W-2 Reportable Fringes Processing Overview

At the beginning of every calendar year, UWSA Tax Staff consult with Payroll to identify earnings codes and account codes that will be used to report W-2 earnings. These earnings codes are configured in SFS so the payments will be flagged for campus review during the monthly W-2 process. These include relocation/moving expenses, taxable meals, and educational assistance expenses. Campuses will review, validate, and correct any W-2 reportable transactions on a monthly basis. In addition to reviewing payments, campuses have the opportunity to enter additional W-2 reportable transactions, including foundation reimbursements, into the SFS Tax Processing bolt-on. Do not include compensatory cash awards to employees that must be payrolled in accordance with IRS regulations. Below are the instructions to follow to ensure correct reporting of monthly W-2 transactions.

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Process Detail

I. Monthly W-2 Process Steps

Steps that need to be performed on a monthly basis are:

1. Each Month UWSA Tax Staff will load and validate all W-2 reportable Expense Module and Accounts Payable transactions into the SFS Tax Processing bolt-on. The campuses will be notified by email after the load.

2. Each Campus Tax representative will have a set amount of time to:
   a. Update campus W-2 transactions that are in ‘Review’ status; and
   b. Make corrections to transactions submitted in previous months; and
   c. Enter additional transactions (i.e.: foundation reimbursements, taxable travel or relocation payments). **NOTE:** Enter reimbursements made to UW employees by university support organizations, such as institutional foundations, that are considered by the IRS to be university income to the recipients. Do not include compensatory cash awards to employees that must be payrolled in accordance with IRS regulations. Foundation reimbursements should be entered into the SFS Tax Processing W-2 bolt-on monthly.

3. After Campuses have notified UWSA Tax Staff that they have completed their reviews, the Tax Staff will revalidate the transactions. If the revalidation comes back clean, the UWSA tax staff will upload the file into the HRS system. HRS will withhold payroll taxes on these W-2 reportable amounts.

II. W-2 Support

Technical support contact  uwsaproblemsolvers@uwsa.edu

Tax support contacts  taxreporting@uwsa.edu

III. Monthly Tax Processing Summary Steps

Login to SFS Online  http://sfs.doit.wisc.edu/support/

On a monthly basis, in the SFS Tax Processing bolt-on in no particular order, campuses will be performing three activities:

- Updating monthly transactions in ‘Review’ Status
- Adding W-2 Reportable transactions, including foundation payments
- Correcting previously ‘Sent’ or ‘Inactivated’ transactions

The following sections outline the steps to complete these activities.
IV. Update Monthly W-2 Reportable Transactions in Review Status

Note: Reimbursements that were reduced using a travel reduction (ex. to reduce the overall expense report to a fixed dollar amount) must be manually reduced in the W-2 bolt-on. Travel reductions cannot be automatically loaded into the W-2 bolt-on.

**Navigation:** SFS Extensions > Tax Processing > Use > UW W2 Search

1. **Enter Tax Year** (4 digits)
2. **Enter Month Code** (2 digits i.e. January = ‘01’, February = ‘02’, etc.)
3. **Enter your Business Unit** (i.e. ‘UWADM’, ‘UWMIL’, ‘UWSTP’, etc.)
4. **Select W2 Status** = ‘Review’ (if leave this blank you will receive a listing of all W-2 Transactions for that month)
5. **Click** [Search]

A listing of transactions to be reviewed will appear. You will find information on the following pages: **Header**, **Detail**, **Comments**, and **Error Messages**.
Options when updating transactions in ‘Review’ W2 Status are:

- ‘Inactivate’ a transaction from
- Edit Vendor record for Updates from
- Open a transaction record for editing from

1. How to Inactivate a transaction
   a. Click
   b. Select ‘Inactive’ in the W2 Status column to inactivate the record. When inactivating a record, you are indicating that you do not want the record reported.
   c. Review non-employee EmplID transactions to see whether it’s an employee of another UW institution.

   I. If the taxable meal was paid to a non-employee, inactivate the W-2 bolt-on transaction and enter a transaction into the 1099 bolt-on. Taxable payments to 1099 reportable vendors should be paid through AP on the appropriate account code.
   II. If the taxable meal in Review status was paid to an employee at another UW institution:
      i. Select ‘Inactive’ for the W2 Status to inactivate the record.
      ii. Add a transaction for the employee under the employee’s Business Unit per the instructions in section V. Add W-2 Reportable Transaction.
2. How to Open Vendor Records for updates.
   a. **Click** on [Error Messages]. In this example, John Doe did not have an EMPLID & Vendors Class is not employee. To correct this error:

   b. **Click** on the *Edit Vendor* link. It may take a minute for the Vendor page to appear. This should automatically take you to the *Identifying Information* tab on the Vendor page.

   c. **NOTE**: Do NOT change vendor *Classification* if this vendor has been used as an ‘Individual/Sole Proprietor’ in the past.

d. If you erroneously entered this vendor as ‘Individual/Sole Proprietor’ and this is an employee, inactivate the vendor and make future payments to the employee through the Expense Module.

e. Update the transaction in the W-2 bolt-on per the following section.
3. How to Open a Transaction Record for Editing

Example: Updates of transactions to moving companies for relocation expenses must be made in the transaction detail. Payments made directly to moving companies are taxable to employees (use the relocation expense account code 2880/2881). When the transaction loads from SFS into the W-2 tax reportable bolt-on, update from the moving company into the employee’s name.

Note: Per Policy 210: Educational Assistance for Faculty and Staff must be reimbursed to employees upon successful completion of the course.

a. To change the vendor on a record to be reported for an employee, select the View Detail link and the UW W2 Transaction Page will open in a new window.

b. Click [Lookup Employee/Vendor]. This will open the Vendor Search Page.
c. **Enter** *Any part of EmplID* or *Any part of Employee Name*

d. **Click**
e. **Find** the correct employee name in the list
f. **Click** the *Employee Name* link.
g. This will enter the EmplID and change the Vendor ID number on the UW W2 Transaction page.

h. Change the W2 Status from ‘Review’ to ‘Active.’

i. Click Save
V. Add W-2 Reportable Transactions

Note: Relocation/moving expenses must use the Business Purpose of Relocation in the Expense Module. A public query is available (SFS_EX_TAX_RELOCATION) to verify/enter relocation/moving expenses. In order to query university pre-paid expenses associated with the move, it’s based on approval date, which differs from the actual payment date. University pre-paid expenses associated with the move must be entered as taxable to the employee.

**Navigation:** SFS Extensions > Tax Processing > Use > UW W2 Transaction

1. **Enter UW Tax Year**
2. **Select Month**
3. **Enter or select Business Unit**
4. **Click Add**

**NOTE:** If you try to add a transaction to a month that has already been sent to payroll, you will receive an error. (If you need to correct previously sent transaction, see instructions on page 17.)
5. **Select a Month** that has not been previously sent

6. **Click** to input transactions. You cannot key in the EmplID, this ensures the employee number is valid.
8. Enter Any part of EmplID or Employee Name
9. Click Search
10. Select Employee Name link.
11. The EmplID and Name will be populated on the UW W2 Transaction page

12. **Enter** Report Number or Voucher ID
13. **Enter Payment Date**
14. **Enter or select Account**
15. **Enter Earnings Code**
16. **Enter W2 Amount**
17. **Enter Description**
18. **Select W2 Status**
19. **Enter Explanation**
20. **Click Save**

**Adding Support Organization Reportable Payments**

1. Follow similar instructions to adding a transaction, however, select ‘Yes’ for the **UW Support Organization**.
2. Refer to the [Tax Reportable Reimbursements to Employees from University Support Organizations](#) procedures document.

![Image of UW W2 Transaction form]

- **Mark ‘YES’ if paid by the Foundation**
- **If this is a miscellaneous Foundation payment, mark the Account as ‘PDTN’. If the Foundation reimbursed a moving or educational expense, then mark the appropriate Fringe Account code.**
Adding Non-accountable Plan Reportable Payments

1. Follow similar instructions to adding a transaction, using the NONA account code.
2. Refer to the Requirements for an Accountable Plan Related to Expenses Submitted Beyond 90 Days procedures document.

If this is a Non-accountable plan reimbursement, mark the Account as ‘NONA’. The UW reimburses under an accountable plan, however, on an exception basis expenses submitted beyond 90 days are treated as having been reimbursed under a Non-accountable plan and included in taxable income.
VI. Correct Previously Sent or Inactivated Transactions

Navigation: SFS Extensions > Tax Processing > Use > UW W2 Search

1. Search for record during the month the record was ‘Sent’
2. Enter Tax Year
3. Enter Month
4. Enter Business Unit
5. Enter any additional information.
6. Select W2 Status ‘Sent’
7. Select the View Detail link for the record you would like to correct. This will open a new window to the UW W2 Transaction page.
8. Click **CORRECTION**. This will reveal the Corrections section in the lower portion of the page.
9. Enter your corrections under the Corrections section.
10. Click **Save**
11. Return to the other open window on the UW W2 Search page
12. In order to process the correction, you will need to validate the transaction. The UW W2 Transaction page will indicate the correction has been processed once the validation is complete.
VII. How to Validate Corrected Transactions

Navigation: SFS Extensions > Tax Processing > Use > UW W2 Search

1. **Enter** the month you entered the correction. In this example, the sent transaction was in March, but the correction was made in July. You must **select** ‘07’ - July to validate the correction. (If you select the month the original transaction was sent, you will not be able to validate. You must **select** a month for transactions that have not been sent yet).

2. **Click**

3. **Click** until you receive a **Run Status** of ‘Success’

4. **Click** to confirm correction was processed

5. **Select** the **View Detail** link to see the correction was processed.
6. **Search** for the original month entry and it will reference the month of the correction.
VIII. Other Search Options

Navigation: SFS Extensions > Tax Processing > Use > UW W2 Search

1. Enter EmplID.
2. Leave Business Unit ‘blank’ to see if an employee has transactions on multiple campuses

Revision History

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<thead>
<tr>
<th>Author</th>
<th>Version</th>
<th>Date</th>
<th>Description of Change</th>
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<tr>
<td>Susan Kincanon</td>
<td>1.0</td>
<td>08/26/2013</td>
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<td>Laura Parman</td>
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<td>Revised format and removed duplicative information</td>
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<td>Susan Kincanon</td>
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<td>Review, edit, format and ready to publish</td>
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<td>Laura Parman</td>
<td>2.2</td>
<td>12/11/2013</td>
<td>Changed screen shot to incl additional info</td>
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<td>Eric Engbloom</td>
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<td>Updated for Non-accountable plan reimbursements</td>
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<td>2.4</td>
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<td>Eric Engbloom</td>
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<td>Updated for taxability of relocation expenses</td>
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