

CHAPTER 6: Admin. 50-59
Social Security Retirement

ADMIN. 50
STATE OF MINNESOTA
DEPARTMENT OF STATE

FILED
JUN 18 1964 - 11: A.M.

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Secretary of State

9797-27
ADM 50-59
6-18-64

Admin. 50

(a) Authorization. Pursuant to Minnesota Statutes 1961, Chapter 269, as amended, the following rules and regulations are promulgated to be applicable to the state, any political subdivision thereof, or coverage group to be included under the Federal Old Age and Survivors Insurance System.

(b) Definition of terms. The terms defined in this section shall have the meaning ascribed to them herein.

(1) The terms "wages", "employment", "employee", "Social Security Act", "political subdivision", and "Federal Insurance Contributions Act", mean as defined in Minnesota Statutes 1961, Chapter 269, as amended.

(2) The term "Coverage Group" means the grouping of positions in any political subdivision or political subdivisions of the state as they are brought under the provisions of the Federal Social Security Act, pursuant to Minnesota Statutes 1961, Chapter 269, as amended, and for which contributions for each grouping are required by law to be transmitted to the State Agency.

(c) Employee Account Numbers. At the time a political subdivision makes its first quarterly report for Federal Old Age and Survivors Insurance, it shall be necessary for each covered employee of such political subdivision to have a social security account number.

(1) Each employee shall make available for the records of the Payroll Record Unit the social security account number which has been assigned by the Social Security Administration. If an employee does not have a number, he shall make application therefor with any field office of the Social Security Administration within seven days after he begins work for the reporting unit, except that the application shall be made on or before the employee leaves the employ of the reporting unit, if such date of leaving precedes the seventh day. Application is made on Form SS-5.

(2) Only one account number shall be assigned to any employee. Any employee whose name is changed by marriage or otherwise, or has stated incorrect information on Form SS-5, should report such change or correction to a field office of the Social Security Administration. The old name, in case of marriage, for example, should be used for payroll and for wage report purposes, however, until the change has been processed by the Social Security Administration.

(3) The political subdivision shall enter the employee's name and account number exactly as shown on his account number card on all records, returns, reports and claims. Upon failure of an individual to show his card when he first performs services under an agreement, the political subdivision by which he is employed shall request to see the individual's card. If the employee does not have an account number card in his possession, there are several alternatives provided by Federal regulations, which are presented below in order of preference:

(aa) The employee may show a receipt issued to him by a field office of the Social Security Administration, acknowledging that application for account number has been received. In such cases, the political subdivision shall enter in its records the date of issue of the receipt, its termination date, the address of the issuing office, and the name and address of the employee exactly as shown in the receipt. The receipt is to be retained by the employee.

(bb) The employee may give to the political subdivision a copy of Form SS-5 completely filled in and signed by him. This is a temporary expedient; the employee should at the same time take immediate steps to file an application as provided in paragraph (c) (1) above.

(cc) If a copy of Form SS-5 is not available, the employee may instead give to the political subdivision a signed statement listing the date of the statement, his full name, present address, date and place of birth, father's full name, mother's full name before marriage, and the individual's sex and color. The statement shall also indicate whether he has previously filed application on Form SS-5, and if so, the date and place of filing.

(d) Identification Numbers for Coverage Groups. The Social Security Administration will assign an employer identification number to the state, each political subdivision thereof, and coverage group to be included under the Federal Old Age and Survivors Insurance System. If any political subdivision maintains more than one payroll record unit, a unit number will be assigned to each separate payroll record within the coverage group. The identification number, including the unit numbers assigned to payroll record units, if any, will be entered on all reports, returns, forms, claims and correspondence.

(e) Employee's Contribution. The employees' contribution is measured by the amount of wages actually received on or after the effective date of the agreement or modification entered into between the State and the Secretary of Health, Education and Welfare with respect to services performed in employment by the employee in a coverage group included in such agreement or modification. After \$4,800 in wages have been paid an employee during a calendar year, additional wages paid that employee are not subject to deductions for Social Security taxes and no further wage contributions are required by him during the remainder of the calendar year.

(1) Subject to such rate and date changes as may be made hereafter from time to time in the Federal Social Security Act, Federal Insurance Contributions Act, or in any other federal law pertaining thereto, and effective contemporaneously with the effective date of the rate and date changes therein, the Social Security tax rates to be applied against all wages of employees within the "coverage group" and which are to be matched with an equal amount by the reporting unit as follows:

For the calendar years 1960 to 1961, inclusive	- -	3%
For the calendar year 1962	- - - - -	3 1/8%
For the calendar years 1963 to 1965, inclusive	- -	3 5/8%
For the calendar years 1966 to 1967, inclusive	- -	4 1/8%
For the calendar year 1968 and subsequent years	- -	4 5/8%

(2) Taxes shall be computed on the basis of the rate effective at the time the wages are actually or constructively received or paid.

For example: During 1962, "A" is engaged as an instructor at the University. In January of the following year, 1963 he received \$250 from the University as remuneration for services which he rendered during December 1962. The tax liability of the employee is computed on the basis of 3 5/8%, rather than 3 1/8%, and the University's matching share of the tax is also contributed at the 3 5/8% rate.

Remuneration received by an employee subsequent to the effective date of coverage for services rendered in a period prior to the effective date of coverage cannot be regarded as "wages received for employment" and such amounts are, therefore, not subject to tax. Therefore, where the State Agreement makes social security coverage effective January 1, 1960, remuneration received by an employee in 1960 for services rendered in 1959 cannot be regarded as "wages received for employment" and such amounts are, therefore, not subject to tax.

(3) Where an employee performs services during a calendar year for more than one political subdivision, the wages paid in any calendar year to such employee by each such political subdivision not in excess of \$4,800 shall be reported by each such subdivision, with the following exception. Where the State of Minnesota pays the matching employer social security contributions tax, such as for teachers in Minnesota Public Schools, then only the first \$4,800 in wages paid to such individual in the aggregate by all Minnesota Public Schools is subject to the social security tax and reported as wages.

(4) The reporting unit shall be responsible for and shall collect from each employee the amount of tax determined to be due by deducting said amount from employee's wages when actually or constructively paid. The reporting unit shall collect the tax notwithstanding the fact that the wages are paid in media other than money. After the matching amount has been provided by the reporting unit, the total tax shall be remitted to the Commissioner of Administration, State of Minnesota, for the Contribution Fund in accordance with the detailed instructions set forth in Section (f) of these regulations.

(5) The reporting unit is liable for the employee's share of the tax whether or not such share has been withheld from the employee's wages. In like manner, the employee shall be deemed liable for his share of the tax on all wages received by him not in excess of \$4,800 per calendar year.

(6) If any political subdivision which has been included in the coverage agreement, or any modification, thereof, fails to make the social security payments required by law and these regulations, the delinquent payments due, with interest at the rate of six percent per annum, may be recovered by action of the state agency in a court of competent jurisdiction against each and every political subdivision liable therefor or may, at the request of the state agency, be deducted from any other moneys payable to such political subdivision by any department or agency of the state.

(7) A political subdivision is not authorized to begin making deductions for Social Security taxes from earnings of employees until after the coverage agreement, or any modification thereof, has been approved on behalf of the Federal Government by the Secretary of Health, Education and Welfare. However, as soon as the agreement has been fully executed and the modification thereof, if any, has been approved, the political subdivision must make the necessary deductions from earnings, retroactive to effective date of said agreement or modification thereof, so that in the aggregate such deductions may be transmitted to the State Agency along with initial reports before the initial deadline as determined by the state agency. The exact method and time of deducting retroactive contributions from employees are matters to be determined by each political subdivision individually.

(8) The responsibility of each political subdivision to make the required deductions from earnings of all covered employees shall not be affected by the fact that some employees may, while employed, be receiving social security benefits.

(f) Wage Reports. Every political subdivision, and coverage group therein, included in the coverage agreement, or any modification thereof, shall make a wage report to the Commissioner of Administration for each calendar quarter beginning with the first calendar quarter with respect to which the agreement or modification is effective, until it files a final report as required by law.

(1) The original and one duplicate copy of the consolidated quarterly payroll report shall be submitted on Form OAR-S3 for each political subdivision or coverage group in conformity with the requirements of the Secretary of Health, Education and Welfare. Each quarterly report must be a consolidated report, which shall include all covered wages paid to personnel employed by any department, boards, and commissions reportable under the identification number assigned to the political subdivision or coverage group. The summary information shall be shown at the bottom of page 1 of the Form OAR-S3 report.

(2) Each quarterly report, properly completed, must be received by the Commissioner of Administration, State of Minnesota, not later than the following dates:

April 25 (for the quarter ending March 31)
July 25 (for the quarter ending June 30)
October 25 (for the quarter ending September 30)
January 25 (for the quarter ending December 31)

(3) Each quarterly report must be accompanied by a check or checks made payable to State Treasurer, Contribution Fund, which amount shall equal both the required contribution of the political subdivision or coverage

group and the required deductions from the earnings of all personnel in the coverage group. Fractional parts of a cent shall not be disregarded in the computation of contributions. In payment of contributions to the 'State Agency', a political subdivision may disregard a fractional part of a cent unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

(4) The initial quarterly reports and required remittances for the period from the effective date of coverage to the end of the quarter in which any political subdivision or coverage group becomes covered under the agreement, or any modification thereof, between the state and the Secretary of Health, Education and Welfare must be transmitted so as to be received by the Commissioner of Administration, State of Minnesota, on or before the date fixed by the Commissioner for the filing of such initial reports.

(5) Even though no wages are paid in a quarter, it is necessary that a report on Form OAR-S3 be filed by the coverage group indicating "no covered wages paid". This notation should be made on the body of the form.

(6) The original and one copy of any adjustment report called "State's Report of Adjustments", Form OAR-S4 shall be immediately completed and forwarded to the Commissioner of Administration upon determination by the political subdivision that one or more of the following errors were made on one or more quarterly wage reports or on a previously submitted adjustment report.

- (aa) Wages omitted from report.
- (bb) Not enough wages reported.
- (cc) Excessive wages reported.
- (dd) Wages in excess of \$4,800 reported.
- (ee) Wages shown on report for wrong quarter.
- (ff) Wages reported for wrong individual.

The political subdivision or coverage group concerned, as the case may be, shall be liable for the payment of an interest penalty on any OAR-S4 adjustment report which is determined by the federal government to be delinquent.

(7) If any quarterly report is not received by the Commissioner of Administration within the respective established deadlines interest will be charged to the political subdivision or coverage group, as the case may be, at the rate of six percent per annum on reportable contributions for each month or part of a month from the date due.

(g) Records. Every political subdivision and coverage group shall keep accurate records of all remuneration, whether in cash or in a medium other than cash, paid or available for payment to employees of the political subdivision or coverage group.

(1) Each political subdivision and coverage group shall use such forms and systems of accounting as will enable the Commissioner of Administration, his duly authorized representatives, or the agents of the Secretary of Health, Education and Welfare, to ascertain whether the social security taxes for which the political subdivision or coverage group is liable are correctly computed and paid. Such records shall show with respect to each employee:

(aa) The name, address and account number of the employee and such additional information with respect to the employee as it required by these regulations when the employee does not show his account number card as issued to him.

(bb) The total amount (including any sum withheld therefrom as contribution or any other reason) and date of each remuneration payment and the period of services covered by such payment.

(cc) The amount of such remuneration payment which constitutes wages subject to tax.

(dd) The amount of employee's contributions withheld or collected with respect to each total remuneration payment, and if collected at a time other than the time such payment was made, the date collected.

If the total remuneration, item (bb) above, and the amount thereof which is subject to tax, item (cc) above, are not equal, the reason therefor shall be made as a matter of record.

Accurate records of the details of each adjustment or settlement, made pursuant to any state agency instructions or regulations or federal regulations, shall also be kept by the political subdivision or coverage group, as the case may be.

(2) Each such political subdivision or coverage group shall keep a copy of any return, report, schedule, statement or any other documents as a part of its records.

(3) Any such political subdivision or coverage group or any employee claiming refund, credit or abatement of any tax or interest collected shall present a detailed record to establish the validity of such claim.

(4) All records required by these regulations shall be kept at a convenient and safe location accessible to representatives of the Secretary of Health, Education and Welfare and of the Commissioner of Administration, State of Minnesota. Such records shall at all times be open for inspection by such officials.

(5) Every such political subdivision or coverage group shall establish a system of controls whereby no employee shall be taxed on wages in excess of \$4,800 for each calendar year. These controls shall be set up so that the tax will be withheld on exactly the first \$4,800 received by an employee in a calendar year. There shall be no pro-rating of the year's total tax liability of such employees over the twelve months' period.

For example, if an employee is paid \$500 per month, taxes would be deducted and wages reported in full through the end of the third calendar quarter, September 30th. By that time there would have been paid to the employee \$4,500 in wages, and on the fourth quarter's report the employee would be shown as receiving only \$300, and taxes would be withheld upon only \$300 of his October check.

(6) All records required by these regulations shall be maintained for a period of at least four years after the date the contributions, to which they relate, became due, or after the date the contributions were paid, whichever is later. Records required in paragraph (g) (3) above shall be maintained for a period of at least four years after date in which the claim is filed. No records shall be destroyed or otherwise disposed of, even after the lapse of the four years, without the written approval of the "state agency".

(7) Each such political subdivision or coverage group shall furnish to each individual performing service in employment as an employee in a coverage group included in the agreement, or any modification thereof, a written statement showing with respect to wages paid or available for payment to the employee for such service on or after the effective date of the agreement or modification:

(aa) The name and identification number of the political subdivision or coverage group in which services were performed.

(bb) The name and account number of the employee;

(cc) The period covered by the statement;

(dd) The total amount of wages subject to contributions paid during this period; and

(ee) The amount of employee's contribution withheld in respect to wages.

The statements must be given to employees not later than January 31 of the year following the calendar year covered by the statement unless the employee leaves employment in a coverage group, in which case, the final statement must be given to him on the date the last payment of wages is made.

(8) Since all employers, including the state and political subdivisions, are required to furnish employees with statements of income tax withheld and statements of social security contributions withheld, Form W-2, Withholding Statement, should be used for both purposes.

(9) Each political subdivision or reporting unit shall, at the request of the Commissioner of Administration, furnish the State Agency within thirty days after the end of a calendar year a consolidated report listing the following information as it appears on the W-2 Form issued to each individual for that calendar year:

(aa) Name and Social Security Account Number of each employee,

(bb) Total wages paid,

(cc) Social Security (FICA) taxes withheld, and

(dd) Retirement system membership, if any.

(h) Administrative Costs. Each department or agency of the state and each political subdivision or coverage group which is included in the coverage agreement or modification entered into between the state and the Secretary of Health, Education and Welfare will be liable for a pro-rata share of the costs of administration of Minnesota Statutes 1961, Chapter 269, as certified by the Commissioner of Administration. The amounts certified will be based upon the social security contribution tax paid or payable on wages paid to employees of said political subdivision or coverage group coming within the provision of said Law, provided that in addition to the above ordinary reimburseable expenses, the Commissioner may charge a political subdivision or coverage group for any extra-ordinary costs of administration relating to matters effecting exclusively that particular political subdivision or coverage group. The amounts so certified shall be due and payable upon notice from the state agency and all checks shall be payable to Commissioner of Administration, State Agency Revolving Fund.

(i) Neither wage reports, nor contribution returns may be made direct to the Social Security Administration or Federal Reserve Bank by a political subdivision.

APPROVED AS TO FORM

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AND ~~DATE~~ *June 17 1964*

WALTER F. MONDALE, ATTORNEY GENERAL

By *[Signature]*
Assistant Attorney General

9797-231
STATE OF MINNESOTA
DEPARTMENT OF STATE

FILED
JUN 18 1964

Joseph L. Johnson
Secretary of State