

# Your Guide to the Form W-2



# UNDERSTANDING YOUR W-2 FORM

## What Do All Those Boxes and Codes on my Form W-2 Mean?

Knowing how to read a Form W-2 can help you understand your salary, and also help you get a head-start when preparing your taxes. Here's a line-by-line guide to reading your Form W-2.

### LETTERED BOXES

The left side of your W-2 contains important information about you (like your Social Security number and address) and your employer. These boxes are lettered “a” through “f.”

2222		a Employee's social security number 123-45-6789			
b Employer identification number (EIN) 987654321					
c Employer's name, address, and ZIP code Employer Industries 123 Greenpoint Road New York, NY 55555					
d Control number 1234					
e Employee's first name and initial Jane		Last name Smithfield		Suff.	
f Employee's address and ZIP code 123 Fifth Avenue Brooklyn, NY 55557					
15 State	NY	16 State wages, tips, etc.	223549.64	17 State income tax	13503.85
Form W-2 Wage and Tax Statement 2018					

### NUMBERED BOXES

The rest of the W-2 is populated with financial information and IRS codes. These items are important, so be sure to enter them accurately when completing your tax returns. Note that state and local tax information can be found at the bottom of the form.

2222		a Employee's social security number 123-45-6789		OMB No. 1545-0047	
b Employer identification number (EIN) 987654321					
c Employer's name, address, and ZIP code Employer Industries 123 Greenpoint Road New York, NY 55555					
d Control number 1234					
e Employee's first name and initial Jane		Last name Smithfield		Suff.	
f Employee's address and ZIP code 123 Fifth Avenue Brooklyn, NY 55557					
1 Wages, tips, other compensation	223549.64				
2 Federal income tax withheld	35764.98				
3 Social security wages	118500.00				
4 Social security tax withheld	7347.00				
5 Medicare wages and tips	223549.64				
6 Medicare tax withheld	3453.40				
7 Social security tips	0.00				
8 Allocated tips	0.00				
9 Nonqualified plans	12a AA 18000.00				
10 Dependent care benefits	0.00				
11 Other	NY-SDI 31.20				
12 State income tax	13503.85				
13 Local wages, tips, etc.	223549.64				
14 Local income tax	13503.85				
15 Local taxes	13503.85				
16 Local taxes	13503.85				
17 Local taxes	13503.85				
18 Local taxes	13503.85				
19 Local taxes	13503.85				
20 Local taxes	13503.85				
Form W-2 Wage and Tax Statement 2018					

# UNDERSTANDING YOUR W-2: LETTERED BOXES

22222		a Employee's social security number 123-45-6789		OMB No. 1545-0008	
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		13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b DD 19221.23	
		14 Other NY-SDI 31.20		12c	
				12d	
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15 State NY	Employer's state ID number 55551234	16 State wages, tips, etc. 223549.64	17 State income tax 13503.85	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

Form **W-2** Wage and Tax Statement **2018** Department of the Treasury—Internal Revenue Service

## a BOX A: EMPLOYEE SOCIAL SECURITY NUMBER

This is your Social Security Number. If this number is incorrect, take your Social Security card to your company's human resources or payroll department and ask them to correct it and issue you a new Form W-2.

## b BOX B: EMPLOYER IDENTIFICATION NUMBER (EIN)

This is your employer's unique tax identification number.

## c BOX C: EMPLOYER INFORMATION

This identifies the name, address, city, state, and zip code of your employer. The address may show your company's headquarters rather than their local address.

# UNDERSTANDING YOUR W-2: LETTERED BOXES

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## d BOX D: CONTROL NUMBER

This is a code that identifies this unique Form W-2 document in your employer's records. This number is assigned by the company's payroll processing software.

## e BOX E: EMPLOYEE'S NAME

This identifies your full name (first name, middle initial, and last name). If your name has changed, ask your company to update their records with your new name.

## f BOX F: EMPLOYEE'S ADDRESS

This identifies your address, city, state, and zip code. If you have recently moved, the address might be a former address.

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Form **W-2** Wage and Tax Statement **2018** Department of the Treasury—Internal Revenue Service

## 1 BOX 1: WAGES, TIPS, & OTHER COMPENSATION

Box 1 reports your total taxable wages or salary for federal income tax purposes.

## 2 BOX 2: FEDERAL INCOME TAX WITHHELD

Box 2 reports the total amount withheld from your paychecks for federal income taxes. This represents the amount of federal taxes you have paid-in throughout the year. The amount from Box 2 is reported on Line 62 of Form 1040, on Line 36 of Form 1040A, or on Line 7 of Form 1040EZ.



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## 3 BOX 3: SOCIAL SECURITY WAGES

Box 3 reports the total amount of wages subject to the Social Security tax.

## 4 BOX 4: SOCIAL SECURITY TAX WITHHELD

Box 4 reports the total amount of Social Security taxes withheld from your paychecks. The Social Security tax is a flat tax rate of 6.2% on your wage income, up to a maximum wage base of \$118,500 for 2018. Wages above the Social Security wage base are not subject to the Social Security tax. Accordingly, the maximum figure shown in Box 4 should be \$7,347.00 (which is the \$118,500 maximum wage base times 6.2%).

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## 5 BOX 5: MEDICARE WAGES & TIPS

Box 5 reports the amount of wages subject to the Medicare tax. There is no maximum wage base for Medicare taxes. The amount shown in Box 5 may be larger than the amount shown in Box 1. Medicare wages includes any deferred compensation, 401(k) contributions, or other fringe benefits that are excluded from the federal income tax. The amount in Box 5 typically represents your entire compensation from your job.

## 6 BOX 6: MEDICARE TAX WITHHELD

Box 6 reports the amount of taxes withheld from your paycheck for the Medicare tax. The Medicare tax is a flat tax rate of 1.45% of your total Medicare wages. Higher income earners may find that the amount in Box 6 is greater than the amount in Box 5 multiplied by the regular 1.45% Medicare tax rate. The extra amount would be due to the additional Medicare tax. For taxpayers subject to the additional Medicare tax, Medicare tax withheld showing on Box 6 are reconciled on Form 8959.

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## 7 BOX 7: SOCIAL SECURITY TIPS

Box 7 reports the amount of tip income that you reported to your employer. If you did not report tips to your employer, you will not have an amount in this box. The amounts in Box 7 and Box 3 may add up to the amount in Box 1 if you do not have any pre-tax benefits or may add up to the amount in Box 5 if you do have pre-tax benefits. The total of Box 7 and Box 3 will not exceed the \$118,500 Social Security wage base. The amount from Box 7 is already included in the Box 1 amount.

## 8 BOX 8: ALLOCATED TIPS

Box 8 reports any tip income allocated to you by your employer. This amount is not included in the wages reported in Boxes 1, 3, 5, or 7. Instead, you must add this to your taxable wages on Form 1040 Line 7, and must calculate your Social Security and Medicare taxes on this tip income using Form 4137. Taxpayers with any amount shown in Box 8, Allocated Tips, may want to review the information in Publication 531 concerning allocated tips.



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## 9 BOX 9: NO LONGER USED

Box 9 was used to report any advance of the Earned Income Credit. The advance earned income credit ended in 2010, and Box 9 is shaded on the 2018 version of Form W-2. Advance EIC payments were advance payments from an employer to an employee in anticipation of being eligible for the earned income credit.

## 10 BOX 10: DEPENDENT CARE BENEFITS

Box 10 reports any amounts reimbursed for dependent care expenses through a flexible spending account or the dollar value of dependent care services provided by your employer. Amounts under \$5,000 are non-taxable benefits. Any amount over \$5,000 is reported as taxable wages in Boxes 1, 3, and 5. Dependent care benefits are reported on Form 2441.

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## 11 BOX 11: NON QUALIFIED PLANS

Box 11 reports any amounts distributed to you from your employer's non-qualified deferred compensation plan or non-governmental Section 457 pension plan. The amount in Box 11 is already included as taxable wages in Box 1.

## 12 BOX 12: DEFERRED AND OTHER COMPENSATION

Here are several types of compensation and benefits that can be reported in Box 12. Box 12 will report a single letter or double letter code followed by a dollar amount.

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## 13 BOX 13: CHECK THE BOX

There are three check boxes in Box 13. Boxes will be checked off if any of these situations apply to you as an employee.

### ☐ STATUTORY EMPLOYEE

Means that you report the wages from this W-2 (and any other W-2 forms marked "statutory employee") on Form 1040 Schedule C. Your wages are not subject to income tax withholding (there will be a zero or blank amount in Box 2), but are subject to Social Security and Medicare tax withholdings (so Boxes 3 through 6 will be filled out). For a discussion of what constitutes a statutory employee and the rules that apply, see section 1 of Publication 15-A.

### ☐ RETIREMENT PLAN

Means that you participated in your employer's retirement plan during the year. This might be a 401(k) plan, 403(b) plan, SEP-IRA, SIMPLE-IRA, or other type of pension plan. If you participate in a retirement plan, your ability to deduct contributions to a traditional IRA may be limited based on your income.

### ☐ THIRD PARTY SICK PAY

Means that you received sick pay under your employer's third-party insurance policy. (Instead of receiving sick pay directly from your employer as part of your regular paycheck.) Sick pay is not included in your Box 1 wages, although sick pay is usually subject to Social Security and Medicare taxes. For a discussion of sick pay and third-party sick pay, see section 6 of Publication 15-A.

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## 14 BOX 14: OTHER TAX INFORMATION

Your employer may report additional tax information in Box 14. If any amounts are reported, they will have a brief description of what the amounts are for. For example, union dues, employer-paid tuition assistance, or after-tax contributions to a retirement plan may be reported here. Some employers report certain state and local taxes in Box 14, such as State Disability Insurance (SDI) premiums. State disability insurance premiums may be deductible as part of the deduction for state and local income taxes on Schedule A. Union dues may be tax-deductible as a miscellaneous itemized deduction.

## 15 BOX 15: STATE AND STATE EMPLOYER'S IDENTIFICATION

Box 15 reports your employer's state and state tax identification number. If you worked for the same employer in multiple states, there may be multiple lines of information.

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## 16 BOX 16: STATE WAGES

Box 16 reports the total amount of taxable wages earned in that state. If you worked for the same employer in multiple states, there may be multiple lines of information.

## 17 BOX 17: STATE INCOME TAX WITHHELD

Box 17 reports the total amount of state income taxes withheld from your paychecks for the wages reported in Box 16. This amount may be deductible as part of the deduction for state and local income taxes on Schedule A.

## 18 BOX 18: LOCAL WAGES

Box 18 reports the total amount of wages subject to local, city, or other state income taxes.



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## 19 BOX 19: LOCAL INCOME TAX WITHHELD

Box 19 reports the total amount of taxes withheld from your paychecks for local, city, or other state income taxes. This amount may be deductible as part of the deduction for state and local income taxes on Schedule A.

## 20 BOX 20: LOCALITY NAME

Box 20 provides a brief description of the local, city, or other state tax being paid. The description may identify a particular city, or may identify a state tax such as State Disability Insurance (SDI) payments.

## FREQUENTLY ASKED QUESTIONS

### **When is the additional Medicare tax withheld from wages?**

Employers are required to withhold additional Medicare tax from wages in excess of \$200,000 in a calendar year, without regard to the individual's filing status or wages paid by another employer. The additional tax is 0.9% added to the standard 1.45% for a total of 2.35%.

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### **I claimed exemption from federal and state income taxes. Can I change my election and elect additional withholdings after I elected exemption?**

You can change your election by submitting a new Form W-4 (Employee's Withholding Allowance Certificate). Note that if you are going to have different allowances for your state, you may need to complete a separate, state-specific withholding form.

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### **Why do my taxable wages for federal income tax (Box 1) differ from my taxable wages for FICA (Box 3 and Box 5)?**

Some pre-tax deductions reduce taxable income under certain tax buckets. Contributions to 401(k) plans reduce federal wages (Box 1) but not Social Security (Box 3) or Medicare wages (Box 5). Section 125 cafeteria plan deductions (health, dental, etc.) are pre-tax for federal, Social Security, and Medicare.

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### **If I work in one state and live in another state and become unemployed, from what state do I collect unemployment?**

You and your employer paid unemployment taxes to the state where you worked. You will collect unemployment from your work state.

## FREQUENTLY ASKED QUESTIONS

### **I understand that there is a federal unemployment tax, but I don't see this tax deducted from my paycheck.**

This is an employer tax only, 0.6% on the first \$7,000 of your earnings. Employees do not contribute to this tax.

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### **Can I have an additional or flat percentage to be withheld from federal income tax?**

You may have an additional fixed dollar amount withheld, not a percentage or flat amount.

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### **What happens if I claim “EXEMPT” on a Form W-4?**

You will need to submit a new W-4 each calendar year before February 15 or your withholding will be defaulted to your last election or to “single, zero” if you had not previously completed the form.

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### **How many allowances should I claim on the Form W-4?**

Use [the IRS Withholding Calculator](#) to adjust your Form W-4 and put more money in your pocket every payday. The tool can help you avoid having too much or too little tax withheld from your pay.

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### **I am a non-resident alien student. Do I have to pay FICA and Medicare taxes?**

If you have the proper visa and are working in a position as stated on the I20 Form, you are not subject to FICA and Medicare taxes.

## FREQUENTLY ASKED QUESTIONS (ACA)

### What about forms for the Affordable Care Act (ACA)?

You may receive one or more forms that provide information about your 2018 health coverage, depending on the number of employers you had during the year. [This form is the 1095-C](#), which summarizes your coverage.

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### How do I use the information on my Form 1095-C?

This form provides you with information about the health coverage offered by your employer and, in some cases, about whether you enrolled in this coverage.

If you enrolled in a health plan through the Marketplace, the information in Part II of Form 1095-C could help determine if you're eligible for the premium tax credit. If you did not enroll in a health plan through the Marketplace, this information is not relevant to you.