

Instructions for reporting short-term disability benefits (sick pay) on your quarterly payroll tax forms

These instructions are for **short-term disability payments only**. You do NOT need to report any long-term disability payments.

One America (AUL) withholds the employees' federal, FICA, Medicare, and state unemployment taxes. Your parish or school must report the *employer* share of the FICA and Medicare taxes on the 941 as well as the amount withheld for state unemployment on the UC-2.

You will receive quarterly benefit statements and a year-end benefit statement from the Chancery. Use the information on the statements to complete your quarterly tax forms 941 and the UC-2 as well as the W-2 and W-3 at year-end. I enclosed an example for each form as a guide to help you complete the tax forms. Please contact Matt Reilly @ 695-5579 x 2609 with any questions.

Assumptions for the tax forms:

Regular Wages

1. Regular employee wages are \$15,000.00
2. Federal Income Tax Withheld (FIT)= \$1,500.00
3. FICA withheld = \$930.00
4. Medicare withheld = \$217.50
5. Unemployment Tax (SUTA) withheld = \$12.00

Short Term Disability Payments (Sick Pay)

1. Gross amount of Sick Pay = \$500.00
2. Federal Income Tax Withheld (FIT)= \$50.00-**Only include this amount on Box 14 of the W-3**
3. FICA withheld = \$31.00
4. Medicare withheld = \$7.25
5. Unemployment Tax (SUTA) withheld = \$0.40

941 Reporting

- Add "Gross Payment Amount" from the Disability Benefits statement to employee wages on Line 2.
- Add "Subject to FICA/FUTA/SUTA" from the Disability Benefits statement to regular employee wages on Lines 5a and 5c Column 1.
- **DO NOT** add "Amount of FIT Withheld" anywhere on the 941.
- Deduct the amounts listed under "Amount of FICA Withhelds"('SS' & 'Med') to Line 7b- "Current Quarter's Sick Pay". Enter as a *negative* number.
- Subtract Line 7d from Line 6 to get to Line 8- "Total taxes after adjustments".
- Finish the rest of the 941 as you normally would.
- If you make monthly federal tax deposits, Line 14 - "Balance Due" should be the same as the FICA and Medicare taxes withheld from the sick pay. This represents the *employer share* of the employee's FICA and Medicare taxes.
- Be sure to add that amount to the Tax Liability on Line 17, Month 3. The Total Liability here **MUST** equal Line 10.

Instructions for reporting short-term disability benefits (sick pay) on your quarterly payroll tax forms continued

UC-2 (Unemployment) Reporting

- Add “Sick Pay Subject to FICA/FUTA/SUTA” from the benefit statement to regular employee wages on Line 2 – “Gross Wages”.
- Multiply “Sick Pay Subject to FICA/FUTA/SUTA” by 0.08% (.0008) and then add that to the amount withheld from regular employee wages. AUL reimburses the Diocese for the unemployment taxes that were withheld. We will then send you a check to cover it.
- Be sure to add the “Sick Pay Subject to FICA/FUTA/SUTA” amounts to the employee’s regular wages on the UC-2A section 9- “Gross wages paid this qtr”. Total gross wages on that form must equal Line 2 of the UC-2.
- Finish the rest of the UC-2 as you normally would.

Year-end Reporting

Complete a *separate* W-2 and W-3 for the sick pay amounts only.

W-2

- Complete boxes a, b, c, d, e, 1, 3, 4, 5, & 6.
- The information for lines 1 – 6 are found on the yearly sick pay benefit statement from AUL.
- Mark an “x” in Third-party sick pay box within box 13.
- Do not enter any amounts for lines 7 – 12 & 14 – 20.

W-3

- Box b: Mark an “x” in the Third-party sick pay box.
- Complete boxes c, e, f, g, 1, 3, 4, 5, 6, & 14(only if AUL withheld any federal taxes).
- There should not be any amounts entered for lines 7 – 13 & 15 – 19.
- Enter Contact person and e-mail address if you have one.
- Enter your signature, title, and date.

Disability Benefits for the Quarter 1/1/2010 - 3/31/2010

Company: American United Life Insurance Company

Policyholder: Diocese of Altoona-Johnstown

Division: Diocese of Altoona Johnstown

Case ID: 124508

Case Division I 161355

Group Number: 00607004-0000-000

SSN	Claimant	Gross Payment Amount	EE Post Tax %	Amt of FICA Withhelds	Amt of FIT Withheld	Amt of SIT Withheld	Subject to FICA FUTA/SUTA	401K Deduction	State Code for Withholding
111-11-1111	Pay, Sick E	\$500.00	0.00%	SS \$31.00 Med \$7.25	\$50.00	\$0.00	SS \$500.00 Med \$500.00	\$0.00	PA

Our records indicate that you will be preparing the W-2 forms to report the Third Party Pay Payments made to your employees as listed above.

Form **941 for 2010: Employer's QUARTERLY Federal Tax Return**
 (Rev. February 2010) Department of the Treasury — Internal Revenue Service

950110
 OMB No. 1545-0029

(EIN) -

Employer identification number

Name (not your trade name)

Trade name (if any)

Address

Number Street Suite or room number

City State ZIP code

Report for this Quarter of 2010
 (Check one.)

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter.

1 Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), Dec. 12 (Quarter 4) 1

2 Wages, tips, and other compensation 2

3 Income tax withheld from wages, tips, and other compensation 3

4 If no wages, tips, and other compensation are subject to social security or Medicare tax Check and go to line 6.

5 Taxable social security and Medicare wages and tips:

	Column 1		Column 2
5a Taxable social security wages	<input type="text" value="15,500"/> <input type="text" value="00"/>	× .124 =	<input type="text" value="1,922"/> <input type="text" value="00"/>
5b Taxable social security tips	<input type="text"/>	× .124 =	<input type="text"/>
5c Taxable Medicare wages & tips	<input type="text" value="15,500"/> <input type="text" value="00"/>	× .029 =	<input type="text" value="449"/> <input type="text" value="50"/>
5d Total social security and Medicare taxes (Column 2, lines 5a + 5b + 5c = line 5d)			<input type="text" value="2,371"/> <input type="text" value="50"/>

6 Total taxes before adjustments (lines 3 + 5d = line 6) 6

7 CURRENT QUARTER'S ADJUSTMENTS, for example, a fractions of cents adjustment.
 See the instructions.

7a Current quarter's fractions of cents

7b Current quarter's sick pay

7c Current quarter's adjustments for tips and group-term life insurance

7d TOTAL ADJUSTMENTS. Combine all amounts on lines 7a through 7c 7d

8 Total taxes after adjustments. Combine lines 6 and 7d 8

9 Advance earned income credit (EIC) payments made to employees 9

10 Total taxes after adjustment for advance EIC (line 8 – line 9 = line 10) 10

11 Total deposits for this quarter, including overpayment applied from a prior quarter and overpayment applied from Form 941-X or Form 944-X

12a COBRA premium assistance payments (see instructions)

12b Number of individuals provided COBRA premium assistance reported on line 12a

13 Add lines 11 and 12a 13

14 Balance due. If line 10 is more than line 13, write the difference here. For information on how to pay, see the instructions 14

15 Overpayment. If line 13 is more than line 10, write the difference here

Apply to next return.
 Check one Send a refund.

Name (not your trade name)

XYZ PARISH

Employer identification number (EIN)

23-1111111

Part 2: Tell us about your deposit schedule and tax liability for this quarter.

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Pub. 15 (Circular E), section 11.

16 P A Write the state abbreviation for the state where you made your deposits OR write "MU" if you made your deposits in multiple states.

17 Check one: [] Line 10 on this return is less than \$2,500 or line 10 on the return for the preceding quarter was less than \$2,500, and you did not incur a \$100,000 next-day deposit obligation during the current quarter. Go to Part 3. [x] You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month. Then go to Part 3.

Tax liability: Month 1 1,265 . 00

Month 2 1,265 . 00

Month 3 1,303 . 25

Total liability for quarter 3,833 . 25 Total must equal line 10.

[] You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941): Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941.

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

18 If your business has closed or you stopped paying wages [] Check here, and enter the final date you paid wages / /

19 If you are a seasonal employer and you do not have to file a return for every quarter of the year [] Check here.

Part 4: May we speak with your third-party designee?

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

[] Yes. Designee's name and phone number

Select a 5-digit Personal Identification Number (PIN) to use when talking to the IRS. [] [] [] [] []

[] No.

Part 5: Sign here. You MUST complete both pages of Form 941 and SIGN it.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Signature box

Print your name here

Name box

Print your title here

Title box

Date / /

Best daytime phone

Phone box

Paid preparer's use only

Check if you are self-employed []

Preparer's name

Name box

Preparer's SSN/PTIN

SSN/PTIN box

Preparer's signature

Signature box

Date

Date box

Firm's name (or yours if self-employed)

Firm name box

EIN

EIN box

Address

Address box

Phone

Phone box

City

City box

State

State box

ZIP code

ZIP code box

PENNSYLVANIA UNEMPLOYMENT COMPENSATION (PA UC) QUARTERLY TAX FORMS

- Form UC-2, Employer's Report for Unemployment Compensation (below)
- Form UC-2A, Employer's Quarterly Report of Wages Paid to Each Employee
- Form UC-2B, Employer's Report of Employment and Business Changes (reverse side)



INSTRUCTIONS:

This is an Adobe Acrobat fill-in form. To use this form you must have Adobe Acrobat Reader 6.0. To download Acrobat Reader 6.0, go to www.adobe.com.

Start by keying in the your Employer's Contribution Rate (the first red box at the far left of this form). Tab through the form to go to the next required field. The round yellow question mark symbols are help instructions. To view these instructions, hold the mouse over the question mark symbol. For more detailed information, refer to the UC-2 INS (UC-2/2A/2B Instructions).

PRINTING INSTRUCTIONS: When the Print dialog box appears, set Page Scaling as NONE, uncheck AUTO-ROTATE AND CENTER and uncheck CHOOSE PAPER SOURCE BY PDF PAGE SIZE.

Sign and date your report and mail it with payment to:
Office of Unemployment Compensation Tax Services
Labor & Industry Building
P.O. Box 68568
Harrisburg PA 17106-8568

For assistance, contact the nearest Field Accounting Service (FAS) office.

Allentown	610-821-6559	Mercer	724-662-4007
Altoona	814-946-6991	Wilkes-Barre	570-301-1527
Bristol	215-781-3217	Norristown	610-270-1316 OR 3450
		Philadelphia	215-560-1828 OR 3136
		Pittsburgh	412-565-2400
Chambersburg	717-264-7192	Reading	610-378-4395 OR 4511
Chester	610-447-3290	Scranton	570-963-4686
Clearfield	814-765-0572	Shamokin	570-644-3415
Erie	814-871-4381	Tannersville	570-620-2870
Greensburg	724-858-3944	Uniontown	724-439-7230
Harrisburg	717-214-2991	Washington	724-223-4530
Johnstown	814-533-2371	Williamsport	570-327-3525
Lancaster	717-299-7606	York	717-767-7620
Malvern	610-647-3799	All Out of State Employers Call	866-403-6163

PA Form UC-2, Employer's Report for Unemployment Compensation. This form is machine-readable. Information **MUST** be **typewritten or printed in BLACK ink**. Do not use dashes or slashes in place of zeros or blanks.

If **typed**, disregard the vertical bars in the shaded areas, type a consecutive string of characters, left justified, with decimal only. Do not use commas (,) or dollar signs (\$). Font size **MUST** be a minimum of 10 pt.

12345678.90

If **hand printed**, print legible numbers within the data entry boxes provided. **DO NOT** close the 4 or cross the 0 and 7. **DO NOT** fill in commas or decimal points.

1 2 3 4 5 6 7 8 9 0

Do not staple anything to this form. Photocopy this report for your records. Do not photocopy this form for use. Detach below and return with your payment. To report any changes to your account, complete the reverse side.

PA Form UC-2 REV 3-06, Employer's Report for Unemployment Compensation

QTR./YEAR /20

Read Instructions – Answer Each Item

DUE DATE
1ST MONTH 2ND MONTH 3RD MONTH

W INV. EXAMINED BY:
Signature certifies that the information contained herein is true and correct to the best of the signer's knowledge.

1. TOTAL COVERED EMPLOYEES IN PAY PERIOD INCL. 12TH OF MONTH

2. GROSS WAGES 15500.00

3. EMPLOYEE CONTRIBUTIONS 12.40

4. TAXABLE WAGES FOR EMPLOYER CONTRIBUTIONS XXXXXXXXXXXXXXXX

5. EMPLOYER CONTRIBUTIONS DUE (RATE X ITEM 4) XXXXXXXXXXXXXXXX

6. TOTAL CONTRIBUTIONS DUE (ITEMS 3 + 5) 12.40

7. INTEREST DUE SEE INSTRUCTIONS

8. PENALTY DUE SEE INSTRUCTIONS

9. TOTAL REMITTANCE (ITEMS 6 + 7 + 8) \$ 12.40

FOR DEPT. USE

10. SIGN HERE-DO NOT PRINT

TITLE _____ DATE _____ PHONE # _____

11. FILED PAPER UC-2A INTERNET UC-2A MAGNETIC MEDIA UC-2A

12. FEDERAL IDENTIFICATION NUMBER _____

EMPLOYER'S CONTRIBUTION RATE XXXXXXXX Employer Account No. - R/M CHECK DIGIT

XYZ PARISH
550 MAIN STREET
HOLLIDAYSBURG, PA 16648

MAKE CHECKS PAYABLE TO: PA UC FUND

SUBJECTIVITY DATE REPORT DELINQUENT DATE

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Employer name and address
Make any corrections on Form UC-2B

▲ DETACH HERE

22222		Void <input type="checkbox"/>	a Employee's social security number 111-11-1111		For Official Use Only ▶ OMB No. 1545-0008		
b Employer identification number (EIN) 23-1111111			1 Wages, tips, other compensation 500.00		2 Federal income tax withheld		
c Employer's name, address, and ZIP code XYZ PARISH 550 MAIN STREET HOLLIDAYSBURG, PA 16648			3 Social security wages 500.00		4 Social security tax withheld 31.00		
			5 Medicare wages and tips 500.00		6 Medicare tax withheld 7.25		
			7 Social security tips		8 Allocated tips		
d Control number 1			9 Advance EIC payment		10 Dependent care benefits		
e Employee's first name and initial SICK		Last name PAY	Suff.	11 Nonqualified plans		12a See instructions for box 12	
f Employee's address and ZIP code 1000 HUDSON AVE ALTOONA, PA 16602			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input checked="" type="checkbox"/>		12b		
			14 Other		12c		
					12d		
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form **W-2** Wage and Tax Statement

2010

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

Cat. No. 10134D

Do Not Cut, Fold, or Staple Forms on This Page — Do Not Cut, Fold, or Staple Forms on This Page

DO NOT STAPLE

33333		a Control number		For Official Use Only ▶ OMB No. 1545-0008	
b Kind of Payer ▶	941 <input type="checkbox"/>	Military <input type="checkbox"/>	943 <input type="checkbox"/>	944 <input type="checkbox"/>	1 Wages, tips, other compensation 500.00
	CT-1 <input type="checkbox"/>	Hshld. emp. <input type="checkbox"/>	Medicare govt. emp. <input type="checkbox"/>	Third-party sick pay <input checked="" type="checkbox"/>	2 Federal income tax withheld 3 Social security wages 500.00 4 Social security tax withheld 31.00
c Total number of Forms W-2 1		d Establishment number		5 Medicare wages and tips 500.00	6 Medicare tax withheld 7.25
e Employer identification number (EIN) 23-1111111				7 Social security tips	8 Allocated tips
f Employer's name XYZ PARISH				9 Advance EIC payments	10 Dependent care benefits
g Employer's address and ZIP code 550 MAIN STREET HOLLIDAYSBURG, PA 16648				11 Nonqualified plans	12a Deferred compensation
				13 For third-party sick pay use only	12b HIRE exempt wages and tips
h Other EIN used this year				14 Income tax withheld by payer of third-party sick pay 50.00	
15 State	Employer's state ID number		16 State wages, tips, etc.		17 State income tax
			18 Local wages, tips, etc.		19 Local income tax
Contact person			Telephone number ()		For Official Use Only
Email address			Fax number ()		

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶

Title ▶

Date ▶

Form **W-3 Transmittal of Wage and Tax Statements** **2010**

Department of the Treasury
Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration.

Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

Reminder

Separate instructions. See the 2010 Instructions for Forms W-2 and W-3 for information on completing this form.

Purpose of Form

A Form W-3 Transmittal is completed only when paper Copy A of Form(s) W-2, Wage and Tax Statement, are being filed. Do not file Form W-3 alone. Do not file Form W-3 for Form(s) W-2 that were submitted electronically to the Social Security Administration (see below). All paper forms **must** comply with IRS standards and be machine readable. Photocopies are **not** acceptable. Use a Form W-3 even if only one paper Form W-2 is being filed. Make sure both the Form W-3 and Form(s) W-2 show the correct tax year and Employer Identification Number (EIN). Make a copy of this form and keep it with Copy D (For Employer) of Form(s) W-2 for your records.

Electronic Filing

The Social Security Administration (SSA) strongly suggests employers report Form W-3 and W-2 Copy A electronically instead of on paper. SSA provides two free options on its Business Services Online (BSO) website:

- **W-2 Online.** Use fill-in forms to create, save, print, and submit up to 20 Forms W-2 to SSA.

- **File Upload.** Upload wage files to SSA that you have created using payroll or tax software that formats the files according to SSA's *Specifications for Filing Form W-2 Electronically (EFW2)*.

For more information, go to www.socialsecurity.gov/employer and select "First Time Filers" or "Returning Filers" under "BEFORE YOU FILE."

When To File

Mail any paper Forms W-2 under cover of this Form W-3 Transmittal by February 28, 2011. Electronic fill-in forms or uploads are filed through SSA's Business Services Online (BSO) Internet site and will be on time if submitted by March 31, 2011.

Where To File Paper Forms

Send this entire page with the entire Copy A page of Form(s) W-2 to:

**Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001**

Note. If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS-approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Publication 15 (Circular E), Employer's Tax Guide, for a list of IRS-approved private delivery services.