

BWC Private Employer Payroll Reporting Guidelines

Payroll reporting

In defining with the payroll, we generally follow the guidelines of Medicare wage reporting. There are some differences between Medicare and BWC, including construction industry, life insurance premiums, corporate officer wages and payments by sole proprietors and partnerships to family members. Refer to the information below regarding these exceptions. Additionally, you can find more detailed information regarding our payroll reporting requirements by signing into www.bwc.ohio.gov. From the homepage, click on "For Employers" then "All Employer Resources" on the left. Next filter on "Reportable", then click on "What Payroll is Reportable".

Payroll reporting changes due to Covid-19 pandemic

Effective April 1, 2020, through Sept. 30, 2021, wages paid by employers under the Families First Coronavirus Response Act, Consolidated Appropriations Act, and American Rescue Plan Act for sick leave related to COVID-19 and leave time to care for a child whose school or child care provider is closed or unavailable for COVID-19 related reasons, are not reportable to BWC. The employer is required to record, track and document these items for premium audit purposes.

Payroll: What is reportable?

- Gross hourly wages and gross salaries less most qualifying deductions for section 125 cafeteria plan benefits (usually Medicare wages*). If employee pretax 401(k) or individual retirement account contribution deductions are included in the cafeteria plan, these are reportable to BWC.
- Sick pay (including third party, excluding workers' compensation) **Note: Leave paid under the Families First Coronavirus Response Act, Consolidated Appropriations Act, and American Rescue Plan Act is not reportable to BWC.
- Wage continuation: Money paid to injured workers in lieu of BWC paying temporary total disability should be handled like paid sick leave
- Bonus payments, including stock given as a bonus
- All sales commissions
- All tips
- Severance pay
- Medical saving programs, which act as savings accounts are reportable. These programs allow the employee to receive the unused portion of money paid in.
- Overtime pay
- Vacation pay
- All shift or holiday differential pay
- All stock gifts - the difference between the fair market value on the date of exercise of the stock option and the price paid for the stock for a non-qualified stock option is reportable
- Profit sharing going directly to the employees a payroll
- Any voluntary employee contributions to retirement plans, including 401K
- Reasonable value of board, lodging, house or room rent unless provided for the convenience of the employer
- Contributions to deferred compensation by employees (except for contributions to a governmental 457 plan)
- Personal use of company car
- Payments to casual/spot labor

*Premiums for life insurance over 50,000 not reportable to BWC.

Who is reportable to BWC?

- All employees - full time, part time and seasonal; officers of corporations; family members (including spouses and children); spot and casual labor.
- Employees of out of state companies doing business in Ohio for more than 90 consecutive days. You must report payroll associated with Ohio residents working for out of state companies for any work performed in Ohio.
- A sole proprietor, a member of a partnership, a member of a limited partnership, an individual incorporated as a corporation (ICORP), an officer of a family farm corporation or an individual member of a limited liability company (LLC) filing a federal tax form as a sole proprietor or partnership who has elected coverage and completed an Application for Elective Coverage (U-3S).

Contract labor

1099 labor may be reportable. We review multiple factors when considering the type of relationship between the employer and worker to determine who has the right of direction and control. Examples of the factors include but are not limited to:

- Who provides the tools and equipment and establishes the hours of work and pay.
- Who furnishes the materials and determines the work processes and procedures.

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- Does the contracted party incur expenses and realize a profit or loss.
- It is important to obtain bids, contracts, proof of liability insurance and BWC certificate of coverage for all contract labor that you hire.

A primary contractor may be liable for claims filed by employees of sub-contractors when the sub-contractor fails to provide workers' compensation coverage for its employees.

Division of payroll by classification code

If you have multiple classification codes assigned to your policy and distribution of wages are permitted, you must maintain worksheets reflecting specific details at the employee level. You must make the worksheets available upon us conducting an audit. We prefer a spreadsheet. However, the records must show the employee name, title or department, classification code(s) and quarterly wages (gross less section 125). We do not permit a division of payroll by classification code with the following classification codes: 8810 clerical office; 8742 outside salespersons; 5606 project manager, construction executive, manager, superintendent; 5605 construction estimators; 8871 clerical teleworkers; 8748 automobile salespersons.

Payroll reporting for sole proprietors and partnerships

There is no requirement for sole proprietors and partners to cover themselves. Sole proprietors and partners may elect to cover themselves by completing a U-3S. Sole proprietors and partners must report payroll only if they have elected to cover themselves. Report your actual net income (subject to our minimum/maximum reporting requirements) as found on your Schedule C or Schedule K1. For all individuals electing coverage, we will assign the classification code based on your actual duties performed. If you have duties in multiple operations, your full wages are reportable to the highest rated classification code that represents any duties you perform.

Payroll reporting for corporate officers

Corporate officers specified in the minutes of the corporation are subject to the minimum and maximum reporting limits. There is a requirement for unpaid active officers to report the annual minimum amount. If your corporation is non-profit, we will consider the executive director a corporate officer. We will not consider a volunteer officer an employee for workers' compensation purposes. Wages associated with board members of private corporations are not reportable. However, if the board member is also an employee of the corporation, those wages are reportable.

Minimum and maximum payroll reporting requirements

Corporate officers who are active in the organization must report actual wages subject to the minimum and maximum requirement (See table below.). Minimum and maximum amounts will change each policy year. Apply the yearly minimum or maximum to individuals serving as officers for the entire reporting year. For individuals who are appointed as officers or ceased to be officers during the reporting year, apply the weekly minimum or maximum for the number of weeks in officer status. Section 125 cafeteria plan deductions must be deducted PRIOR to calculating the reportable amount. For the policy year July 1, 2021 to July 1, 2022, the weekly minimum reportable wage is \$510. The weekly maximum reportable wage is \$1,529. In addition to corporate officers, the following individuals are subject to a minimum and maximum payroll reporting requirement if they elect coverage: Sole proprietors, including single member LLC; partners, including LLC's filing as a partnership; individuals incorporated as a corporation with no employees; family farm corporate officers.

Construction cap

Payroll for individuals reporting to construction classification codes can cap at the maximum weekly amount. To take full advantage, you must maintain worksheets on a weekly basis that reflect the weekly wages paid to construction industry employees. You must apply Section 125 deductions before applying the cap. In addition, any bonuses paid to employees must be spread out among the weeks worked during the policy year to determine the cap amount. If you do not maintain these records, then the weekly maximum times the number of weeks in the policy period will be used to cap any excess wages from all remunerations paid. To obtain a list of all eligible construction classification codes and weekly payroll limitation cap, refer to the payroll reporting requirement page on www.bwc.ohio.gov.



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