
STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P.O. Box 942850
Sacramento, CA 94250-5878

DATE: November 20, 2001

PAYROLL LETTER # 01-023

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: RALPH ZENTNER, Acting Chief
Personnel/Payroll Operations Bureau
State Controller's OfficeRE: **2001 WAGE AND TAX STATEMENTS**

This Payroll Letter provides information regarding the 2001 Wage and Tax Statement, Form W-2. For additional information, please refer to the appropriate sections in the Payroll Procedures Manual.

GENERAL INFORMATION REGARDING FORM W-2

Below are answers to questions frequently asked regarding Form W-2:

1. The Form W-2 reflects wages paid by warrants/direct deposit payments that were issued during the 2001 tax year, regardless of the pay period in which the wages were earned. The 2001 Form W-2 includes warrants/payments issue dated January 1, 2001 through December 31, 2001. The Form W-2 contains all wages and tax information for an employee regardless of the number of State agencies/campuses for which he or she worked during the tax year.
2. The year-to-date gross on the final earnings statement/direct deposit advice for 2001 may not agree with Box 1 (Wages, Tips, Other Compensation), due to the following items:
 - Accounts Receivable deductions
 - Non-USPS Adjustments
 - Deferred Compensation deductions
 - Pre-Tax Benefit deductions (POP/TAPP)
 - Pre-Tax Parking deduction
 - Flex Benefit deductions
 - Retirement/PST Contributions
 - Labor Code 4800 payments
 - Tax Sheltered Annuity deductions
 - Consolidated Benefits
3. Non-Industrial Disability Leave, Temporary Disability and Industrial Disability Leave Supplementation payments are considered wages and are included in Box 1.
4. Industrial Disability Leave (IDL) payments are considered employee benefits rather than wages and are not included in Box 1. Additionally, IDL payments are not subject to Social Security/Medicare wages and will not be reflected in Box 3 (Social Security Wages) or Box 5 (Medicare Wages).
5. Box 4 (Social Security Tax Withheld) was computed based upon the 2001 rate of 6.20% of wages subject to Social Security. The 2001 maximum wages subject to Social Security was \$80,400.
6. Box 6 (Medicare Tax Withheld) was computed based upon the 2001 rate of 1.45% of wages subject to Medicare. There is no maximum amount of wages subject to Medicare.
7. Box 13 (not titled, but used to identify if employee is in a pension plan) will have an "X" indicated for all employees who were members of either the Public Employees', State Teachers', Judges' or Legislatures'

Retirement System. Employees in the Part-time, Seasonal and Temporary retirement plan will not have an "X" indicated.

8. Box 1 and Box 3 or 5 may not agree due to the following items:

- Accounts Receivable deductions
- Reaching Social Security maximum wages
- Deferred Compensation deductions
- Retirement/PST Contributions
- Flex Benefit deductions
- Tax Sheltered Annuity deductions
- Pre-Tax Benefit deductions (POP/TAPP)
- Pre-Tax Parking deduction
- Consolidated Benefits

9. Dependent Care deduction amounts withheld in 2001 will be reported in Box 10 (Dependent Care Benefits).
10. Fringe benefits will be reported in Boxes 1 and 14 (Benefits included in Box 1). This amount will also be included in Boxes 3 and 5, if applicable.
11. Employees who had Deferred Compensation or Tax Sheltered Annuity deductions withheld will have the deduction amounts indicated in Box 12 with codes "D" for 401K, "G" for 457, and "E" for TSA.
12. Employees who are Part time, Seasonal and Temporary and have contributed to the PST Retirement Plan or University of California Deferred Compensation Retirement Plan will have the deduction amount indicated in Box 12b with code "G".
13. The non-taxable Standard Mileage Reimbursement amounts up to the State's allowances will be indicated in Box 12 with code "L". The non-taxable portion of Moving Expense Mileage Reimbursements will be indicated in Box 12 with code "P".
14. The qualified (non-taxable) reimbursement amount of Moving Relocation Expenses will be indicated in Box 12 with code "P".
15. Basic Allowance for Housing and Subsistence (BAH and BAS) will be indicated in Box 12 with code "Q" for Department of Military employees receiving these non-taxable payments.
16. The imputed value of Group Term Life Insurance coverage in excess of \$50,000 will be indicated in Box 12 with code "C".
17. If an employee receives a Form W-2 with an incorrect social security number or two or more Forms W-2 with different social security numbers, the employee's Employment History record must be corrected. Submit a PAR/PPT to correct the record. Payroll Operation's W-2 Unit will then send a Form W-2C (Statement of Corrected Income and Tax Amounts) to the department/campus for the affected employee.
18. Duplicate Forms W-2 may be requested by completing Form Std. 436, available through our web site at <http://www.sco.ca.gov/ppsd/empinfo>. There is a \$7.50 processing fee for each tax year a duplicate Form W-2 is requested.

Please note, if an employee claims that his/her Form W-2 was never received, we will not require a fee for providing a duplicate Form W-2 if the request is received by March 1. However, in order to receive this fee waiver, Personnel/Payroll offices must complete Form Std. 436 requesting fee waiver indicating the W-2 was never received and that the mailing address was verified to be correct.

19. Any questions concerning Federal or State tax returns must be directed to the local Internal Revenue Service or Franchise Tax Board Office.

If you have any questions regarding this Payroll Letter or the information on the Form W-2, please contact Payroll Operation's W-2 Unit at (916) 322-8100. Please ensure employees do not contact the W-2 Unit directly.

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