Processing Forms W-2 & W-3

The following is only an overview. For complete IRS W-2 and W-3 instructions, refer to the PDF documents in your Payroll application folder on your hard drive.

Verify Company Information

Before printing W-2s, click the **Company Information** button and verify that your company name, trade name, address, and Federal ID are correctly entered. Your **State ID** can be verified by selecting the **State Tax Values** button. Select each state table from the **State Tables** list and verify the State ID.

Reconcile W-3 to Quarterly Form 941s

Before printing your company's W-2s, we strongly recommend reconciling the W-3 to your filed copies of Form 941. Print the W-3 on plain paper and reconcile the amounts shown in boxes 1 through 7, and box 9 on Form W-3 with their respective amounts from the quarterly Forms 941. Amounts reported on Forms W-2, W-3, and 941 may not match for valid reasons. If they do not match, you should determine that the reasons are valid. Keep your reconciliations in case there are inquires from the IRS or SSA.

Withholding for Two States

Payroll prints state wages and state income tax for up to two states as long as you did not start mid-year, did not edit YTD totals in **Employee Setup,** and withheld at least $.01 in at least one state. If you withheld for more than two states, prepare multiple W-2s, which can be done by setting up a new employee for each state requiring wages and withholding.

W-2 Options

Click **Deductions** or **Additional Income** buttons to find the available W-2 options:

Deductions | Additional Income

W-2 Options
- ☐ Box 10 - Dependent Care Benefit
- ☐ Box 12 - Code ☐
- ☐ Box 14 - Other
- ☐ Box 18-20 - Local Tax

W-2 Options
- ☐ Box 10 - Dependent Care Benefits
- ☐ Box 11 - Nonqual. Plan ☐ Sec. 457
- ☐ Box 12 - Code ☐
- ☐ Box 14 - Other

Box 10 - Dependent Care Benefits

If you have a dependent care assistance program (section 129 or section 125 cafeteria plan), the expenses paid or fair market value of those services should be shown in Box 10. Check the applicable box in the **Additional Income** or **Deduction** setup.

Box 12 - Codes

In the **Deductions** or **Additional Income** windows, certain deductions and income should be listed in Box 12 with their appropriate letter code. Refer to the **Code List** on this page. The letter code has no bearing on where the item will print on the W-2 form.

Box 13 Check Boxes

In the **Employees Setup** window on the **Taxes** tab, check the box **Statutory Employee** for employees whose earnings are subject to social security and Medicare taxes but not subject to Federal income tax withholding. Workers who are independent contractors under the common-law rules but are treated by statute as employees are called statutory employees. See Pub. 15-A for details.

Check the box **Retirement Plan** if the employee was an "active participant" (for any part of the year) in any of the following retirement or annuity plans: 401(a), 401(k), 403(a), 403(b), 408(k) (SEP), 408(p) (SIMPLE), 501(c)(18) or a plan for Federal, state, or local government employees. *Do not check this box for contributions made to a non-qualified or section 457(b) plan.*

Check the **Sick Pay** box if the employee received payments from a third party.

Box 14 - Other

Box 14 can be used for income or deduction items that you wish to identify for your employees. Click either the **Additional Income** button or **Deductions** button and select **Box 14 - Other** for the items you wish to report.

Box 18-20 - Local Tax

Taxes setup in **Local Taxes** will report in boxes 18-20. Some deductions can be shown in local tax boxes by selecting **Box 18-20** Local Tax in the W-2 Options in Deductions.

Code List for Box 12

A- Uncollected social security or RRTA tax on tips

B- Uncollected Medicare tax on tips

C- Cost of group-term life insurance over $50,000

D- Elective deferrals to a section 401(k) cash or deferred arrangement (including a SIMPLE 401(k) arrangement)

E- Elective deferrals under a section 403(b) salary reduction agreement

F- Elective deferrals under a section 408(k)(6) salary reduction SEP

G- Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan (state and local government and tax-exempt employers)

H- Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan

J- Nontaxable sick pay

K- 20% excise tax on excess golden parachute payments

L- Substantiated employee business expense reimbursements (Federal rate)

M- Uncollected social security or RRTA tax on cost of group-term life insurance coverage over $50,000 (for former employees)

N- Uncollected Medicare tax on cost of group-term life insurance coverage over $50,000 (for former employees)

P- Excludable moving expense reimbursements paid directly to employee

Q- Nontaxable combat pay

R- Employer contributions to an Archer MSA

S- Employee salary reduction contributions under a section 408(p) SIMPLE

T- Adoption benefits

V- Income from exercise of nonstatutory stock option(s)

W- Employer contributions to a Health Savings Account

Y- Deferrals under a section 409A non-qualified deferred compensation plan

Z- Income under a section 409A non-qualified deferred compensation plan

AA- Designated Roth contributions to a section 401(k) plan

BB- Designated Roth contributions under a section 403(b) salary reduction agreement

DD- Cost of employer-sponsored health coverage

EE- Designated Roth contributions under a governmental section 457(b) plan.

More ⟹

Electronic Filing of W-2 and W-3 Information

CheckMark Payroll allows you to save W-2 and W-3 information in the EFW2 format. EFW2 files can be sent electronically over the Internet to the Social Security Administration (SSA). There is no need to print W-2 Copy A or the W-3 form if you create and file using an EFW2 formatted file.

Electronic filing is free, secure, and offers a later filing deadline. It provides an electronic receipt for proof of filing—no Form 6559 needed.
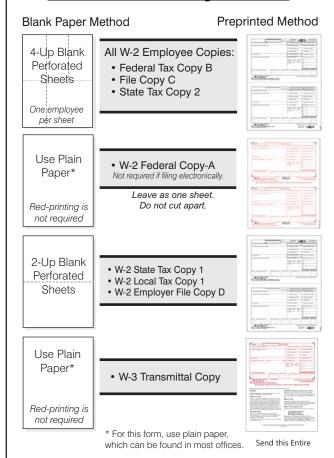
If you file 250 or more W-2 forms, you must file them electronically unless the IRS granted you a waiver. You may be charged a penalty if you fail to file electronically when required. (Magnetic media filing has been eliminated.) The SSA encourages all companies to file electronically even if you are filing fewer than 250 W-2 forms. Go to SSA's Employer Reporting Instructions and Information website at *www.ssa.gov/bso/bsowelcome.htm* and select "Employer Information."

Furnishing Copies B, C, and 2 to Employees

Furnish copies B, C, and 2 of Form W-2 to your employees by January 31. You'll meet the "furnish" requirement if the form is properly addressed and mailed on or before the due date.

If employment ends before December 31 of your payroll year, you may furnish copies to the employee at any time after employment ends, but no later than January 31. If an employee asks for Form W-2, give him or her the completed copies within 30 days of the request or within 30 days of the final wage payment, whichever is later. If you terminate a business or are unable to furnish W-2s by the due date, see the IRS Instructions for Forms W-2 and W-3.
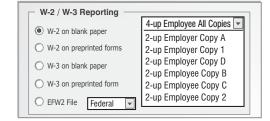
Reference Chart for Printing W-2s & W-3s

Blank Paper Method | Preprinted Method

4-Up Blank Perforated Sheets
One employee per sheet

All W-2 Employee Copies:
• Federal Tax Copy B
• File Copy C
• State Tax Copy 2

Use Plain Paper*
Red-printing is not required

• W-2 Federal Copy-A
Not required if filing electronically.
Leave as one sheet. Do not cut apart.

2-Up Blank Perforated Sheets

• W-2 State Tax Copy 1
• W-2 Local Tax Copy 1
• W-2 Employer File Copy D

Use Plain Paper*
Red-printing is not required

• W-3 Transmittal Copy

* For this form, use plain paper, which can be found in most offices.

Send this Entire

Printing W-2 & W-3 Forms

CheckMark Payroll allows you to print W-2s and W-3s on blank, perforated paper or on preprinted forms. From the Command Screen, click on the **W-2 & W-3 Statements** button.

W-2 / W-3 Reporting
- W-2 on blank paper
- W-2 on preprinted forms
- W-3 on blank paper
- W-3 on preprinted form
- EFW2 File Federal

4-up Employee All Copies
2-up Employer Copy A
2-up Employer Copy 1
2-up Employer Copy D
2-up Employee Copy B
2-up Employee Copy C
2-up Employee Copy 2

Blank Paper Method

Employee Copies: You can print all four copies of the Employee W-2 on one 4-up Perforated Blank Sheet. Load CheckMark's 4-up Perforated Sheets in your printer tray so that the large section of the form will print in the lower right hand corner. Click the **W-2 on Blank paper** button and select **4-up Employee All Copies** from the drop-down list. Select the employees from the list to be printed. If no employees are selected, W-2s for all employees will be printed.

Or, you have the option to print 2-up Employee Copy B, C or 2 by selecting it from the drop-down list. One W-2 for two different employees will print on each sheet. You must separate and collate the copies.

Employer Copies: Load your printer with 2-part Perforated Blank Sheets or plain paper. Select the employer copy you need and print. Copy A for the federal government prints two employees per sheet and must be submitted as a full sheet. Use plain paper. For most state and local governments, Copy 1 needs to be submitted with one W-2 per sheet, print on 2-up Perforated Blank Sheets, then separate the copies.

Preprinted Forms Method

Preprinted W-2 Forms will print two employees per sheet. **IMPORTANT: RESET THE DEFAULT FORMAT AND TEST THE ALIGNMENT ON PLAIN PAPER BEFORE PRINTING.**
(To reset default format, select the item, hold the Shift Key and click **Edit**.) Using the latest version of CheckMark Payroll, select the **W-2 on preprinted forms** button. Select the employees from the list to be printed. If no employees are selected, W-2s for all employees will be printed. Repeat this process for each part that is required by your local, state, and federal filing needs. Collate the required employee copies B, C, and/or 2 and distribute or mail to your employees.

Printing W-3s

Select **W-3 on blank paper** or **W-3 on preprinted form** as needed and print.