



A GUIDE TO THE W-2 FORM

What is a W-2?

A W-2 is a form issued to an employee from their employer. This form contains information such as the employee’s gross income, their local, state, and federal tax withholdings, social security withholding, and more. As long as an employee is paid at least \$600 by an employer throughout the year, they will be issued a W-2 from that employer.

Each box on Form W-2 has a different meaning. When reviewing their W-2, an employee should first verify that boxes a,e, and f are correct. These boxes hold their social security number, name, and address, respectively.

INCOME

- 1 This box represents total taxable wages, including all tips, prizes, and compensation.
- 3 This box shows all wages subject to social security tax. This is before any payroll deductions, meaning this amount could end up being more than the amount in box 1.
- 5 Employees will find all wages subject to medicare taxes in box 5. This amount could potentially be the largest amount on Form W-2.
- 7 This hows the tips reported to the employer. If there is no amount shown in this box it simply means the employee did not report tips.
- 16 Your total state taxable gross pay, if applicable. This may or may not be the same as box 1.
- 18 Your total state taxable gross pay, if applicable. This may or may not be the same as box 1 or 16.

PERSONAL INFO

- a Your social security number.
- e Your name and mailing address.

EMPLOYER INFO

- b Employer’s Tax ID number.
- c Employer’s name and business address.
- 15 Employer’s state ID number.

TAXES

- 2 This represents the amount of federal income tax withheld from each paycheck throughout the year. This amount is dependent on how the employee filled out form W-4 (aka the amount of exemptions claimed). Employees can make adjustments to this number by changing the exemptions on their W-4.
- 4 The amount in box 4 shows the social security taxes that were withheld from each paycheck throughout the year. Social security tax is a flat 6.2%. The amount in box 4 is simply box 3 multiplied by .062 (6.2%).
- 6 This is the amount of medicare taxes withheld from each paycheck throughout the year. Like the social security tax, Medicare tax is a flat rate, at 1.45%. This means you can take box 5 and multiply it by .0145 (1.45%) and it will reflect the amount shown in box 6.
- 11 This amount shows how much has been distributed to the employee from their employer’s non-qualified deferred compensation plan. This amount is taxable.
- 14 Otherwise known as the “it didn’t fit anywhere else” box, this box can hold many different things such as unions dues, non-taxable income, and so on.
- 17 Total state income tax withheld.
- 19 Total state income tax withheld (if any).

IDENTIFICATION

- d Optional field to help employers identify W-2 forms.
- 13 This is a compilation of three boxes and will display three items: Statutory Employee, Retirement Plan, and Third-Party Sick Pay. Employers will check the box(es) that applies to the employee’s situation.
- 20 Tax locality name, if applicable.

MISCELLANEOUS

- 8 This box is for allocated tips, or those that the employer figured are attributable to the employee, thereby making it considered income.
- 9 This box will be blank or not show up at all, as the reporting requirement has expired.
- 10 This box shows the total amount of benefits that were paid for on behalf of the employee under a dependent care assistance program. If this amount is under \$5000 it is not taxable.
- 12 This box contains a code that reflects different types of compensation or benefits. See below for a breakdown of what each code stands for.

Along the bottom of Form W-2 is the employee’s state of employment, their employer’s ID number, their state wages and tips, as well as state and local income taxes.

Possible Codes for Box 12
A — Uncollected Social Security or RRTA tax on tips.
B — Uncollected Medicare tax on tips.
C — Taxable cost of group-term life insurance over \$50,000 (included in boxes 1, 3 and 5).
D — Elective deferrals to a section 401(k) cash or deferred arrangement. Also includes deferrals under a SIMPLE retirement account that’s part of a section 401(k) arrangement.
E — Elective deferrals under a section 403(b) salary reduction agreement.
F — Elective deferrals under a section 408(k)(6) salary reduction SEP.
G — Elective deferrals and employer contributions (including non-elective deferrals) to a section 457(b) deferred compensation plan.
H — Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan.
J — Nontaxable sick pay (information only, not included in Boxes 1, 3, or 5).
K — 20% excise tax on excess golden parachute payments.
L — Substantiated employee business expense reimbursements (nontaxable).

M — Uncollected Social Security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only).
N — Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (former employees only).
P — Excludable moving expense reimbursements paid directly to a member of the U.S. Armed Forces (not included in Boxes 1, 3, or 5).
Q — Nontaxable combat pay. See the instructions for Form 1040 or Form 1040A for details on reporting this amount.
R — Employer contributions to your Archer medical savings accounts (MSA). Report on Form 8853, Archer MSAs and Long-Term Care Insurance Contracts.
S — Employee salary reduction contributions under a section 408(p) SIMPLE plan (not included in Box 1).
T — Adoption benefits (not included in Box 1).
V — Income from exercise of non-statutory stock option(s) (included in Boxes 1, 3, and 5).
W — Employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria plan) to your health savings account (HSA).

Y — Deferrals under a section 409A non-qualified deferred compensation plan.
Z — Income under a non-qualified deferred compensation plan that fails to satisfy section 409A. This amount is also included in Box 1 and is subject to an additional 20% tax plus interest.
AA — Designated Roth contributions under a section 401(k) plan.
BB — Designated Roth contributions under a section 403(b) plan.
DD — Cost of employer-sponsored health coverage (non-taxable).
EE — Designated Roth contributions under a governmental Section 457(b) plan. This amount doesn’t apply to contributions under a tax-exempt organization Section 457(b) plan.
FF — Permitted benefits under a qualified small employer health reimbursement arrangement.
GG — Income from qualified equity grants under section 83(i).
HH — Aggregate deferrals under section 83(i) elections as of the close of the calendar year.