

Federal Reporting – Identify Employees Out of Balance:

Purpose:

Find employees out of balance for federal reporting due to employer (ER) and employee (EE) amounts not being equal, or if the taxable wages and tax rate don't calculate out correctly.

Important:

- *Since researching and resolving any out of balances may span several pay periods, you should begin now, and not wait until December!*
- *Any corrections should be made by the end of the year, and before W2s are run.*
- *If you are unsure about how to resolve an out of balance, contact OFM for assistance.*

DOP recommends the following process which first uses the *Reconciliation of Remittance Posting Items PC00_M99_URMR* (3rd Party Reconciliation). This method uses fewer system resources and will return results faster for you. The 3rd Party Reconciliation doesn't identify the employees, but does tell you if there's an out of balance. Then you can use the *Wage Type Reporter PC00_M99_CWTR* to find the employees and the detail.

To locate the pay periods that contain potential out of balance employees:

- Execute the *PC00_M99_URMR* using a statewide variant SWV IRS for the desired quarter.

Reconciliation of Remittance Posting Items

HR payee item selection

Company Code
Business Area
Vendor
Vendor subgroup
HR payee type
HR payee number
Evaluation run no
Due date
Posting run number
Acknowledgement run
HR document ref. no.
Remittance Status
Stopped payments

Control data

Additional data

ABAP: Variant Directory of Program RPURMR0

Variant catalog for program RPURMR0

Variant name	Short description	Changed
SWV_IRS1STQTR7	EFTPS deposits IRS 1st qtr 07	A		KIMH
SWV_IRS1STQTR8	EFTPS deposits IRS 1st qtr 08	A		CHRISP
SWV_IRS1STQTR9	EFTPS deposits IRS 1st qtr 09	A	X	SYSUPD2
SWV_IRS2NDQTR7	EFTPS deposits IRS 2nd qtr 07	A	X	
SWV_IRS2NDQTR8	EFTPS deposits IRS 2nd qtr 08	A	X	SYSUPD2
SWV_IRS2NDQTR9	EFTPS deposits IRS 2nd qtr 09	A	X	SYSUPD2
SWV_IRS3RDQTR6	EFTPS deposits IRS 3rd qtr 06	A		KIMH

- Enter your business area and execute. The vendor number and Due date (pay dates) will be pre-filled based on the variant selected.

Reconciliation of Remittance Posting Items

HR payee item selection

Company Code	WA01	
Business Area	1110	↔
Vendor	2181700	↔
Vendor subgroup		↔
HR payee type		↔
HR payee number		↔
Evaluation run no		↔
Due date	01/09/2009	↔
Posting run number	≠	↔
Acknowledgement run		↔
HR document ref. no.		↔
Remittance Status		↔
Stopped payments		↔

This report shows all sums paid to the IRS, by quarter. It has various HR Payee types. The Payee Types for the IRS vendor are:

- 1 = Federal Withholding
- 2 = Employee Social Security
- 3 = Employer Social Security
- 4 = Employee Medicare
- 5 = Employer Medicare

Based on the variant, the report is subtotaled for each pay day for each HR Payee. For a quick review of the quarter, collapse the view into the HR Payee subtotal level by clicking on the icon if the report contains multiple evaluation runs:

HR payee items

C...	BusA	Vendor	HR PType	HR payee	EvalRun	z	Amount	Crcy	Payday	Due	TranDate	Pay. date	Run
W...	3100	2181700	2	1	1063		205,732.71	USD	01/09/2009	01/09/2009	01/06/2009		
	3100		2		1052		439,860.45	USD		01/09/2009	01/06/2009		
	3100		2		1044		384,215.68	USD		01/09/2009	01/06/2009		
	3100		2		1043		467,966.93	USD		01/09/2009	01/06/2009		
	3100		2		1032		552,747.97	USD		01/09/2009	01/06/2009		
					1	▪	2,050,523.74	USD					
					2	▪	1,180,100.69	USD					
					3	▪	1,180,100.75	USD					
					4	▪	275,991.57	USD					

This will provide you at a quick glance all the amounts sent to the IRS through HRMS:

Remittance Detail - Overview

C...	BusA	Vendor	HR PType	HR pay...	EvalRun	...	Amount	Crcy	Payday	Due
WA...		2181700				..	285,458.74	USD	10/10/20...	
						..	280,234.04	USD	10/24/20...	
						..	288,940.70	USD	11/10/20...	
						..	279,492.60	USD	11/25/20...	
				1		.	124,457.60	USD	12/10/2008	
				2		.	60,896.53	USD		
				3		.	60,896.53	USD		
				4		.	14,580.18	USD		
				5		.	14,580.18	USD		
						..	275,411.02	USD	12/10/20...	
				1		.	129,432.21	USD	12/24/2008	
				2		.	60,215.87	USD		
				3		.	60,282.61	USD		
				4		.	14,944.26	USD		
				5		.	14,959.87	USD		
						..	279,834.82	USD	12/24/20...	
		2181700				..	1,689,371.92	USD		
W...						..	1,689,371.92	USD		
						..	1,689,371.92	USD		

Typically the amounts for EE and ER social security or EE and ER Medicare are equal.

On the **12/10/08** pay date (as shown above – pay period 23) HR payee 2 and 3 are equal and HR payee 4 and 5 are equal. It appears no employees are potentially out of balance.

On pay date **12/24/08** (as shown above - pay period 24) employees are not equal:

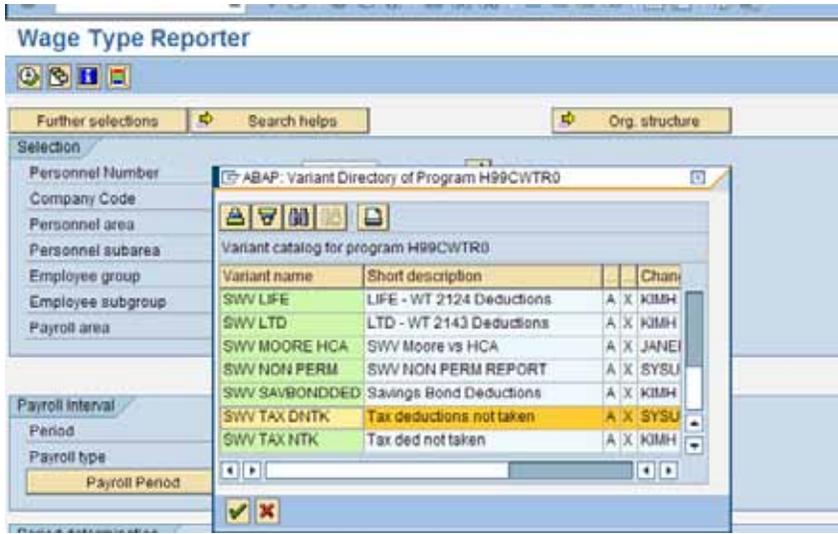
EE Social Security	=	60,215.87	(EE share was not paid)	EE Medicare	=	14,944.26
ER Social Security	=	<u>60,282.61</u>	(ER share was paid)	ER Medicare	=	<u>14,959.87</u>
Difference	=	66.74		Difference	=	15.61

In the example above the employer share is greater than the employee share. The most common reason for this scenario is agencies enter non-cash gross wage types that are subject to taxation (such as travel, meals, or moving expenses) on employees that are no longer active or on LWOP in their agency. The system calculates the employer share, records the liability for both the employer and employee share on the agency 941 and sends the employer share **only** to the IRS. No employee share is calculated because no pay was due. The agency now owes the IRS for the employee only share of taxation.

To locate the employees out of balance:

Using the *Reconciliation of Remittance Posting Items PC00_M99_URMR*, you have found the quarters that are out of balance – now you need to find the employees within those quarters that represent those out of balances.

- Execute the *Wage Type Reporter* report with transaction *PC00_M99_CWTR* using the following statewide variant SWV TAX DNTK:



- Enter your Personnel Area(s).
- From the research you've done using the *Reconciliation of Remittance Posting Items PC00_M99_URMR*, enter the period the employee(s) were potentially out of balance and execute:

The variant has the applicable wage types. The recommendation is to execute this report for a single pay period at a time for best performance.

Pers No.	Last name First name	ID number	PA	Personnel Area Test	Test	For-ge.	Pmt date	WT	Wage Type Long Text	Number of	Amount
2	Se...	200824	12/24/2008	/N01	NTK: Withholding tax					0.00	70.27
2	Se...	200824	12/24/2008	/N03	NTK: EE O+S+D					0.00	66.74
2	Se...	200824	12/24/2008	/N05	NTK: EE Medicare					0.00	15.61

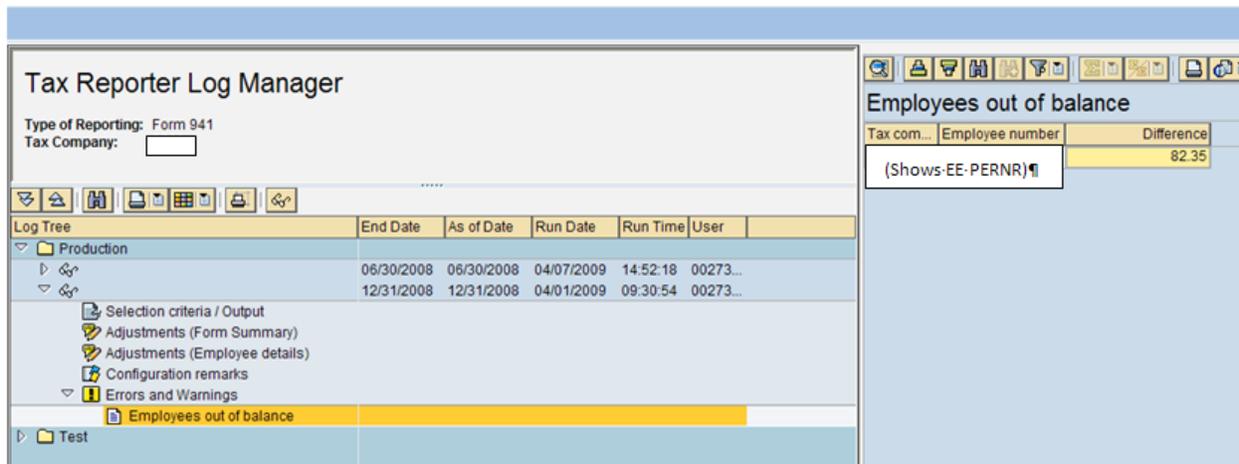
(The personnel numbers, name, Social security, and Personnel area have been removed for confidentiality.)

Note the amount is equal to the out of balance above:

Social Security = 66.74
 Medicare = 15.61
Total = 82.35

To locate employees out of balance using the Tax Reporter PU19 (941 Quarterly Report):

- Execute the *Form 941* and review – look at the employee and determine why they are out of balance.
- Review the *Errors and Warnings / Employees out of balance*, and see the *Difference* amount in the upper right corner.
- Note: any out of balances that **have been resolved during a quarter** will not show up on this report.



If your agency displays out of balance on several pay dates on the *Reconciliation of Remittance Posting Items PC00_M99_URMR* within the quarter and no out of balance on the *Form 941 Errors and Warnings*, add the total of all the out of balances within the quarter - often the out of balance resolves itself within the quarter. No action would be required in this case.

Note that out of balances could be a combination of employees, and could be a combination of plusses and minuses.

Example:

Agency had the following out of balances for the quarter:

		Social Security	Medicare
1/10/2009	Employee	1,180,100.69	275,991.57
	Employer	1,180,100.75	275,991.58
		(0.06)	(0.01)
1/25/2009	Employee	1,145,470.63	267,892.79
	Employer	1,145,483.81	267,895.88
		(13.18)	(3.09)
2/10/2009	Employee	1,162,160.91	271,795.27
	Employer	1,162,156.87	271,794.33
		4.04	0.94
2/25/2009	Employee	1,117,021.85	261,240.23
	Employer	1,117,016.56	261,238.98
		5.29	1.25
3/10/2009	Employee	1,158,160.13	270,858.71
	Employer	1,158,156.22	270,857.80
		3.91	0.91
	Total of differences	(0.00)	0.00

You should resolve any out of balances prior to printing of the Form W-2s, otherwise you'll need a W-2c. If you have questions about how to fix an out of balance, please contact OFM for assistance.