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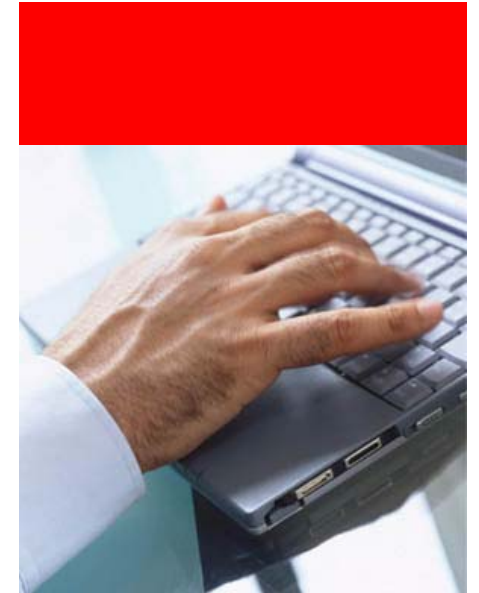
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## **Enterprise HCM 2006 Payroll for North America Year-End Processing**

Peter Mulvagh  
Senior Principal Consultant

# Agenda

- Payroll tax updates
- Quarterly reporting
- Year end reporting
- Year end tax updates
- Looking ahead to 2007
- Person Model impact on year end (Release 8.9 only)
- Ordering year end tax forms





## Tax Updates - Sources of Information

- Federal, state, and local government websites
- Payroll tax service subscriptions
- Association memberships
- Conferences and seminars
- News from payroll users



## Tax Updates - Content and Delivery

- Payroll Tax Updates
  - Pre-determined delivery schedule
  - Tax update notes and instructions
  - Tax table update scripts
  - Object changes and SQRs
  - COBOL and store statement changes
- All posted payroll incidents (tax and non-tax) are included in tax updates
  - **Examples – TU 06-E contains changes to minimum wage for New Jersey and EFT Child Support Payment functionality for California**



# Quarterly Reporting





## Quarterly Wage Detail Reporting

- Paper reporting - TAX002xx.SQR
- Magnetic media reporting TAX810xx.SQR
  - TIB-4 (old SSA format)
  - ICESA  
(Interstate Conference of Employment Security Agencies)
  - State-unique formats
- Magnetic media reporting TAX860xx.SQR
  - MMREF-1 (SSA format)

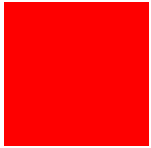




## Quarterly Reporting

- Rhode Island requires the state format for electronic filing or Internet reporting
- Missouri requires the ICESA format for electronic filing
- Maine incorporates three new edits into ICESA file upload system

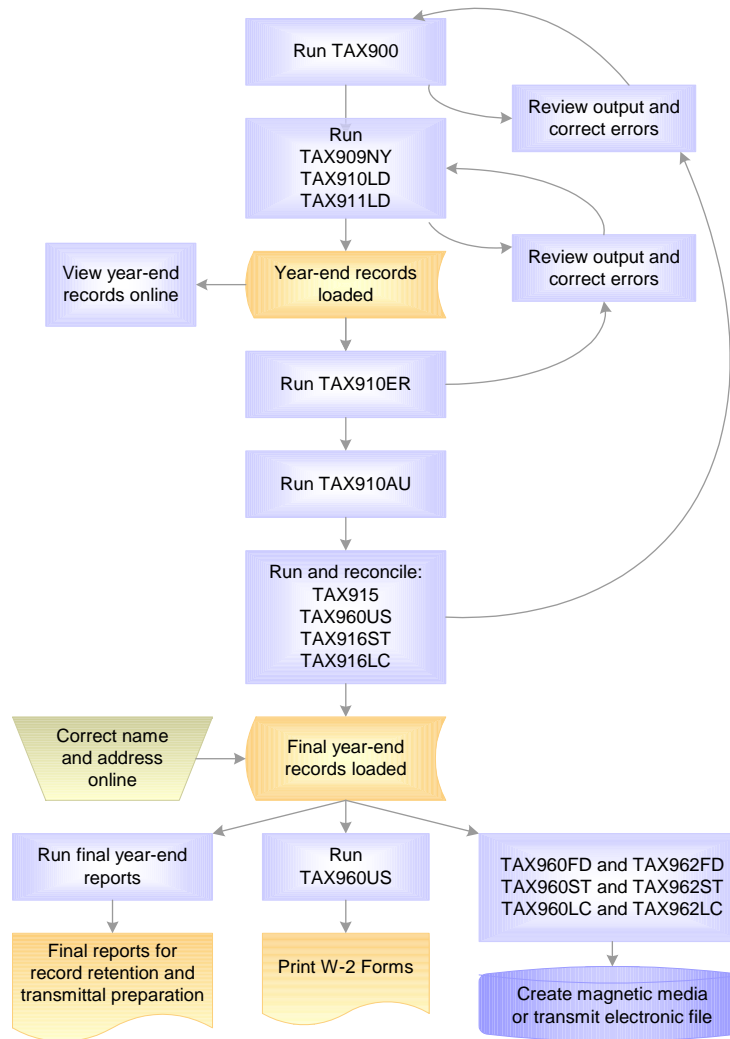
Targeted for 06-F



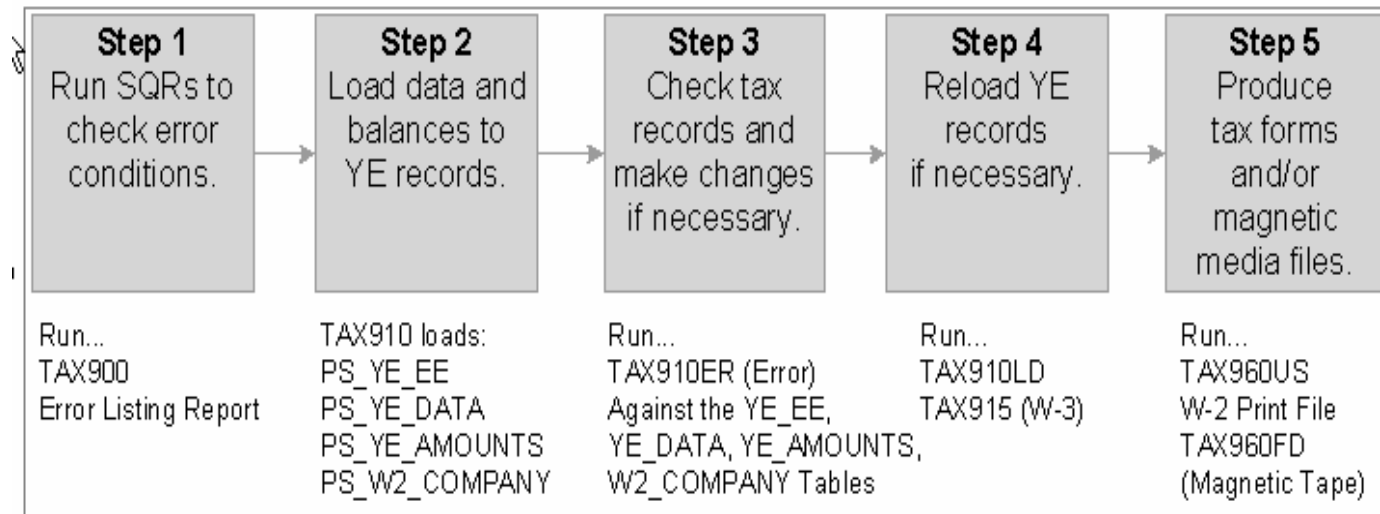
# Year-End Processing



# Year End Overview



# 5 Steps





## New York City W-2 Requirements

- New York City, full-time resident
  - Amount in W-2 box 18 (local wages) and W-2 box 1 (federal taxable wages) must be the same
- New York City, part-time resident
  - Amount reported in W-2 box 18 (local wages) must be the amount of federal taxable wages earned as a NYC resident
    - Run NYC distribution (TAX909NY.SQR)
    - Run W-2 load (TAX910LD.SQR)

Mid-year conversion of NYC employees? Refer to Appendix B of the year end guide delivered in Tax Update 06-E



## Kentucky Requirements

- Report KEDFA jurisdiction amounts with KY withholding tax in W-2 box 17 (state income tax)
- Jurisdictions are KIDA, KIRA, KJDA, and KREDA
  - Enter KEDFA codes and localities on the Annual Tax Reporting Parm2 page
  - Run W-2 load (TAX910LD)



## **Puerto Rico & Territories (AS, GU and VI) Requirements**

- Puerto Rico employees must be paid in separate companies
- Cannot pay multiple “jurisdictions” on a single check
- Run TAX911LD after TAX910LD to distribute the earnings and deductions to the correct jurisdictions (PR, AS, GU or VI)

Mid-year conversion of Puerto Rico or territory employees?  
Refer to Appendix B of the year end guide



## Puerto Rico & U.S. Territories (AS, GU, and VI) Processing

- Separate additional \$Uxx federal tax balance records for FICA/OASDI, FICA/Medicare. EIC and FUT
  - \$UPR Puerto Rico
  - \$UAS American Samoa
  - \$UGU Guam
  - \$UVI U.S. Virgin Islands
- Balance adjustments must update **both** \$U and \$Uxx balances






## W-2c Reporting (MMREF-2)

- Submit U.S. W-2c for tax years 2001 and forward
- PeopleSoft Payroll for North America does not support electronic or magnetic media reporting of W-2c corrections to states or localities
- Puerto Rico-specific and U.S. territory-specific corrections are not supported in MMREF-2 file
  - Corrections to federal amounts Puerto Rico and U.S. territory employees are supported



## Year End Processing Changes

- TAX504 can be run mid-year or year-end
  - For mid-year run, specify effective date and payroll statuses (terminated, etc.) on the run control
- Programs modified to support two-character alphabetic codes for Form W-2 boxes 12 and 14 (fields, records, reports, message catalog)
  - IRS: codes “AA” and “BB” for W-2 box 12
  - Pennsylvania Department of Revenue: codes “YN”, “YT”, and “ZN” for W-2 box 14



## Form W-2 changes

- Employee suffix printed if available
- New IRS codes for W-2 box 12
  - **12AA** – Designated Roth contributions to a Section 401(k)
  - **12BB** – Designated Roth contributions under a Section 403(b) salary reduction agreement

<http://www.irs.gov/pub/irs-pdf/iw2w3.pdf>



## W-2 changes

- New Pennsylvania codes for W-2 box 14
  - **14YN** - Deferrals under a NQDC plan included in social security and Medicare wages as a result of the amount no longer being subject to a substantial risk of forfeiture and are for prior year services
  - **14YT** - Distributions from a NQDC plan included in box 1 of the W-2
  - **14ZN** – Earnings from prior year deferrals now included in social security and Medicare wages

<http://www.revenue.state.pa.us/revenue/cwp/view.asp?A=104&Q=260326>



## Form W-2c Changes

- Only 01/2006 version of Form W-2c is supported
- Print Form W-2c from a .pdf file using preprinted forms
  - W2c form ID is LSR01P
- Box “C” is checked for corrected SSN and/or name



## Puerto Rico Reporting

- W-2PR
  - EIN moved from box 5 to box 4
  - “Date on which you started to receive the pension” in box 5 (Not supported)
- W-2cPR
  - New Box 5c for “Date on which you started to receive the pension” (Not supported)
  - Box 5a and 5b data moved to the left on the form

# Electronic and Magnetic Media Reporting





## W-2 Reporting (MMREF-1)

- U.S. Federal
  - Consolidated, single file reporting federal amounts for U.S., Puerto Rico, and U.S. territories using the MMREF-1 format (TAX960FD)
- State
  - Individual files reporting state data using the MMREF-1 format (TAX960ST)





## W-2 Reporting (MMREF-1)

- Local
  - Individual files reporting local data using the MMREF-1 format (TAX960LC)
- Puerto Rico
  - Puerto Rico specific data reported using the MMW2PR-1 format (TAX960PD)
    - Requirements not yet available for 2006

## Federal diskette submission discontinued

Agency	Form	Electronic File	Tape Cartridge	Reel Tape	Diskette	CD
Social Security Administration	W-2 W-2AS W-2GU W-2VI W-2c	YES	NO	NO	NO	NO
Internal Revenue Service	1099-R 1042-S	YES	YES	NO	NO	NO



## MMREF-1 Specifications Changes

- Diskette submissions no longer accepted  
(Diskette indicator box removed from run controls)
- Spouse social security field removed from  
RO Record (replaced with blanks)
- New Agent Indicator Code in RE Record, position 7
  - Value of “3” represents Sec 3504 agents
- New Employment Code in RE Record, position 219
  - Value of “F” represents Form 944 filers



## MMREF-1 Specifications Changes

Field Name	Record	Positions	Record	Positions
Designated Roth Contributions to a Section 401(k) Plan	RW	441-451	RT	370-384
Designated Roth Contributions Under a Section 403(b) Salary Reductions Agreement	RW	452-462	RT	385-399

## MMREF-1 Changes for AS, GU, and VI

Field Name	Record	Positions	Record	Positions
Deferred Compensation Contributions to Section 401(k)	RW	287-297	RT	145-159
Deferred Compensation Contributions to Section 403(b)	RW	298-308	RT	160-174
Deferred Compensation Contributions to 408(k)(6)	RW	309-319	RT	175-189
Deferred Compensation Contributions to 457(b)	RW	320-330	RT	190-204
Deferred Compensation Contributions to 501(c)(18)(D)	RW	331-341	RT	205-219
Non-qualified Plan Section 457 Distributions and Contributions	RW	353-363	RT	235-249
Non-qualified Plan Not Section 457 Distributions and Contributions	RW	375-385	RT	265-279
Simple Retirement Account	RO	45-55	RU	55-69



## State Changes in MMREF-1 Specifications

- W-2 data for Alabama, Kansas, and Utah must be submitted electronically
- District of Columbia wants additional records: RA, RE, RW, RO, RS, RT, RU, and RF
- Ohio EIN expanded to 9 digits



## State Changes in MMREF-1 Specifications

- Indiana has changes to the RS Record:
  - Street Address reported in positions 73-94
  - Location Address reported in positions 95-116
  - Employer TID reported in positions 341-343
  - Fields following the location number in the layout have been adjusted accordingly (box 19b, box 20b, and the blank field)



## Local MMREF-1 Changes

- Michigan
  - Added: Lansing
- Missouri
  - Report stock options for St. Louis





## Local MMREF-1 Changes

- Ohio
  - Added: Marysville, New Washington, Warren
  - Central Collection Agency (CCA) includes Munroe Falls
- Pennsylvania
  - Added: Middletown Area Tax Collection Bureau
  - York Adams Tax Collection (merger of old Adams County Earned Income Tax Bureau and York Area Tax Bureau)



## W-2c Changes (MMREF-2)

- Diskette box removed from run control
- New Agent Indicator Code added to RCE Record, position 26
  - Value of “3” represents section 3504 agents
- New Employment Code added to RCE Record, positions 222 & 223
  - Value of “F” represents Form 944 filers



## W-2c Changes (MMREF-2)

Field Name	Record	RCW Positions	Total Record	Positions
Originally Reported and Corrected Designated Roth Contributions to a Section 401(k) Plan	RCW	772-782/ 783-793	RCT	731-745/ 746-760
Originally Reported and Corrected Designated Roth Contributions Under a Section 403(b) Salary Reductions Agreement	RCW	794-804/ 805-815	RCT	761-775/ 776-790

## W-2c MMREF-2 Changes for AS, GU, and VI

Field Name	Record	RCW Positions	Total Record	Positions
Originally Reported Deferred Compensation Contributions to Section 401(k)	RCW	442-452	RCT	281-295
Corrected Deferred Compensation Contributions to a Section 401(k)	RCW	453-463	RCT	296-310
Originally Reported Deferred Compensation Contributions to Section 403(b)	RCW	464-474	RCT	311-325
Corrected Deferred Compensation Contributions to a Section 403(b)	RCW	475-485	RCT	326-340
Originally Reported Deferred Compensation Contributions to Section 408(k)(6)	RCW	486-496	RCT	341-355
Corrected Deferred Compensation Contributions to a Section 408(k)(6)	RCW	497-507	RCT	356-370

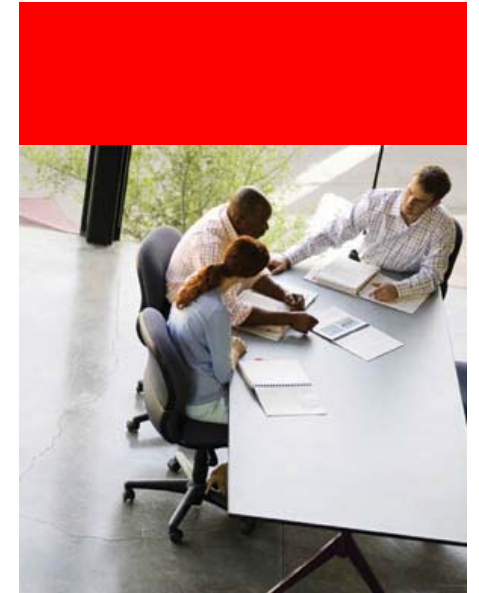
## W-2c MMREF-2 Changes for AS, GU, and VI

Field Name	Record	RCW Positions	Total Record	Positions
Originally Reported Deferred Compensation Contributions to Section 457(b)	RCW	508-518	RCT	371-385
Correct Deferred Compensation Contributions to a Section 457(b)	RCW	519-529	RCT	386-400
Originally Reported Deferred Compensation Contributions to Section 501(c)(18)(D)	RCW	530-540	RCT	401-415
Correct Deferred Compensation Contributions to a Section 501(c)(18)(D)	RCW	541-551	RCT	416-430
Originally Reported Non-Qualified Plan Section 457 Distributions or Contributions	RCW	596-606	RCT	491-505
Correct Non-Qualified Plan Section 457 Distributions or Contributions	RCW	607-617	RCT	506-520

## W-2c MMREF-2 Changes for AS, GU, and VI

Field Name	Record	RCW Positions	Total Record	Positions
Originally Reported Non-Qualified Plan Not Section 457 Distributions or Contributions	RCW	640-650	RCT	551-565
Correct Non-Qualified Plan Not Section 457 Distributions or Contributions	RCW	651-661	RCT	566-580
Originally Reported Simple Retirement Account	RCO	79-89	RCU	101-115
Correct Simple Retirement Account	RCO	90-100	RCU	116-130

# 1099-R Reporting





## 1099-R Processing Changes

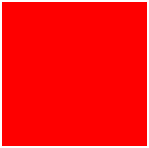
- Diskette checkbox removed
  - File format for electronic and tape cartridge is the same
- Run control labels will display Retirees
- “Selected Payees” search will display payees in 1099-R companies
- Two boxes moved on 1099-R form
  - No program modifications required





## 1099-R Changes

Field Name	B Record Positions	T Record Positions	Action/Comment
Replacement Alpha Character	X		Deleted
Vendor Contact Email Address	X		Deleted
Electronic File name	X		Deleted
Contact Email Address	*359-408		Expanded to 50 characters * Other fields moved as a result
Cartridge Tape File Indicator	409-410		
Year of Designated Roth Contributions		552-559	Not supported
New distribution code "B" for distribution from a designated Roth account		545-546	



# Year End Resources





## IRS Forms and Publications

- 2006 Instructions for Forms W-2 and W-3  
<http://www.irs.gov/pub/irs-pdf/iw2w3.pdf>
- 2006 Instructions for Form W-2AS  
<http://www.irs.gov/pub/irs-pdf/fw2as.pdf>
- 2006 Instructions for Form W-2GU  
<http://www.irs.gov/pub/irs-pdf/fw2gu.pdf>
- 2006 Instructions for Form W-2VI  
<http://www.irs.gov/pub/irs-pdf/fw2vi.pdf>



## W-2 Reporting Websites

- Social Security Administration

<http://www.ssa.gov/employer>

<http://www.ssa.gov/bso/bsowelcome.htm>

- Internal Revenue Service

<http://www.irs.gov/>  
("Forms and Publications")



## SSA Publication – Form W-2PR

- Employer's Guide to Filing Timely and Accurate Form 499R-2/W-2PR Wage Reports on Puerto Rico Sited Employees

<http://www.ssa.gov/employer/how.htm>

(when available)



## SSA Publications – Electronic Filing

- Magnetic Media Reporting and Electronic Filing (MMREF-1) for Tax Year 2006 (Form W-2)

<http://www.ssa.gov/employer/06mmref1.pdf>

- Magnetic Media Reporting and Electronic Filing (MMREF-2) for Tax Year 2006 (Form W-2c)

<http://www.ssa.gov/employer/06mmref2.pdf>



## Puerto Rico Publications

- Form 499R-2/W-2PR Magnetic Media Reporting Requirements for Tax Year 2006

<http://www.hacienda.gobierno.pr/publicaciones/>

(when available)



## IRS Publications – Form 1099R

- 2006 Form 1099-R  
<http://www.irs.gov/pub/irs-pdf/f1099r.pdf>
- 2006 Instructions for 1099-R and 5498  
<http://www.irs.gov/pub/irs-pdf/i1099r.pdf>
- 2006 General Instructions for Forms 1099, 1098, 5498, and W-2G  
<http://www.irs.gov/pub/irs-pdf/i1099gi.pdf>
- Publication 1220  
<http://www.irs.gov/pub/irs-irbs/irb06-32.pdf>





# Year End Tax Updates





## Tax Update 06-D

Posted by Monday, August 21

- Script to update Tax Form Definition Table to “starting point” for 2006 reporting
  - Only run by first-time users
  - 2005 definitions for all forms: 940, W-2, W-2c, W-2AS, W-2cAS, W-2GU, W-2cGU, W-2PR, W-2cPR, W-2VI, W-2cVI



## Tax Update 06-E

Posted by Monday, October 30

- Tax Form Definition script to add new boxes (12AA, 12BB, 14YN, 14YT, 14ZN)
  - Tools 8.44 users – review documentation before running Change Package
- Tax Form Print Parameters script
- U.S. Tax Table script updates Local Tax Table entries for MMREF-1 reporting of W-2 data to localities
  - W2 Mag Media Code & W2 Reporting Agency



## Tax Update 06-E

- Tax Form Definition Table script also updates default calendar year for W-2c processing
- Diskette option eliminated for all U.S federal reporting (W-2, W-2c, and 1099-R)
- Year end changes received to date
  - W-2 and 1099-R
- Year End Processing 2006:  
U.S., Puerto Rico, and U.S. Territories



## **Tax Update 06-F**

### **Posted by Friday, December 8**

- Year end changes received to date
  - W-2PR and W-2cPR
  - 1042-S
  - 940
  - MMREF-1 federal, state, and local record specifications
- Redeliver Year End Processing 2006:  
U.S., Puerto Rico, and U.S. Territories
  - Revisions for 940 & 1042-S processing



## Tax Update 06-F

- Any available January 1, 2007 changes
  - Federal, state and local withholding tax changes
  - Minimum wage increases
  - State UI taxable wage base changes
  - FICA/OASDI tax limits

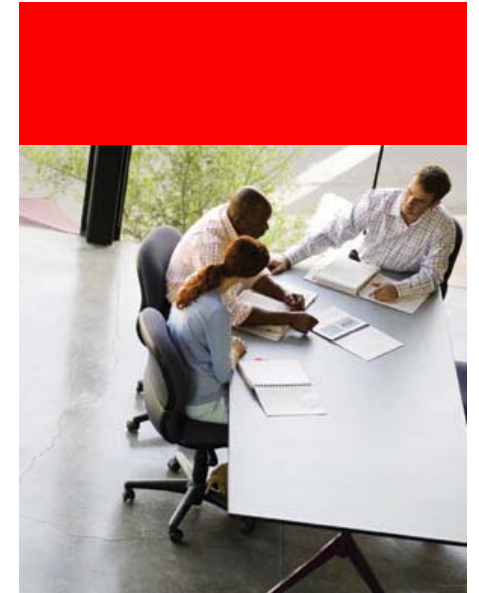


## **Tax Update 07-A**

### **Posted by Friday January 12**

- Remaining January 1, 2007 changes
  - Additional state and local withholding tax changes
  - Additional state UI taxable wage base changes
- MMREF-2 record specification changes

**Looking ahead to 2007**







## Tax Changes

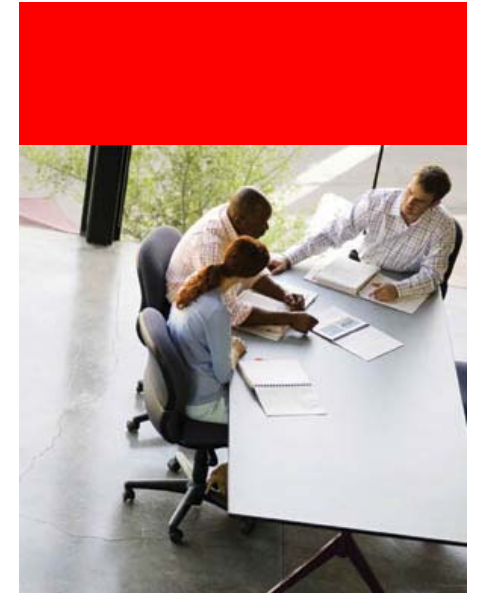
- Tax rate changes
  - No word on Federal withholding tax changes yet
  - State and local tax rate changes targeted for Tax Updates 06-F and 07-A
- New IRS rules for two-tier flat-rate withholding on supplemental wage payments effective Jan 1, 2007
  - For supplemental wages over \$1M in a calendar year, wages must be taxed at flat 35 % rate when supplemental tax method set to “Aggregate No Tax Else Percent”.



## Tax Updates for 2007

<b>Tax Update</b>	<b>Available</b>
07-A	Friday, January 12
07-B	Monday, April 2
07-C	Friday, June 15
07-D	Monday, August 20
07-E	Monday, October 29
07-F	Friday, December 7

**Person of Interest**  
**(Release 8.9 only)**





## Person of Interest

- Person Model introduced in Release 8.9
- Payroll for North America can pay two types of persons
  - Employees (EMP)
  - Persons of Interest (POI)



## Person of Interest

Type	Kind	Tax Report Type on Company Tbl	Form	Filing supported?
EMP	employee	W-2 or Territories	W-2, W-2AS, W-2GU, W-2VI	YES
POI	other payee	1099-R	1099-R	YES
	retiree	1099-R	1099-R	YES
	student refund	None or non-employee	1099-M	NO

# Error 008208

You will get this error if the POI type is not the correct POI type for the Tax Reporting Type on Company Table.

The screenshot shows the PeopleSoft interface for reviewing payroll error messages. The left-hand menu is expanded to 'Payroll Error Message Report'. The main content area is titled 'Payroll Error Messages' and displays the following information:

- Company: [Redacted]
- Pay Group: [Redacted]
- Pay Period End: 02/28/2006
- Off Cycle?:
- Page: 1
- Line: 3
- Process Instance: [Redacted]
- ID: [Redacted]
- Empl Rcd#: 0

The 'Message' section shows:

- Separate Check #: [Redacted]
- Message ID: 008208
- Description: This person has an organizational relationship of Employee but is assigned to a Company with a Tax Report Type that suppresses the creation of W-2 forms. To ensure that a W-2 form gets created for this person, either transfer the person to a different Company with a Tax Report Type of 'W-2' or 'W-2PR', or assign the current company to a Tax Report Type of 'W-2' or 'W-2PR'.
- Message Data: EMP

Navigation buttons at the bottom include 'Return to Search', 'Previous in List', 'Next in List', and 'Notify'.

# Ordering Year-End Forms





## Ordering Year End Tax Forms

- No changes to W-2, W-2c form layouts
- Box changes to W-2PR and 1099-R
- PeopleSoft Payroll tests year end print programs with forms from Moore Wallace
  - W-2, W-2AS, W-2GU, W-2VI, 1099-R, W-2c (US and territories), W-2PR
- Moore Wallace tax forms compatible with PeopleSoft Payroll for North America programs





## Ordering Year End Tax Forms

- Eighth year of partnership with Oracle/PeopleSoft – program very similar to past years
- Website <http://www.rrd.com/peoplesoft/>
- Moore Wallace offers two methods to place an order
  - Telephone: Moore Wallace's customer call center number is 1-877-526-3885.
  - Fax: The fax number is (925) 901-5395.
  - Guaranteed pricing
    - PeopleSoft Contract Number: T023
    - PeopleSoft Customer Number: 8593



## Pressure Seal Forms

- W-2 and 1099-R pressure seal forms
- Why use pressure seal forms?
  - Reduce processing time
  - Overall cost savings
  - Ensure confidentiality
- Approved machinery
  - Formax: 2090, 2050
  - Moore: 8158, 4800, PS1, 8152, 4420, PS3, PS4, PS4 Turbo, PS5, LM-5, LM-7, LM-10, LM-15, LM-20



## Ordering Tips

- Order early to avoid delays
- Tax exempt?
  - Fax exemption certificate to (925) 901-5395
- Order over \$1,000?
  - Fax credit references to (925) 901-5395
- VISA, MasterCard, and American Express
- Remember to order envelopes and W-2c forms



## Frequently Asked Questions

- Blank tax forms cannot be used
- Laser-print Form W-2c is available
- Forms and envelopes shipped within 48 hours (except imprinted forms)
- Request form and envelope samples if utilizing inserting equipment



## Frequently Asked Questions

- Packaging options (laser cut sheets)
  - 50/pack
  - 2000/carton
- For information on W-2PR, W-2AS, W-2GU, W-2VI
  - e-mail Steven Parlow at [steven.parlow@rrd.com](mailto:steven.parlow@rrd.com)
  - Laser W-2cPR forms coming soon



## 2006 Tax Form Program Packet

- Receive a packet that includes
  - Tax form chart
  - Detailed ordering instructions
  - Fax order form
  - Answers to frequently asked questions
- Available for download from the website
  - Samples PDF's of the forms
  - Tax exemption forms
  - Credit reference forms
- Actual sample forms must be requested from customer service

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