

## Understanding Your W-2

### **Box 1 - Wages, tips, and other compensation**

Reports your total taxable wages for federal income tax purposes. This figure represents your income (wages, salary, bonuses, and other taxable compensation) minus tax-deferred retirement plans and certain pre-tax deductions such as medical, dental, vision, and flexible spending plans. Any taxable fringe benefits (such as group term life insurance) are also included in your Box 1 wages.

### **Box 2 - Federal income tax withheld**

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.

### **Box 3 - Social Security wages**

Reports the total amount of wages subject to the Social Security tax.

### **Box 4 - Social Security tax withheld**

Reports the total amount of Social Security tax withheld from your paychecks.

### **Box 5 - Medicare wages and tips**

Reports the amount of wages subject to Medicare tax. There is no maximum wage base for Medicare tax. The amount shown in Box 5 may be larger than the amount shown in Box 1. Medicare wages include any deferred compensation, 403(b) and 457(b) contributions, or other fringe benefits that are normally excluded from the regular income tax.

### **Box 6 - Medicare tax withheld**

Reports the amount of taxes withheld from your paycheck for the Medicare tax. Wages that are paid in excess of the applicable threshold for an individual's filing status is subject to the Additional Medicare tax of .9 percent, of the excess.

### **Box 7 - Social Security tips**

Reports tip income you reported.

### **Box 8 - Allocated tips**

Reports tip income allocated to you. This amount isn't included in W-2 Boxes 1, 3, 5, or 7.

### **Box 10 - Dependent Care Benefits**

Reports any amounts reimbursed for dependent care expenses, or the dollar value of dependent care services provided.

### **Box 11**

Reports any amounts distributed to you from your employer's non-qualified deferred compensation plan or non-government Section 457 pension plan.

### **Box 12 - Deferred Compensation and Other Compensation**

There are several types of compensation and benefits that can be reported in Box 12. Below are the Codes and code explanations that you may see listed in Box 12

**A** - Uncollected Social Security or RRTA tax on tips. Include this tax on Form 1040.

**B** - Uncollected Medicare tax on tips. Include this tax on Form 1040.

**C** - Taxable cost of group-term life insurance over \$50,000 (included in boxes 1,3 (up to Social Security wages base), and box 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). Complete Form 8839, Qualified Adoption Expenses, to compute any taxable and nontaxable amounts.

**V** - Income from exercise of non-statutory stock option(s) (included in Boxes 1, 3 (up to Social Security wage base), and 5). See Publication 525, Taxable and Nontaxable Income, for reporting requirements.

**W** - Employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria plan) to your health savings account (HSA). Report on Form 8889, Health Savings Accounts (HSAs).

**Y** - Deferrals under a section 409A nonqualified deferred compensation plan.

**Z** - Income under a nonqualified deferred compensation plan that fails to satisfy section 409A.

**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. The amount reported with Code DD isn't 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.

### **Box 13 – Check Boxes**

The appropriate boxes are checked.

- Retirement Plan
- Statutory Employee
- Third Party Sick Pay

### **Box 14 – Other information**

The information below may be reported.

- State disability insurance taxes withheld
- Union dues
- Uniform payments
- Health insurance premiums deducted
- Nontaxable income
- Educational assistance payments
- A member of the clergy's parsonage allowance and utilities
- Charitable contributions made through payroll deduction
- Qualified sick leave wages/qualified family leave wages paid under the Families First Coronavirus Response Act. If you have self-employment income in addition to wages paid by us and

- intend to claim any qualified sick leave or qualified family leave equivalent credits, when you file your taxes, you may have report the qualified sick leave or qualified family leave wages on Form 7202 - Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals.

### **Box 15 - State and State Employer's Identification**

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.

### **Box 16 - State wages**

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

### **Box 17 - State income tax withheld**

Reports the total amount of state income taxes withheld from your paychecks for the wages reported in Box 16.

### **Box 18 - Local wages**

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

### **Box 19 - Local income tax withheld**

Reports the total amount of taxes withheld from your paychecks for local, city, or other state income taxes.

### **Box 20 - Locality name**

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.