Service Request 83496
2011 W-2 Changes

Technical Specification

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Information Technology Services
Office of the President
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## Version History

<table>
<thead>
<tr>
<th>Version #</th>
<th>Date</th>
<th>Revised By</th>
<th>Reason for Change</th>
</tr>
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<tbody>
<tr>
<td>1.0</td>
<td>11/01/11</td>
<td>Caroline Rider</td>
<td>Initial draft with some areas incomplete</td>
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<tr>
<td>1.1</td>
<td>11/05/11</td>
<td>Caroline Rider</td>
<td>Added CPWSXTRC mods, CPPDXSSN mods, PPCTGTNE mods, PPP610 mods, PPTAXW2R mods, PPTAXEDB mods</td>
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<td>1.2</td>
<td>12/06/11</td>
<td>Caroline Rider</td>
<td>Additional programming changes noted during development</td>
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1 Introduction

2011 W-2 changes.

1.1.1 Service Request 83496

2011 W-2 changes.

2 Background

Annual W-2 changes.

3 Overview of System Modifications

3.1.1 Tax Reporting Process

The following items will be changed, added, or removed for 2011:

- Change the tax year from 2010 to 2011
- Set up a placeholder for code DD (cost of employer-provided health coverage) in the W-2 interface file (no data will be sent this year)
- HIRE Act (code CC) data should not be reported
- On the W-2 form, gray out box 9 (EIC); do not report it in the W-2 interface file or on the form
- Report UCRP contributions in box 14; do not report it in the W-2 interface file
- Change all references to HCRA to HFSA on reports
- Add the Designated Roth Contribution Under 457(b) Plan to the W-2 interface file
- Add the Employer Type to the W-2 interface file
- Revise the SSN value check
- Update the country codes to include the current values for SSA

4 Design Considerations

4.1 Assumptions and Dependencies

- In order to minimize code changes, the EIC amounts will not be removed from the reports.
- Many of the reports have very similar, but slightly different layouts. It would be best if all reports had the same layout (to simplify maintenance and improve their readability), but such a change was beyond the scope of this project. The existing formats may require additional report-specific modifications to ensure that all existing data (other than HIRE Act) is retained.
5 Testing Considerations

The test data needs to include employees with a mix of the various items that can appear on the W-2 and/or be reported to SSA.

6 Mainframe Design

6.1 Tax Reporting Process

6.1.1 Cobol Programs

6.1.1.1 PPCTGTNE

PPP610 edits the transactions that will update the PPPGTN (Gross-To-Net) table. It will be modified to allow a value of ‘U’ for Set Indicator.

PROCEDURE DIVISION

- Add NOT = ‘U’ AND to the test of GTN-SET-INDICATOR

6.1.1.2 PPP610

PPP610 updates selected fields on the W2 extract file. ‘HCRA’ literals for reports will be replaced by ‘HFSA’, HIRE Act will be removed, and UCRP contributions will be added. It will be modified as follows:

WORKING-STORAGE

- Replace ‘HCRA INCOME ’ with ‘HFSA INCOME ’
- Remove all entries for HIRE-ACT and add equivalent entries for UCRP, modeled on DCP-CAS. (Note: the W2-ACCUMULATORS table will remain the same size.)

PROCEDURE DIVISION

- Remove all references to HIRE-ACT and add equivalent entries for UCRP, modeled on DCP-CAS

6.1.1.3 PPTAXEDB

PPTAXEDB generates the extracts for W-2 and/or UI processing and selected control and error reports. ‘HCRA’ literals for reports will be replaced by ‘HFSA’, HIRE Act will be removed, the EIC amounts will be reported as zero (with a warning issued if an employee has a non-zero EIC amount), and UCRP contributions will be added. It will be modified as follows:

WORKING-STORAGE

- Remove AWR-ROW-DATA
- Replace ‘HCRA INCOME ’ with ‘HFSA INCOME ’
- Remove WS-HIRE-ACT
- Remove all entries for HIRE-ACT, and add equivalent entries for UCRP, modeled on DCP-CAS
- Add UCRP-XSET-GTN-SET-TABLE, modeled on HOLD2-XSET-GTN-SET-TABLE.
- Add M60143, M60144, and M60145

PROCEDURE DIVISION

- In section 99000-SQL-FETCH-PER, remove the code beginning with MOVE ‘SELECT AWR ROW’… through MOVE AWR-AWARD-AMOUNT… END-IF.
- Remove all references to WS-HIRE-ACT
• Add 41030-ACCUMULATE-UCRP-AMOUNT, modeled on 41010-ACCUMULATE-457B-AMOUNT (up to the TRAP comment, and use message M60143) and 41500-COMPUTE-DCP-REG-AMOUNT (from the TRAP comment on, and use message M60144)
• Add PERFORM of 41030- prior to the code that computes the DCP-REG amounts (search for ‘TOTAL UCRP DCP’), modeled on the PERFORM of 41010-ACCUMULATE-457B-AMOUNT (search for ‘TOTAL 457(B)’)
• Add 16300-BUILD-UCRP-GTN-TABLE, modeled on 16100-BUILD-457B-GTN-TABLE. Use ‘U’ for KSET-SET-INDICATOR
• Add PERFORM of 16300-BUILD-UCRP-GTN-TABLE after PERFORM of 16200-BUILD-SMS-457B-GTN-TABLE.
• If the EIC amount is not zero, issue message 60145 (TAX EXTRACT: INVALID NON-ZERO EIC AMOUNT) and set the amount to zero.

6.1.1.4 PPTAXW2
PPTAXW2 manages the W-2 reporting. ‘HCRA’ literals for reports will be replaced by ‘HFSA’, HIRE Act will be removed, and UCRP contributions will be added. It will be modified as follows:

WORKING-STORAGE
• Replace ‘HCRA INCOME ’ with ‘HFSA INCOME ’
• Remove all entries for HIRE-ACT and add equivalent entries for UCRP, modeled on DCP-CAS. (Note: the W2-ACCUMULATORS table will remain the same size.)

PROCEDURE DIVISION
• Remove all references to HIRE-ACT and add equivalent entries for UCRP, modeled on DCP-CAS
• In 83400-W2T-AMOUNT-ROW, added row-nbr 37 (UCRP) in the totals to be excluded (No UCRP reported on the file to IRS).
• In 23650-WRITE-FICHE-W2, replace AFTER 6 with AFTER 5.

6.1.1.5 PPTAXW2F
PPTAXW2F produces the W-2 forms and fiche file. ‘HCRA’ literals for reports will be replaced by ‘HFSA’, HIRE Act will be removed from Box 12, and UCRP contributions will be added at the top of Box 14 and will shift down the existing Box 14 items (the data area will increase by one line). It will be modified as follows:

WORKING-STORAGE
• Remove TOTAL-HIRE-ACT and TTLOW2-HIRE-ACT fields and add equivalent TOTAL-UCRP and TTLOW2-UCRP fields
• On W2L-LNE8, replace EIC fields with FILLER (value SPACES)
• On W2L-LNE10, replace -DCP-CAS fields with equivalent -UCRP fields.
• On W2L-LNE11, replace -DCP-REG fields with equivalent -DCP-CAS fields from LNE10
• On W2L-LNE12, replace -OTHR-LIT field with -DCP-REG fields from LNE11
• On W2L-LNE13, replace -OTHR-LIT-1 fields with -OTHR-LIT field from LNE12
• On W2L-LNE14, replace -TX fields with -OTHR-LIT-1 fields from LNE13
• On W2L-LNE15, replace -NC fields with -TX fields from LNE14
• On W2L-LNE16, replace -HIRE-ACT fields with FILLER (value SPACES) and replace -HCRA fields with -NC-fields from LNE15
• Add W2L-LNE17A with the -HCRA fields from LNE16
• Replace W2L-LNE17 with equivalent W2L-LNE17B

PROCEDURE DIVISION
• Replace move of literal ‘HCRA’ with ‘HFSA’
• Remove references to EIC fields
• Remove references to HIRE-ACT fields
• Add references to TOTAL-UCRP and TTLOW2-UCRP fields; use -HIRE-ACT fields as a model
In 21600-FORMAT-W2-LASER, add set up of UCRP fields; use DCP-REG as a model
Replace references to W2L-LNE17 with W2L-LNE17A and W2L-LNE17B
In 21650-WRITE-LASER-W2, replace AFTER 6 with AFTER 5.
In 23650-WRITE-FICHE-W2, replace AFTER 6 with AFTER 5.

6.1.1.6 PPTAXW2O

PPTAXW2O creates the new OW2 file that is used by AYSO as the data source for generation of the online W-2 forms. ‘HCRA’ literals for reports will be replaced by ‘HFSA’, HIRE Act will be removed from Box 12, and UCRP contributions will be added at the top of Box 14 and will push down the existing Box 14 items (the data area will increase by one line). It will be modified as follows:

**WORKING-STORAGE**

- Remove T-TOTAL-HIRE-ACT field and add equivalent T-TOTAL-UCRP field

**PROCEDURE DIVISION**

- Replace move of literal ‘HCRA’ with ‘HFSA’
- Remove references to EIC fields
- Remove references to HIRE-ACT fields
- Add references to T-TOTAL-UCRP field; use DCP-CAS as a model
- In 13000-BUILD-DR-RECORD, increase maximum for WS-IXBX14 from 6 to 7, add set up of UCRP fields just prior to the set up of DCP-CAS; use DCP-CAS as a model
- In 23650-WRITE-FICHE-W2, replace AFTER 6 with AFTER 5.
- In 13040-MOVE-TO-BOX14, remove code that checks when WS-IXBX14 = 6 and add code that checks when it is 7 (for writing of 2nd record in OW2 file).

6.1.1.7 PPTAXW2R

PPTAXW2R produces the W-2 reports. ‘HCRA’ literals will be replaced by ‘HFSA’, HIRE Act will be removed from reports, and UCRP will be added to reports. It will be modified as follows:

**WORKING-STORAGE**

- Replace all ‘HCRA INC/ ’ literals with ‘HFSA INC  ’
- Replace ‘HCRA INCOME’ with ‘HFSA INCOME’
- Remove all -HDG13 lines
- Remove all -DETL-LNE10 lines
- Modify specific report layouts as needed to include the UCRP amounts and labels
- In the SUM-TOTALS table, replace ‘HIRE ACT’ with ‘UCRP’

**PROCEDURE DIVISION**

- Remove all references to -HDG13 lines
- Remove all references to -DETL-LNE10 lines
- Remove all references to -NDIP-DESC that move data to it; replace checks of –NDIP-DESC with a check for TXW2-EMP-NDIP-AMOUNT NOT = ZERO and add a check of OR TXW2-EMP-UCRP NOT = ZERO
- After the -LN6-NDIP-AMT processing for the report lines, add similar code to set up the -LN6-UCRP-AMT values from TXW2-EMP-UCRP
- In para 12100-WRITE-EDIT-HDRS, print W2-EDIT-HDG10, W2-EDIT-HDG11, and W2-EDIT-HDG12
- In para 14200-WRITE-SSTIP-HDRs, print W2-SSTIP-HDG10, W2-SSTIP-HDG11, and W2-SSTIP-HDG12
- Error fix: para 10100-, restore the WRK5-W2-EDIT-LNE, WRK6-W2-EDIT-LNE

6.1.1.8 PPTAXW2T

PPTAXW2T produces the Federal W-2 reporting file. It will be modified as follows:

**PROCEDURE DIVISION**
Remove references to RO-HIRE-ACT and RU-HIRE-ACT (record layout defaults to zeros for these fields)

6.1.2 Copy Members

6.1.2.1 CPWSXTRC
CPWSXTRC defines tax reporting constants. It will be modified to remove the override for country code CF, and to add an override for country code NT.

6.1.2.2 CPWSTXTO
CPWSTXTO defines the record layouts for W2 data to be sent to UCOP for online W2s. It will be modified as follows:
- Replace DR-EMPLOYEE-ADV-EIC with FILLER PIC X(11).
- Replace TR-ADV-EIC-PAYMENT with FILLER PIC X(15).
- Replace TR-HIRE-ACT with TR-UCRP PIC 9(13)V99.

6.1.2.3 CPWSTXTP
CPWSTXTP defines the record layouts for tax reporting files sent to the state and federal government. It will be modified as follows:
- Record type RE: after RE-EMPLOYER-ZIP-EXT and before RE-ANNUAL-FIELDS-2, add RE-EMPLOYERTYPE PIC X(01) VALUE ‘Y’. Reduce the FILLER in RE-ANNUAL-FIELDS-2 from 05 to 04.
- Record type RW: after RW-EMPLOYEE-ROTH-SEC403B, add RW-EMPLOYEE-EMPLR-HLTH PIC 9(09)V99 VALUE ZEROES. Reduce the following FILLER from 23 to 12.
- Record type RT: after RT-NONTAX-COMBAT-PAY, replace the FILLER with RT-EMPLR-HLTH PIC 9(13)V99 VALUE ZEROES.
- Record type RO: after RO-HIRE-ACT, add RO-DESIG-ROTH-457B PIC 9(09)V99 VALUE ZEROES. Reduce the following FILLER from 164 to 153.
- Record type RU: after RU-HIRE-ACT, add RU-DESIG-ROTH-457B PIC 9(13)V99 VALUE ZEROES. Reduce the following FILLER from 210 to 195.

6.1.2.4 CPLNKW2F
CPLNKW2F defines a linkage area for PPTAXW2F. It will be modified as follows:
- Add W2F-TOTAL-UCRP PIC S9(11)V99 COMP-3 after W2F-TOTAL-HCRA-INCOME.
- Add W2O-TOTAL-UCRP PIC S9(11)V99 COMP-3 after W2O-TOTAL-HCRA-INCOME.
- Remove W2F-TOTAL-HIRE-ACT, W2O-TOTAL-HIRE-ACT

6.1.2.5 CPLNKW2O
CPLNKW2O defines a linkage area for PPTAXW2O. It will be modified as follows:
- Add OW2-TOTAL-UCRP PIC S9(11)V99 COMP-3 after OW2-TOTAL-HCRA-INCOME.
- Remove OW2-TOTAL-HIRE-ACT

6.1.2.6 CPLNKW2R
CPLNKW2R defines a linkage area for PPTAXW2R. It will be modified as follows:
- Add W2R-CONF-UCRP PIC S9(11)V99 COMP-3 after W2R-CONF-HCRA-INCOME.
- Add W2R-ALIEN-UCRP PIC S9(11)V99 COMP-3 after W2R-ALIEN-HCRA-INCOME.
- Add W2R-EXCP-UCRP PIC S9(11)V99 COMP-3 after W2R-EXCP-HCRA-INCOME.
- Add W2R-OUTST-UCRP PIC S9(11)V99 COMP-3 after W2R-OUTST-HCRA-INCOME.
- Remove W2R-CONF-HIRE-ACT, W2R-ALIEN-HIRE-ACT, W2R-EXCP-HIRE-ACT, W2R-OUTST-HIRE-ACT

6.1.2.7 CPLNKW2T
CPLNKW2T defines a linkage area for PPTAXW2T. It will be modified as follows:
- Remove W2T-GROUP-HIRE-ACT, W2T-FINAL-HIRE-ACT

### 6.1.2.8 CPWSTXW2

CPWSTXW2 defines the record layout for the W2 extract file. It will be modified as follows:
- Add TXW2-EMP-UCRP PIC S9(07)V99 COMP-3 after TXW2-EMP-HIRE-ACT.
- Replace TXW2-EMP-HIRE-ACT with FILLER PIC X(05).
- Reduce the following FILLER from 20 to 15
- Add TXW2-TLR-UCRP PIC S9(11)V99 COMP-3 after TXW2-TLR-HIRE-ACT.
- Replace TXW2-TLR-HIRE-ACT with FILLER PIC X(05).
- Reduce the following FILLER from 820 to 815

### 6.1.2.9 CPPDXSSN

CPPDXSSN checks Social Security Numbers for valid format. It will be modified to reflect the current rules for invalid SSNs. The SSN is invalid if any of these are true:
- XSSN-3 is 000
- XSSN-2 is 00
- XSSN-4 is 0000
- XSSN-3 is 666
- XSSN-3 is greater than or equal to 900

### 6.1.3 Control Table Updates

#### 6.1.3.1 CTL Database

##### 6.1.3.1.1 MSG – System Messages Table

60143 – TAX EXTRACT: EMPLOYEE HAS NEGATIVE UCRP BALANCE (ref = 1, severity = 2, batch = 3, online = 0)
60144 – TAX EXTRACT: EMPLOYEE HAS NET NEGATIVE UCRP BALANCE (ref = 1, severity = 2, batch = 3, online = 0)
60145 – TAX EXTRACT: INVALID NON-ZERO EIC AMOUNT (ref = 1, severity = 2, batch = 3, online = 0)

##### 6.1.3.1.2 GTN – Gross-To-Net Table

Add ‘U’ as a set indicator for GTNs 005, 006, 351, 352, 353, 354, and 355.

##### 6.1.3.1.3 FCT – Foreign Country Table

Add UC – CURACO
Add NN – SINT MAARTEN
Change TT to TIMORE-LESTE

### 7 Unit Testing Requirements

#### 7.1 PPP600

Use the 2010 release test data as a starting point.

#### 7.2 PPP610

Use the 2010 release test data as a starting point.