



UNDERSTANDING YOUR W-2 Form

This is a guide to understanding your W-2 tax form. If you have any questions that are not addressed in this diagram and information, please contact your customer support team.

W-2 TAX FORM

A Employee's social security number						
B Employer identification number (EIN)	1 Wages, tips, other compensation		2 Federal income tax withheld			
C Employer's name, address, and ZIP code	3 Social security wages		4 Social security tax withheld			
	5 Medicare wages and tips		6 Medicare tax withheld			
	7 Social security tips		8 Allocated tips			
D Control number	9		10 Dependent care benefits			
E Employee's first name and initial	Last name	Suff.	11 Nonqualified plans	12 See instructions for box 12		
			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b		
F Employee's address and Zip code	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

Department of the Treasury – Internal Revenue Service

INCOME

1 WAGES, TIPS, OTHER COMPENSATION – The earnings reflected in this box are calculated as follows:

Gross Wages Includes all earnings plus Taxable Fringe Benefits and the income realized from the exercise of Stock Options.

LESS Deferred Compensation Includes contributions to 401(k) plans, 403(b), SEP, SERP, etc.

LESS Cafeteria 125 Benefits Includes deductions taken on a pre-tax basis for voluntary benefits, including Healthcare, Parking and Transit reimbursement, Dental, Vision, Medical Flexible Spending Account (FSA), Supplemental Short Term Disability, and Cancer insurance.

PLUS Group Term Life, Third Party Sick Pay (Taxable cost for coverage provided in excess of \$50,000), Other Compensation

3 SOCIAL SECURITY WAGES – The wage base for the social security portion of FICA changes annually. (**\$160,200 for 2023**) In other words, eligible earnings in excess of the annual wage base do not get taxed.

Gross Wages Includes all earnings plus Taxable Fringe Benefits and the income realized from the exercise of Stock Options.

LESS Social Security Exempt Wages Includes the income realized on the exercise of qualified (incentive) stock options.

LESS Cafeteria 125 Benefits Includes deductions taken on a pre-tax basis for voluntary benefits, including Healthcare, Parking and Transit reimbursement, Dental, Vision, Medical Flexible Spending Account (FSA), Supplemental Short Term Disability, and Cancer insurance.

PLUS Group Term Life, Third Party Sick Pay (Taxable cost for coverage provided in excess of \$50,000), Other Compensation

INCOME

- 5 MEDICARE WAGES AND TIPS** – There is no wage base associated with the Medicare portion of FICA. Eligible wages are calculated as follows:

Gross Wages Includes all earnings plus Taxable Fringe Benefits and the income realized from the exercise of Stock Options.

LESS Medicare Tax Exempt Wages Includes the income realized on the exercise of qualified (incentive) stock options.

LESS Cafeteria 125 Benefits Includes deductions taken on a pre-tax basis for voluntary benefits, including Healthcare, Parking and Transit reimbursement, Dental, Vision, Medical Flexible Spending Account (FSA), Supplemental Short Term Disability, and Cancer insurance.

PLUS Group Term Life, Third Party Sick Pay (Taxable cost for coverage provided in excess of \$50,000), Other Compensation

- 7 SOCIAL SECURITY TIPS** – Total tips reported.

- 16 STATE WAGES, TIPS, ETC.** – Earnings subject to state income tax withholding are calculated as follows:

Gross Wages Includes all earnings plus Taxable Fringe Benefits and the income realized from the exercise of Stock Options.

LESS Deferred Compensation Includes contributions to Supplemental Executive Retirement Plans (SERP).

LESS Cafeteria 125 Benefits Includes deductions taken on a pre-tax basis for voluntary benefits, including Healthcare, Dental, Vision, Medical Flexible Spending Account (FSA), Supplemental Short Term Disability, and Cancer insurance.

PLUS Other Compensation Any items not covered above.

- 18 LOCAL WAGES, TIPS, ETC.** – Earnings subject to local tax withholding are calculated as follows:

Gross Wages Includes all earnings plus Taxable Fringe Benefits (such as Auto Allowance) and the income realized from the exercise of Stock Options.

LESS Deferred Compensation Includes contributions to Supplemental Executive Retirement Plans (SERP).

LESS Cafeteria 125 Benefits Includes deductions taken on a pre-tax basis for voluntary benefits, including Healthcare, Dental, Vision, Medical Flexible Spending Account (FSA), Supplemental Short Term Disability, and Cancer insurance.

PLUS Other Compensation Any items not covered above.

TAXES

- 2 FEDERAL INCOME TAX WITHHELD** – The total federal income tax (FIT) withheld from your wages for the year.

- 4 SOCIAL SECURITY TAX WITHHELD** – Withheld at a rate of 4.2% of Social Security Wages up to \$147,000 for 2022.

- 6 MEDICARE TAX WITHHELD** – Withheld at a rate of 1.45% of Medicare wages and tips. Rate increases to 2.35% for all Medi-care wages over \$200,000.

- 11 NON-QUALIFIED PLANS** – Monies from non-qualified deferred compensation plans (rare). This is included in box 1.

- 17 STATE INCOME TAX** – The total amount of State Withholding Tax (SIT).

- 19 LOCAL INCOME TAX** – The amount in this box reflects the income tax withheld at the assigned rate for the school district, borough, or municipality designated by the employee.

MISCELLANEOUS

- 8 ALLOCATED TIPS**
Tips allocated by an employer to an employee.

- 9 BLANK**
Nothing should be in this box. Ignore it.

- 10 DEPENDENT CARE BENEFITS**
Dependent care benefits such as daycare paid or incurred by an employer for their employee.

- 14 OTHER**
Box 14 is used by employers to report information not required by the IRS, but may assist an employee with amounts relevant in preparation of their personal income tax returns. Examples of Box 14 information include: housing allowance for clergy; S-Corporation health insurance (also in box 1); after-tax health insurance premiums; union dues; uniform expense; Section 529 Plan contributions; personal use of company car (also box 1,3 and 5); state required disability or PFML withholding; any other information an employer wishes to report to employees.

BOX 12 CODES

CODES A & B – Amounts reported in Box 12 and coded “A” and “B” pertain to tipped employees.

CODES D, E, F, G, S, AA, BB AND EE – Amounts you contributed by payroll deductions to your employer’s qualified retirement plan are reported in Box 12 with the following codes:

D	401(k) Plan
E	403(b) Plan
F	Salary reduction SEP Plan
G	457(b) government plan
S	SIMPLE-IRA Plan
AA	Roth 401(k) Contributions
BB	Roth 403(b) Contributions
EE	Roth 457(b) Contributions

CODE C – Employer’s cost of your group-term life insurance coverage in excess of \$50,000

CODES M & N – If you terminated retirement, or are retired, and had in excess of \$50,000 of group-term life insurance coverage, the uncollected social security and Medicare taxes are reported here.

CODE P – Code “P” reports job-related moving expenses paid by your employer not included in your taxable income.

CODE W – Amount of HSA contributions paid by your employer PLUS the amount of pre-tax HSA contributions paid by the employee. *Note – “After-tax” HSA employee contributions are not reported on your W-2.

CODE Y – Current year deferrals to a Section 409(a) non-qualified deferred compensation plan.

CODE DD – Reports the cost of employer-sponsored health coverage. This amount includes both the employer and employee shares of the health insurance and is for informational purposes only. Required for employers with 250+ W-2’s

CODE FF – Reports your permitted benefits under a “qualified small employer health reimbursement arrangement” (QSEHRA).

IDENTIFICATION

- A** **EMPLOYEE’S SOCIAL SECURITY NUMBER**
Your social security number.
- E** **EMPLOYEE’S NAME, ADDRESS, CITY, AND ZIP CODE** Your name and mailing address.
- D** **CONTROL NUMBER** -Optional field to help employers identify/archive W-2 forms.
- 13** **CHECKBOXES** - Checkboxes to identify if you are a statutory employee (rare), contributed to a qualifying retirement plan such as a 401(k), or if the W2 form is being filled by a sick-pay payer who is not your employer (rare).
- 20** **LOCALITY NAME** - Tax locality name, if applicable.

EMPLOYER INFO

- B** **EMPLOYER IDENTIFICATION NUMBER (EIN)**
Employer’s Tax ID number.
- C** **EMPLOYER’S NAME AND BUSINESS ADDRESS**
Employer’s name and business address.
- 15** **EMPLOYER’S STATE ID NUMBER**
Employer’s State ID number.