Partner Imputed Income, error message 60-123 (TAX EXTRACT: E/F-ALIEN HAS FWT/NON-CASH FRINGE/DPI AMOUNTS) should be issued.

- W-2 Report Changes

  The footnote displayed at the bottom of the page on report PPP6002 and report PPP6011 should be changed to ‘YTD EXEC INS, YTD OTHER INCOME, AND YTD NON-CASH FRINGE BENEFITS ARE ADDED TO CA SWT GROSS IN FOURTH QUARTER REPORTING ONLY. THE PORTION OF THE YTD NON-CASH FRINGE BENEFITS TOTAL CONTAINING THE YTD DOMESTIC PARTNER IMPUTED INCOME IS ALREADY INCLUDED IN THE CA SWT GROSS.’.
The footnote displayed at the bottom of the page on report PPP6014 regarding the State tape to the EDD should be removed.

- Control Table Updates

**System Messages Table**

The maximum Earned Income Credit amount referenced in message 60-128 should be changed to $1363.00.

Message 60-123 (TAX EXTRACT: E/F-ALIEN HAS FWT/NON-CASH FRINGE/DPI AMOUNTS) should be added to the table with a severity level of ‘3’ (Warning).
Overview

The following modifications will be made to the Payroll/Personnel System (PPS) per Service Request 14812:

• **W-2 Extract Phase**

  1) The YTD DPI Gross (Domestic Partner Imputed Income, EDB 5550) from the PPPPCM table should be captured for the quarterly UI reporting and the W-2 reporting.

  2) An existing edit compares the employee’s YTD EIC (EDB 6099) amount to the EIC Maximum of $1326.00.

      The above edit will be changed to compare the employee’s YTD EIC (EDB 6099) amount to the EIC Maximum of $1363.00.

  3) If an employee’s YTD DPI Gross is negative, existing error message 60-110 (TAX EXTRACT: EMPLOYEE IS W2 EXCEPTION DUE TO NEGATIVE BALANCE(S)) will be issued. Thus, a W-2 form will not be written for this employee.

  4) If an employee has a Citizenship Code of ‘X’ and a non-zero YTD DPI Gross, existing error message 60-125 (TAX EXTRACT: X-CODED ALIEN HAS ONE OR MORE REPORTABLE AMOUNTS) will be issued.

  5) If an employee has a Citizenship Code of ‘E’ or ‘F’ and a non-zero YTD DPI Gross, error message 60-123 (TAX EXTRACT: E/F-ALIEN HAS FWT/NON-CASH FRINGE/DPI AMOUNTS) will be issued.

• **W-2 Reports Phase**

  The footnote displayed at the bottom of the page on report PPP6002 and report PPP6011 will be changed to ‘**YTD EXEC INS, YTD OTHER INCOME, AND YTD NON-CASH FRINGE BENEFITS ARE ADDED TO CA SWT GROSS IN FOURTH QUARTER REPORTING ONLY. THE PORTION OF THE YTD NON-CASH FRINGE BENEFITS TOTAL CONTAINING THE YTD DOMESTIC PARTNER IMPUTED INCOME IS LREADY INCLUDED IN THE CA SWT GROSS.**’.

  The footnote displayed at the bottom of the page on report PPP6014 regarding the State Tape to the EDD will be removed.
Final

- **Magnetic Tape File:**

  **Record Type ‘E’ (Employer record)**

  The Limitation of Liability Indicator field defined for the value in position 255 will be removed, and a blank will be placed in the same position.

  The Establishment Number field defined for the value in positions 163 through 166 will be added to the record format. An initial value of blank will be moved to positions 163 through 166.

  **Record Type ‘W’ (Employee Data record)**

  There are no changes to the record format.

  It is noted that the YTD DPI Gross will be added to the total (YTD Non-cash Fringe Benefits) in positions 174 through 182 of this record. In addition, the total in positions 174 through 182 of this record will be added to the total in positions 104 through 113 of the Intermediate Total record (Record Type ‘I’). Lastly, the total in positions 104 through 113 of this record (Record Type ‘I’) will be added to the total in positions 122 through 133 of the Total record (Record Type ‘T’).

- **W-2 Laser Form (See Attachment 1)**

  1) The tax-reporting year will be changed to ‘1998’.

  2) The YTD DPI Gross (Domestic Partner Imputed Income) will be added to the total (YTD Non-cash Fringe Benefits) reported in box 12.

  3) Copy C of the W-2 Laser Form will include the following notice; the notice will be printed in the blank area below ‘Department of the Treasury – Internal Revenue Service.’.

  This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.

  4) The capitalization of all letters in the word ‘State’ on Copy 2 of the W-2 Laser Form should be changed to capitalize only the first letter in the word ‘State’
• **Control Table Updates**

**System Messages Table**

The maximum Earned Income Credit amount referenced in message 60-128 will be changed to $1363.00.

Message 60-123 (TAX EXTRACT: E/F-ALIEN HAS FWT/NON-CASH FRINGE/DPI AMOUNTS) will be added to the table with a severity level of ‘3’ (Warning).
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- **Copy Members Changes**

  **CPFDTXW2**

  The length defined for the W-2 Extract record will be changed to 385.

  **CPWSTXTP**

  The Limitation of Liability Indicator field defined for the value in position 255 will be removed. A Filler field with a length of one will replace the Limitation of Liability Indicator field.

  The Establishment Number field defined for the value in positions 163 through 166 will be added.

  **CPWSTXUI**

  The YTD DPI Gross will be added to the record format of the UI Extract record.

  **CPWSTXW2**

  The YTD DPI Gross will be added to the record format of the W-2 Extract record.

  A Citizenship Code value of ‘F’ will be added to the existing 88 level fields.
• **Program Modifications**

1) PPTAXEDB

   a) The employee’s YTD DPI Gross will be moved to the W-2 Extract record and UI Extract record.

   b) The YTD DPI Gross will be added to the report totals designated for YTD Non-cash Fringe Benefits.

   c) The record length associated with the UI Extract record will be changed from a length of 80 bytes to 85 bytes.

   d) W-2 Extract Edits:

      Currently, an existing edit compares an employee’s YTD EIC amount (EDB 6099) to the EIC Maximum of $1326.00. If the YTD EIC amount exceeds the allowable EIC maximum of $1326.00, message 60-128 *(TAX EXTRACT: EIC OVER MAXIMUM OF $1326.00, REDUCED TO $1326.00)* is issued on the PPP6010 report.

      The above edit will be changed to compare an employee’s YTD EIC amount to the EIC Maximum of $1363.00. If the YTD EIC amount exceeds the allowable EIC maximum of $1363.00, message 60-128 *(TAX EXTRACT: EIC OVER MAXIMUM OF $1363.00, REDUCED TO $1363.00)* will be issued.

      An edit will be added to check for a negative YTD DPI Gross. If the YTD DPI Gross is negative, existing error message 60-110 *(TAX EXTRACT: EMPLOYEE IS W2 EXCEPTION DUE TO NEGATIVE BALANCE(S))* will be issued. The employee is rejected, and no W-2 form is produced for the employee.

      An edit will be added to check for an employee with a Citizenship Code of ‘X’ and a non-zero YTD DPI Gross. If the employee has a non-zero Domestic Partner Imputed Income, existing error message 60-125 *(TAX EXTRACT: X-CODED ALIEN HAS ONE OR MORE REPORTABLE AMOUNTS)* will be issued.

      An edit will be added to check for an employee with a Citizenship Code of ‘E’ or ‘F’ and a non-zero YTD DPI Gross. If the employee has a non-zero Domestic Partner Imputed Income, error message 60-123 *(TAX EXTRACT: E/F-ALIEN HAS FWT/NON-CASH FRINGE/DPI AMOUNTS)* will be issued.
e) The footnote at the bottom of the page on report PPP6011 will be changed to ‘YTD EXEC LIFE INS, YTD OTHER INCOME, AND YTD NON-CASH FRINGE BENEFITS ARE ADDED TO CA SWT GROSS IN FOURTH QUARTER REPORTING ONLY. THE PORTION OF THE YTD NON-CASH FRINGE BENEFITS TOTAL CONTAINING THE YTD DOMESTIC PARTNER IMPUTED INCOME IS ALREADY INCLUDED IN THE CA SWT GROSS.’.

2) PPTAXW2

The length of the sort record designated for the W-2 Extract record will be changed from a length of 380 to 385.

The footnote at the bottom of the page on report PPP6014 regarding the State Tape to the EDD will be removed.

3) PPTAXW2R

This program will be modified to add the employee’s YTD DPI Gross (Domestic Partner Imputed Income, EDB 5550) to the YTD Non-cash Fringe Benefit displayed on the appropriate reports. Thus, the report totals associated with the YTD Non-cash Fringe Benefits will also include the YTD DPI Grosses.

In addition, an edit will be added to check for an employee with a Citizenship Code of ‘E’ or ‘F’ and a non-zero YTD DPI Gross. If the employee has a non-zero Domestic Partner Imputed Income, a hard-coded error message (EMP HAS FWT/NON-CASH FRINGE/DPI AMOUNTS) will be issued.

4) PPTAXW2F

The YTD DPI Gross will be added to the total in box 12. Thus, the total in box 12 will contain the YTD Non-cash Fringe Benefit and YTD DPI Gross.

5) PPTAXW2T

The YTD DPI Gross will be added to the total designated for the YTD non-cash Fringe Benefit in positions 174 through 182 of the Employee record identified as Record Type ‘W’.
6) PPTAXUIR

The YTD DPI Gross will be added to the report total designated for the YTD Non-cash Fringe Benefit.

7) PPTAXUI

The record length associated with the UI Extract record will be changed to a length of 85.

The footnote displayed at the bottom of the page on report PPP6002 will be changed to ‘YTD EXEC LIFE INS, YTD OTHER INCOME, AND YTD NON-CASH FRINGE BENEFITS ARE ADDED TO CA SWT GROSS IN FOURTH QUARTER REPORTING ONLY. THE PORTION OF THE YTD NON-CASH FRINGE BENEFITS TOTAL CONTAINING THE YTD DOMESTIC PARTNER IMPUTED INCOME IS ALREADY INCLUDED IN THE CA SWT GROSS.’.

8) PPP610

The YTD DPI Grosses will be added to the report totals designated for the YTD Non-cash Fringe Benefits.
**Form Changes**

*UPAY 731*

The description of ‘W-2 / UI Processes’ will be added to the PPP600 Program Run Specification form.

The text referring to the production of the State tape will be removed.


- **JCL Changes**

The JCL for executing PPP600 and PPP610 will be changed. The length coded on the LRECL for each of the following DD Names should be changed in the JCL:

**PPP600**

- DD Name of UIFILE – LRECL = 85
- DD Name of W2FILE – LRECL = 385

**PPP610**

- DD Name of W2FILEO – LRECL = 385
• **Overlay Generation Language (OGL)**

*W-2 Laser Form*

The year displayed on the W-2 Laser Form will be changed to ‘1998’.

Copy C of the W-2 Laser Form will include the following notice; the notice will be printed in the blank area below ‘Department of the Treasury – Internal Revenue Service.’

This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.

Currently, the capitalization of all letters in the word ‘State’ on Copy 2 of the W-2 Laser Form will be changed to capitalize only the first letter in the word ‘State’.
• **Control Table Updates**

**System Messages Table:**

The text (**TAX:EXTRACT: EIC OVER MAXIMUM OF $1326, REDUCED TO $1326**) for existing message number 60-128 will be changed to **TAX EXTRACT: EIC OVER MAXIMUM OF $1363, REDUCED TO $1363**.

Message Number 60-123 containing the text (**TAX:EXTRACT: E/F-ALIEN HAS FWT/NON-CASH FRINGE/DPI AMOUNTS**) will be added to the table.
Final

List of Attachments

Attachment 1 - W-2 Laser Form