



General Instructions for Forms W-2 and W-3

Who must file Form W-2. Every employer engaged in a trade or business who pays remuneration, including noncash payments of \$600 or more for the year (all amounts if any income, social security, or Medicare tax was withheld) for services performed by an employee must file a Form W-2 for each employee (even if the employee is related to the employer) from whom:

[http://IRC.6041\(a\)](http://IRC.6041(a))

- Income, social security, or Medicare tax was withheld.
- Income tax would have been withheld if the employee had claimed no more than one withholding allowance or had not claimed exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate.

Unless otherwise noted, references to Medicare tax include Additional Medicare Tax.

If you are required to file 250 or more Forms W-2 or want to take advantage of the benefits of e-filing, see *E-filing*.

Who must file Form W-3. Anyone required to file Form W-2 must file Form W-3 to transmit Copy A of Forms W-2. Make a copy of Form W-3; keep it and Copy D (For Employer) of Forms W-2 with your records for 4 years. Be sure to use Form W-3 for the correct year. If you are filing Forms W-2 electronically, see *E-filing*.

Household employers.

Even employers with only one household employee must file Form W-3 to transmit Copy A of Form W-2. On Form W-3 check the "Hshld. emp." checkbox in box b. For more information, see Schedule H (Form 1040), Household Employment Taxes, and its separate instructions. You must have an employer identification number (EIN). See *Box b—Employer identification number (EIN)*.

Who may sign Form W-3. A transmitter or sender (including a service bureau, reporting agent, paying agent, or disbursing agent) may sign Form W-3 (or use its PIN to *e-file*) for the employer or payer only if the sender satisfies both of the following.

- It is authorized to sign by an agency agreement (whether oral, written, or implied) that is valid under state law; and
- It writes "For (name of payer)" next to the signature (paper Form W-3 only).



Use of a reporting agent or other third-party payroll service provider does not relieve an employer of the responsibility to ensure that Forms W-2 are furnished to employees and that Forms W-2 and W-3 are filed with the SSA, correctly and on time. See *Penalties* for more information.

Be sure that the payer's name and EIN on Forms W-2 and W-3 are the same as those used on the Form 941, Employer's QUARTERLY Federal Tax Return; Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; Form 944; Form CT-1, Employer's Annual Railroad Retirement Tax Return; or Schedule H (Form 1040) filed by or for the payer.

When to file. If you file using paper forms, you must file Copy A of Form W-2 with Form W-3 by March 2, 2015. However, if you *e-file*, the due date is March 31, 2015. You may owe a penalty for each Form W-2 that you file late. See *Penalties*. If you terminate your business, see *Terminating a business*.

Extension to file.

You may request an automatic extension of time to file Form W-2 with the SSA by sending Form 8809, Application for Extension of Time To File Information Returns, to the address shown on Form 8809. You must request the extension before the due date of Forms W-2. You will have an additional 30 days to file. See Form 8809 for details.



Even if you request an extension of time to file Form W-2, you still must furnish Form W-2 to your employees by February 2, 2015. But see *Extension of time to furnish Forms W-2 to employees*.

Where to file paper Forms W-2 and W-3. File Copy A of Form W-2 with Form W-3 at the following address.

**Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001**



If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS-approved private delivery service, add "Attn: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Pub. 15 (Circular E) for a list of IRS-approved private delivery services.



Do not send cash, checks, money orders, or other forms of payment with the Forms W-2 and W-3 that you submit to the SSA. Employment tax forms (for example, Form 941 or Form 943), remittances, and Forms 1099 must be sent to the IRS.

Copy 1. Send Copy 1 of Form W-2, if required, to your state, city, or local tax department. For more information concerning Copy 1 (including how to complete boxes 15 through 20), contact your state, city, or local tax department.

American Samoa.

File Copy 1 of Form W-3SS and Forms W-2AS at the following address.

**American Samoa Tax Office
Executive Office Building
First Floor
Pago Pago, AS 96799**

For additional information about Form W-2AS, see www.americansamoa.gov.

Guam.

File Copy 1 of Form W-3SS and Forms W-2GU at the following address.

**Guam Department of Revenue and Taxation
P.O. Box 23607
GMF, GU 96921**

For additional information about Form W-2GU, see www.guamtax.com.

United States Virgin Islands.

File Copy 1 of Form W-3SS and Forms W-2VI at the following address.

**Virgin Islands Bureau of Internal Revenue
6115 Estate Smith Bay
Suite 225
St. Thomas, VI 00802**

For additional information about Form W-2VI, see www.viirb.com.

Commonwealth of the Northern Mariana Islands.

File Form OS-3710 and Copy 1 of Forms W-2CM at the following address.

**Division of Revenue and Taxation
Commonwealth of the Northern Mariana Islands
P.O. Box 5234 CHRB
Saipan, MP 96950**

Forms OS-3710 and W-2CM are not IRS forms. For additional information about Form W-2CM, see www.cnmidof.net.

Shipping and mailing. If you file more than one type of employment tax form, group Forms W-2 of the same type with a separate Form W-3 for each type, and send them in separate groups. See the specific instructions for *Box b—Kind of Payer* and *Box b—Kind of Employer* in *Specific instructions for Form W-3*.

Prepare and file Forms W-2 either alphabetically by employees' last names or numerically by employees' social security numbers. Do not staple or tape Form W-3 to the related Forms W-2 or Forms W-2 to each other. These forms are machine read. Staple holes or tears interfere with machine reading. Also, do not fold Forms W-2 and W-3. Send the forms to the SSA in a flat mailing.

Furnishing Copies B, C, and 2 to employees. Generally, you must furnish Copies B, C, and 2 of Form W-2 to your employees by February 2, 2015. You will meet the "furnish" requirement if the form is properly addressed and mailed on or before the due date.

If employment ends before December 31, 2014, you may furnish copies to the employee at any time after employment ends, but no later than February 2, 2015. If an employee asks for Form W-2, give him or her the completed copies within 30 days of the request or within 30 days of the final wage payment, whichever is later. However, if you terminate your business, see *Terminating a business*.

You may furnish Forms W-2 to employees on IRS official forms or on acceptable substitute forms. See *Substitute forms*. Be sure the Forms W-2 you provide to employees are clear and legible and comply with the requirements in Pub. 1141.

Extension of time to furnish Forms W-2 to employees.

You may request an extension of time to furnish Forms W-2 to employees by sending a letter to:

**Internal Revenue Service
Information Returns Branch
Attn: Extension of Time Coordinator
240 Murall Drive, Mail Stop 4360
Kearneysville, WV 25430**

Mail your letter on or before the due date for furnishing Forms W-2 to employees. It must include:

- Your name and address,
- Your EIN,
- A statement that you are requesting an extension to furnish "Forms W-2" to employees,
- The reason for delay, and
- Your signature or that of your authorized agent.



Requests for an extension of time to furnish recipient statements for more than 10 payers must be submitted electronically. Requests for an extension of time to furnish Forms W-2 to employees are not automatically granted. If approved, an extension will allow a maximum of 30 days from the due date. See Publication 1220, Part D, Sec. 4.

Undeliverable Forms W-2.

Keep for 4 years any employee copies of Forms W-2 that you tried to but could not deliver. However, if the undelivered Form W-2 can be produced electronically through April 15th of the fourth year after the year at issue, you do not need to keep undeliverable employee copies. Do not send undeliverable Forms W-2 to the Social Security Administration (SSA).

Taxpayer identification numbers (TINs). Employers use an employer identification number (EIN) (00-0000000). Employees use a social security number (SSN) (000-00-0000). When you list a number, separate the nine digits properly to show the kind of number. Do not accept an IRS individual taxpayer identification number (ITIN) in place of an SSN for employee identification or for Form W-2 reporting. An ITIN is only available to resident and nonresident aliens who are not eligible for U.S. employment and need identification for other tax purposes. You can identify an ITIN because it is a 9-digit number beginning with the number "9" with either a "7" or "8" as the fourth digit and is formatted like an SSN (for example, 9NN-7N-NNNN). Do not auto populate an ITIN into *box a—Employee's social security number* on Form W-2. See section 4 of Pub. 15 (Circular E).



An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN from the Social Security Administration.

The IRS uses SSNs to check the payments that you report against the amounts shown on employees' tax returns. The SSA uses SSNs to record employees' earnings for future social security and Medicare benefits. When you prepare Form W-2, be sure to show the correct SSN for each employee. For information about verifying SSNs, see section 4 of Pub. 15 (Circular E) or visit the SSA's Employer W-2 Filing Instructions & Information website at www.socialsecurity.gov/employer.



Form W-2 e-filed with the SSA must contain the same TINs as shown on all copies of Form W-2 furnished to employees.

Special Reporting Situations for Form W-2

Adoption benefits. Amounts paid or expenses incurred by an employer for qualified adoption expenses under an adoption assistance program are not subject to federal income tax withholding and are not reportable in box 1. However, these amounts (including adoption benefits paid from a section 125 (cafeteria) plan, but not including adoption benefits forfeited from a cafeteria plan) are subject to social security, Medicare, and railroad retirement taxes and must be reported in boxes 3 and 5. (Use box 14 if railroad retirement taxes apply.) Also, the total amount must be reported in box 12 with code T.

For more information on adoption benefits, see Notice 97-9, 1997-1 C.B. 365, which is on page 35 of Internal Revenue Bulletin 1997-2 at www.irs.gov/pub/irs-irbs/irb97-02.pdf. Advise your employees to see the Instructions for Form 8839, Qualified Adoption Expenses.

Agent reporting. Generally, an agent who has an approved Form 2678, Employer/Payer Appointment of Agent, should enter the agent's name as the employer in box c of Form W-2 and file only one Form W-2 for each employee. However, if the agent (a) is acting as an agent for two or more employers or is an employer and is acting as an agent for another employer, and (b) pays social security wages to an individual on behalf of more than one employer, and (c) the total of the individual's social security wages from these employers is greater than the social security wage base, the agent must file separate Forms W-2 for the affected employee reflecting the wages paid by each employer.

On the Form W-2 the agent should enter the following in box c of Form W-2.

(Name of agent)

Agent for (name of employer)

Address of agent

Each Form W-2 should reflect the EIN of the agent in box b. An agent files one Form W-3 for all of the Forms W-2 and enters its own information in boxes e, f, and g of Form W-3 as it appears on the agent's related employment tax returns (for example, Form 941). Enter the client-employer's EIN in box h of Form W-3 if the Forms W-2 relate to only one employer (other than the agent); if not, leave box h blank. See Rev. Proc. 70-6, 1970-1 C.B. 420; Notice 2003-70, 2003-43 I.R.B. 916, available at www.irs.gov/irb/2003-43_IRB/ar09.html; and the Form 2678 instructions for procedures to be followed in applying to be an agent. For state and local health and welfare agencies wishing to act as agents under section 3504, see Rev. Proc. 80-4, 1980-1 C.B. 581.



Generally, an agent is not responsible for refunding excess social security or railroad retirement (RRTA) tax withheld from employees. If an employee worked for more than one employer during 2014 and had more than \$7,254 in social security and Tier 1 RRTA tax withheld, he or she should claim the excess on the appropriate line of Form 1040, Form 1040A, or Form 1040NR. If an employee had more than \$3,828 in Tier 2 RRTA tax withheld from more than one employer, the employee should claim a refund on Form 843, Claim for Refund and Request for Abatement.

Archer MSA. An employer's contribution to an employee's Archer MSA is not subject to federal income tax withholding or social security, Medicare, or railroad retirement taxes if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee's income. However, if it is not reasonable to believe at the time of payment that the contribution will be excludable from the employee's income, employer contributions are subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

You must report all employer contributions to an Archer MSA in box 12 of Form W-2 with code R. Employer contributions to an Archer MSA that are not excludable from the income of the employee also must be reported in box 1.

An employee's contributions to an Archer MSA are includible in income as wages and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Employee contributions are deductible, within limits, on the employee's Form 1040.

For more information, see Pub. 969, Health Savings Accounts and Other Tax-Favored Health Plans, and Notice 96-53, which is found on page 5 of Internal Revenue Bulletin 1996-51 at www.irs.gov/pub/irs-irbs/irb96-51.pdf.

Clergy and religious workers. For certain members of the clergy and religious workers who are not subject to social security and Medicare taxes as employees, boxes 3 and 5 of Form W-2 should be left blank. You may include a minister's parsonage and/or utilities allowance in box 14. For information on the rules that apply to ministers and certain other religious workers, see Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers, and section 4 in Pub. 15-A.

Deceased employee's wages. If an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. Also report wages that were available to the employee while he or she was alive, regardless of whether they actually were in the possession of the employee, as well as any other regular wage payment, even if you may have to reissue the payment in the name of the estate or beneficiary.

If you made the payment after the employee's death but in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report the payment on the employee's Form W-2 only as social security and Medicare wages to ensure proper social security and Medicare credit is received. On the employee's Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6. Do not show the payment in box 1.

If you made the payment after the year of death, do not report it on Form W-2, and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you also must report it in box 3 of Form 1099-MISC, Miscellaneous Income, for the payment to the estate or beneficiary. Use the name and taxpayer identification number (TIN) of the payment recipient on Form 1099-MISC. However, if the payment is a reissuance of wages that were constructively received by the deceased individual while he or she was still alive, do not report it on Form 1099-MISC.

Example.

Before Employee A's death on June 15, 2014, A was employed by Employer X and received \$10,000 in wages on which federal income tax of \$1,500 was withheld. When A died, X owed A \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to A's estate on July 5, 2014. Because X made the payment during the year of death, X must withhold social security and Medicare taxes on the \$3,000 payment and must complete Form W-2 as follows.

- Box a – Employee A's SSN
- Box e – Employee A's name
- Box f – Employee A's address
- Box 1 – 10000.00 (does not include the \$3,000 accrued wages and vacation pay)
- Box 2 – 1500.00
- Box 3 – 13000.00 (includes the \$3,000 accrued wages and vacation pay)
- Box 4 – 806.00 (6.2% of the amount in box 3)
- Box 5 – 13000.00 (includes the \$3,000 accrued wages and vacation pay)
- Box 6 – 188.50 (1.45% of the amount in box 5)



Employer X also must complete Form 1099-MISC as follows.

- Boxes for recipient's name, address, and TIN—the estate's name, address, and TIN.
- Box 3: 3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)

If Employer X made the payment after the year of death, the \$3,000 would not be subject to social security and Medicare taxes and would not be shown on Form W-2. However, the employer would still file Form 1099-MISC.

Designated Roth contributions. Under section 402A, a participant in a section 401(k) plan, under a 403(b) salary reduction agreement, or in a governmental 457(b) plan that includes a qualified Roth contribution program, may elect to make designated Roth contributions to the plan or program in lieu of elective deferrals. Designated Roth contributions are subject to federal income tax withholding and social security and Medicare taxes (and railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

Section 402A requires separate reporting of the yearly designated Roth contributions. Designated Roth contributions to 401(k) plans will be reported using code AA in box 12; designated Roth contributions under 403(b) salary reduction agreements will be reported using code BB in box 12; and designated Roth contributions under a governmental section 457(b) plan will be reported using code EE in box 12. For reporting instructions, see *Box 12—Codes* for Code AA, Code BB, and Code EE.

Educational assistance programs. Employer-provided educational assistance that qualifies as a working condition benefit is excludable from an employee's wages. For employer-provided educational assistance that does not qualify as a working condition benefit, a \$5,250 exclusion may apply if the assistance is provided under an educational assistance program under section 127. See Pub. 970, Tax Benefits for Education, and section 2 of Pub. 15-B for more information. Also see *Box 1—Wages, tips, other compensation*.

Election workers. Report on Form W-2 payments of \$600 or more to election workers for services performed in state, county, and municipal elections. File Form W-2 for payments of less than \$600 paid to election workers if social security and Medicare taxes were withheld under a section 218 (Social Security Act) agreement. Do not report election worker payments on Form 1099-MISC.

If the election worker is employed in another capacity with the same government entity, see Rev. Rul. 2000-6, which is on page 512 of Internal Revenue Bulletin 2000-6 at www.irs.gov/pub/irs-irbs/irb00-06.pdf.

Employee business expense reimbursements. Reimbursements to employees for business expenses must be reported as follows.

- Generally, payments made under an accountable plan are excluded from the employee's gross income and are not reported on Form W-2. However, if you pay a per diem or mileage allowance and the amount paid for substantiated miles or days traveled exceeds the amount treated as substantiated under IRS rules, you must report as wages on Form W-2 the amount in excess of the amount treated as substantiated. The excess amount is subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Report the amount treated as substantiated (that is, the nontaxable portion) in box 12 using code L. See *Box 12—Codes* for Code L— *Substantiated employee business expense reimbursements*. (Use box 14 if railroad retirement taxes apply.)
- Payments made under a nonaccountable plan are reported as wages on Form W-2 and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). (Use box 14 if railroad retirement taxes apply.)

For more information on accountable plans, nonaccountable plans, amounts treated as substantiated under a per diem or mileage allowance, the standard mileage rate, the per diem substantiation method, and the high-low substantiation method, see Pub. 463, Travel, Entertainment, Gift, and Car Expenses; and section 5 of Pub. 15 (Circular E).

Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer. If you paid your employee's share of social security and Medicare taxes rather than deducting them from the employee's wages, you must include these payments as wages subject to federal (or American Samoa, CNMI, Guam, or U.S. Virgin Islands) income tax withholding and social security, Medicare, and federal unemployment (FUTA) taxes. If you paid your employee's share of railroad retirement taxes, you must include these amounts as compensation subject to railroad retirement taxes. The amount to include as wages and/or compensation is determined by using the formula contained in the discussion of *Employee's Portion of Taxes Paid by Employer* in section 7 of Pub. 15-A and in Rev. Proc. 83-43, 1983-24 I.R.B. 60.



This does not apply to household and agricultural employers. If you pay a household or agricultural employee's social security and Medicare taxes, you must include these payments in the employee's wages for income tax withholding purposes. However, the wage increase due to the tax payments is not subject to social security, Medicare, or FUTA taxes. For information on completing Forms W-2 and W-3 in this situation, see the Instructions for Schedule H (Form 1040) and section 4 of Pub. 51 (Circular A).

Foreign agricultural workers. You must report compensation of \$600 or more paid in a calendar year to an H-2A visa agricultural worker for agricultural labor. If the H-2A visa agricultural worker furnishes a valid taxpayer identification number, report these payments in box 1 of Form W-2. If the worker does not furnish a valid taxpayer identification number, report the payments on Form 1099-MISC. See Form 1099-MISC, below. [http://IRC 6041\(a\)](http://IRC 6041(a))

On Form W-2, no amount should be reported in boxes 3 or 5. In most cases, you do not need to withhold federal income tax from compensation paid to H-2A visa agricultural workers. Employers should withhold federal income tax only if the H-2A visa agricultural worker and the employer agree to withhold. The H-2A visa agricultural worker must provide a completed Form W-4. If the employer withholds income tax, the employer must report the tax withheld in box 2 of Form W-2 and on line 6 of Form 943. See Pub. 51 (Circular A).

Form 1099-MISC.

If the H-2A visa agricultural worker fails to furnish a taxpayer identification number to the employer, and the total annual payments made to the H-2A visa agricultural worker are \$600 or more, the employer must begin backup withholding on the payments made until the H-2A visa agricultural worker furnishes a valid taxpayer identification number. Employers must report the compensation paid and any backup withholding on Forms 1099-MISC and Form 945, Annual Return of Withheld Federal Income Tax. See the 2014 Instructions for Form 1099-MISC and the 2014 Instructions for Form 945.

For more information, enter "Foreign Agricultural Workers" in the search box on IRS.gov.

Fringe benefits. Include all taxable fringe benefits in box 1 of Form W-2 as wages, tips, and other compensation and, if applicable, in boxes 3 and 5 as social security and Medicare wages. Although not required, you may include the total value of fringe benefits in box 14 (or on a separate statement). However, if you provided your employee a vehicle and included 100% of its annual lease value in the employee's income, you must separately report this value to the employee in box 14 (or on a separate statement). The employee can then figure the value of any business use of the vehicle and report it on Form 2106, Employee Business Expenses. Also see Pub. 15-B for more information.



If you used the commuting rule or the vehicle cents-per-mile rule to value the personal use of the vehicle, you cannot include 100% of the value of the use of the vehicle in the employee's income. See Pub. 15-B. <http://Reg. 1.61-21>

Golden parachute payments (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Include any golden parachute payments in boxes 1, 3, and 5 of Form W-2. Withhold federal income, social security, and Medicare taxes (or railroad retirement taxes, if applicable) as usual and report them in boxes 2, 4, and 6, respectively. (Use box 14 if railroad retirement taxes apply.) Excess parachute payments are also subject to a 20% excise tax. If the excess payments are considered wages, withhold the 20% excise tax and include it in box 2 as income tax withheld. Also report the excise tax in box 12 with code K. For definitions and additional information, see Regulations section 1.280G-1 and Rev. Proc. 2003-68, 2003-34 I.R.B. 398, available at www.irs.gov/irb/2003-34_IRB/ar16.html.

Government employers. Federal, state, and local governmental agencies have two options for reporting their employees' wages that are subject to only Medicare tax for part of the year and both social security and Medicare taxes for part of the year.

The first option (which the SSA prefers) is to file a single set of Forms W-2 per employee for the entire year, even if only part of the year's wages are subject to both social security and Medicare taxes. Check "941" (or "944") or "941-SS" in box b of Form W-3. The wages in box 5 of Form W-2 must be equal to or greater than the wages in box 3 of Form W-2.

The second option is to file one set of Forms W-2 for wages subject only to Medicare tax and another set for wages subject to both social security and Medicare taxes. Use a separate Form W-3 to transmit each set of Forms W-2. For the Medicare-only Forms W-2, check "Medicare govt. emp." in box b of Form W-3. For the Forms W-2 showing wages subject to both social security and Medicare taxes, check "941" (or "944") or "941-SS" in box b of Form W-3. The wages in box 5 of Form W-2 must be equal to or greater than the wages in box 3 of Form W-2. <http://Announcement 91-182>

Group-term life insurance. You must include in boxes 1, 3, and 5 (or 14, if railroad retirement taxes apply) the cost of group-term life insurance that is more than the cost of \$50,000 of coverage, reduced by the amount the employee paid toward the insurance. Use the table in section 2 of Pub. 15-B to determine the cost of the insurance. Also, show the amount in box 12 with code C. For employees,

you must withhold social security and Medicare taxes, but not federal income tax. For coverage provided to former employees, the former employees must pay the employee part of social security and Medicare taxes (or railroad retirement taxes, if applicable) on the taxable cost of group-term life insurance over \$50,000 on Form 1040. You are not required to collect those taxes. However, you must report the uncollected social security tax (or railroad retirement taxes, if applicable) with code M and the uncollected Medicare tax (or RRTA Medicare tax, if applicable) with code N in box 12 of Form W-2. However, any uncollected Additional Medicare Tax (on the cost of group-term life insurance, which, in combination with other wages, is in excess of \$200,000) is not reported with code N in box 12.

Health flexible spending arrangement (FSA). For plan years beginning after December 31, 2012, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of \$2,500.

If a cafeteria plan timely complies with the written plan requirement limiting health FSA salary reduction contributions, but one or more employees are erroneously allowed to elect a salary reduction of more than \$2,500 (as indexed for inflation) for a plan year, the cafeteria plan will continue to be a section 125 cafeteria plan for that plan year if:

- The terms of the plan apply uniformly to all participants,
- The error results from a reasonable mistake by the employer (or the employer's agent) and is not due to willful neglect by the employer (or the employer's agent), and
- Salary reduction contributions in excess of \$2,500 (as indexed for inflation) are paid to the employee and reported as wages for income tax withholding and employment tax purposes on the employee's Form W-2 (or Form W-2c) for the employee's taxable year in which, or with which, ends the cafeteria plan year in which the correction is made.

For more information, see Notice 2012-40, 2012-26 I.R.B. 1046, available at www.irs.gov/irb/2012-26_IRB/ar09.html. [http://IRC 125\(i\)](http://IRC 125(i))

Health savings account (HSA). An employer's contribution (including an employee's contributions through a cafeteria plan) to an employee's HSA is not subject to federal income tax withholding or social security, Medicare, or railroad retirement taxes (or FUTA tax) if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee's income. However, if it is not reasonable to believe at the time of payment that the contribution will be excludable from the employee's income, employer contributions are subject to federal income tax withholding, social security and Medicare taxes (or railroad retirement taxes, if applicable), and FUTA tax and must be reported in boxes 1, 3, and 5 (use box 14 if railroad retirement taxes apply), and on Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

You must report all employer contributions (including an employee's contributions through a cafeteria plan) to an HSA in box 12 of Form W-2 with code W. Employer contributions to an HSA that are not excludable from the income of the employee also must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

An employee's contributions to an HSA (unless made through a cafeteria plan) are includible in income as wages and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Employee contributions are deductible, within limits, on the employee's Form 1040. For more information about HSAs, see Notice 2004-2, Notice 2004-50, and Notice 2008-52. Notice 2004-2, 2004-2 I.R.B. 269, is available at www.irs.gov/irb/2004-02_IRB/ar09.html. Notice 2004-50, 2004-33 I.R.B. 196, is available at www.irs.gov/irb/2004-33_IRB/ar08.html. Notice 2008-52, 2008-25 I.R.B. 1166, is available at www.irs.gov/irb/2008-25_IRB/ar10.html. Also see Form 8889, Health Savings Accounts (HSAs), and Pub. 969.

Lost Form W-2—reissued statement. If an employee loses a Form W-2, write "REISSUED STATEMENT" on the new copy and furnish it to the employee. You do not have to add "REISSUED STATEMENT" on Forms W-2 provided to employees electronically. Do not send Copy A of the reissued Form W-2 to the SSA. Employers are not prohibited (by the Internal Revenue Code) from charging a fee for the issuance of a duplicate Form W-2.

Military differential pay. Employers paying their employees while they are on active duty in the United States uniformed services should treat these payments as wages. Differential wage payments made to an individual while on active duty for periods scheduled to exceed 30 days are subject to income tax withholding, but are not subject to social security, Medicare, and unemployment taxes. Report differential wage payments in box 1 and any federal income tax withholding in box 2. Differential wage payments made to an individual while on active duty for 30 days or less are subject to income tax withholding, social security, Medicare, and unemployment taxes, and are reported in boxes 1, 3, and 5. See Rev. Rul. 2009-11, 2009-18 I.R.B. 896, available at www.irs.gov/irb/2009-18_IRB/ar07.html. [http://IRC 3401\(h\)](http://IRC 3401(h))

Moving expenses. Report moving expenses as follows.

- Qualified moving expenses that an employer paid to a third party on behalf of the employee (for example, to a moving company) and services that an employer furnished in kind to an employee are not reported on Form W-2.
- Qualified moving expense reimbursements paid directly to an employee by an employer are reported only in box 12 of Form W-2 with code P.
- Nonqualified moving expense reimbursements are reported in boxes 1, 3, and 5 (use box 14 if railroad retirement taxes apply) of Form W-2. These amounts are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable).

For more information on qualified and nonqualified moving expenses, see Pub. 521, Moving Expenses.

Nonqualified deferred compensation plans. Section 409A provides that all amounts deferred under a nonqualified deferred compensation (NQDC) plan for all tax years are currently includible in gross income to the extent not subject to a substantial risk of forfeiture and not previously included in gross income, unless certain requirements are met. Generally, section 409A is effective with respect to amounts deferred in tax years beginning after December 31, 2004, but deferrals made prior to that year may be subject to section 409A under some circumstances.

It is not necessary to show amounts deferred during the year under an NQDC plan subject to section 409A. If you report section 409A deferrals, show the amount in box 12 using code Y. For more information, see Notice 2008-115, 2008-52 I.R.B. 1367, available at www.irs.gov/irb/2008-52_IRB/ar10.html.

Income included under section 409A from an NQDC plan will be reported in box 1 and in box 12 using code Z. This income is also subject to an additional tax of 20% that is reported on Form 1040. For more information on amounts includible in gross income and reporting requirements, see proposed Regulations section 1.409A-4, 2008-51 I.R.B. 1325, and Notice 2008-115. For information on correcting failures to comply with section 409A and related reporting, see Notice 2008-113, 2008-51 I.R.B. 1305, available at www.irs.gov/irb/2008-51_IRB/ar12.html; Notice 2010-6, 2010-3 I.R.B. 275, available at www.irs.gov/irb/2010-3_IRB/ar08.html; and Notice 2010-80, 2010-51 I.R.B. 853, available at www.irs.gov/irb/2010-51_IRB/ar08.html.

See the *Nonqualified Deferred Compensation Plan Reporting Examples Chart*.

Railroad employers (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Railroad employers must file Form W-2 to report their employees' wages and income tax withholding in boxes 1 and 2. Electronic reporting may be required; see *E-filing*. If you have employees covered under the Federal Insurance Contributions Act (FICA) (social security and Medicare) and the Railroad Retirement Tax Act (RRTA), you must file a separate Form W-3 to transmit the Forms W-2 for each group of employees.

For employees covered by social security and Medicare, complete boxes 3, 4, 5, 6, and 7 of Form W-2 to show the social security and Medicare wages and the amounts withheld for social security and Medicare taxes. On the Form W-3 used to transmit these Forms W-2, check the "941" checkbox in box b.

For employees covered by RRTA tax, report the RRTA compensation, Tier 1, Tier 2, Medicare, and any Additional Medicare Tax withheld in box 14 of Form W-2. Label them "RRTA compensation," "Tier 1 tax," "Tier 2 tax," "Medicare tax," and "Additional Medicare Tax." Include tips reported by the employee to the employer in "RRTA compensation." Use additional Forms W-2 if needed. See *Multiple Forms*. Boxes 3, 4, 5, 6, and 7 apply only to covered social security and Medicare wages and taxes and are not to be used to report railroad retirement compensation and taxes. On the Form W-3 used to transmit these Forms W-2, check the "CT-1" checkbox in box b. [http://IRC 3101\(b\)\(2\)](http://IRC 3101(b)(2))

Repayments. If an employee repays you for wages received in error, do not offset the repayments against current year wages unless the repayments are for amounts received in error in the current year. Repayments made in the current year, but related to a prior year or years, must be repaid in gross, not net, and require special tax treatment by employees in some cases. You may advise the employee of the total repayments made during the current year and the amount (if any) related to prior years. This information will help the employee account for such repayments on his or her federal income tax return.

If the repayment was for a prior year, you must file Form W-2c with the SSA to correct only social security and Medicare wages and taxes, and furnish a copy to the employee. Do not correct "Wages, tips, other compensation" in box 1, or "Federal income tax withheld" in box 2, on Form W-2c. Also, do not correct any Additional Medicare Tax withheld on the repaid wages (reported with Medicare tax withheld in box 6) on Form W-2c. File the "X" return that is appropriate for the return on which the wages or compensation was originally reported (Forms 941-X, 943-X, 944-X, or CT-1X). Correct the social security and Medicare wages and taxes for the period during which the wages or compensation was originally paid. For information on reporting adjustments to Forms 941, 941-SS, 943, 944, or Form CT-1, see section 13 of Pub. 15 (Circular E), the Instructions for Form CT-1X, or section 9 of Pub. 51 (Circular A).



Tell your employee that the wages paid in error in a prior year remain taxable to him or her for that year. This is because the employee received and had use of those funds during that year. The employee is not entitled to file an amended return (Form 1040X) to recover the income tax on these wages. Instead, the employee is entitled to a deduction (or a credit, in some cases) for the repaid wages on his or her Form 1040 for the year of repayment. However, the employee is entitled to file an amended return (Form 1040X) to recover Additional Medicare Tax on these wages, if any. Refer your employee to Repayments in Pub. 525.

Scholarship and fellowship grants. Give a Form W-2 to each recipient of a scholarship or fellowship grant only if you are reporting amounts includible in income under section 117(c) (relating to payments for teaching, research, or other services required as a condition for receiving the qualified scholarship). Also see Pub. 15-A and Pub. 970. These payments are subject to federal income tax withholding. However, their taxability for social security and Medicare taxes (or railroad retirement taxes, if applicable) depends on the nature of the employment and the status of the organization. See *Students, scholars, trainees, teachers, etc.*, in section 15 of Pub. 15 (Circular E).

Sick pay. If you had employees who received sick pay in 2014 from an insurance company or other third-party payer and the third party notified you of the amount of sick pay involved, you may be required to report the information on the employees' Forms W-2. If the

insurance company or other third-party payer did not notify you in a timely manner about the sick pay payments, it must prepare Forms W-2 and W-3 for your employees showing the sick pay. For specific reporting instructions, see *Sick Pay Reporting* in section 6 of Pub. 15-A.

SIMPLE retirement account. An employee's salary reduction contributions to a SIMPLE (savings incentive match plan for employees) retirement account are not subject to federal income tax withholding but are subject to social security, Medicare, and railroad retirement taxes. Do not include an employee's contribution in box 1, but do include it in boxes 3 and 5. (Use box 14 if railroad retirement taxes apply.) An employee's total contribution also must be included in box 12 with code D or S.

An employer's matching or nonelective contribution to an employee's SIMPLE retirement account is not subject to federal income tax withholding or social security, Medicare, or railroad retirement taxes, and is not to be shown on Form W-2.

For more information on SIMPLE retirement accounts, see Notice 98-4, 1998-1 C.B. 269. You can find Notice 98-4 on page 25 of Internal Revenue Bulletin 1998-2 at www.irs.gov/pub/irs-irbs/irb98-02.pdf.

Successor/predecessor employers. If you buy or sell a business during the year, see Rev. Proc. 2004-53 for information on who must file Forms W-2 and employment tax returns. Rev. Proc. 2004-53, 2004-34 I.R.B. 320, is available at www.irs.gov/irb/2004-34_IRB/ar13.html.

Terminating a business. If you terminate your business, you must provide Forms W-2 to your employees for the calendar year of termination by the due date of your final Forms 941, 944, or 941-SS. You also must file Forms W-2 with the SSA by the last day of the month that follows the due date of your final Forms 941, 944, or 941-SS. If filing on paper, make sure you obtain Forms W-2 and W-3 preprinted with the correct year. If e-filing, make sure your software has been updated for the current tax year.

However, if any of your employees are immediately employed by a successor employer, see *Successor/predecessor employers*, earlier. Also, for information on automatic extensions for furnishing Forms W-2 to employees and filing Forms W-2, see Rev. Proc. 96-57, which is on page 14 of Internal Revenue Bulletin 1996-53 at www.irs.gov/pub/irs-irbs/irb96-53.pdf.



Get Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations, for information on reconciling wages and taxes reported on Forms W-2 with amounts reported on Forms 941, 941-SS, 943, or 944.

Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) makeup amounts to a pension plan. If an employee returned to your employment after military service and certain makeup amounts were contributed to a pension plan for a prior year(s) under the USERRA, report the prior year contributions separately in box 12. See the *TIP* above Code D in *Box 12—Codes*. You also may report certain makeup amounts in box 14. See *Box 14—Other* in *Specific instructions for Form W-2*.

Instead of reporting in box 12 (or box 14), you may choose to provide a separate statement to your employee showing USERRA makeup contributions. The statement must identify the type of plan, the year(s) to which the contributions relate, and the amount contributed for each year.

Penalties

The following penalties apply to the person or employer required to file Form W-2. The penalties apply to both paper filers and e-filers.



Third Party Payers. Employers are responsible for ensuring that Forms W-2 are furnished to employees and that Forms W-2 and W-3 are filed with the SSA correctly and on time, even if the employer contracts with a third party to perform these acts. The IRS strongly suggests that the employer's address, not the third party's address, be the address on record with the IRS. This will ensure that you remain informed of tax matters involving your business because the IRS will correspond to the employer's address of record if there are any issues with an account. If you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third party payer, visit IRS.gov and enter "outsourcing payroll duties" in the search box for helpful information on this topic.

Failure to file correct information returns by the due date. If you fail to file a correct Form W-2 by the due date and cannot show reasonable cause, you may be subject to a penalty as provided under section 6721. The penalty applies if you:

- Fail to file timely,
- Fail to include all information required to be shown on Form W-2,
- Include incorrect information on Form W-2,

- File on paper forms when you are required to *e-file*,
- Report an incorrect TIN,
- Fail to report a TIN, or
- Fail to file paper Forms W-2 that are machine readable.

The amount of the penalty is based on when you file the correct Form W-2. The penalty is:

- \$30 per Form W-2 if you correctly file within 30 days of the due date (for example, by March 30 if the due date is February 28); the maximum penalty is \$250,000 per year (\$75,000 for small businesses, defined in *Small businesses*.)
- \$60 per Form W-2 if you correctly file more than 30 days after the due date but by August 1; the maximum penalty is \$500,000 per year (\$200,000 for small businesses).
- \$100 per Form W-2 if you file after August 1, or you do not file required Forms W-2; the maximum penalty is \$1,500,000 per year (\$500,000 for small businesses).



If you do not file corrections and you do not meet any of the exceptions to the penalty, the penalty is \$100 per information return. The maximum penalty is \$1,500,000 per year.

Exceptions to the penalty.

The following are exceptions to the failure to file correct information returns penalty.

1. The penalty will not apply to any failure that you can show was due to reasonable cause and not to willful neglect. In general, you must be able to show that your failure was due to an event beyond your control or due to significant mitigating factors. You also must be able to show that you acted in a responsible manner and took steps to avoid the failure.
2. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission does not prevent or hinder the SSA/IRS from processing the Form W-2, from correlating the information required to be shown on the form with the information shown on the payee's tax return, or from otherwise putting the form to its intended use. Errors and omissions that are never inconsequential are those relating to:
 - A TIN,
 - A payee's surname, and
 - Any money amounts.
3. De minimis rule for corrections. Even though you cannot show reasonable cause, the penalty for failure to file correct Forms W-2 will not apply to a certain number of returns if you:
 - Filed those Forms W-2 on or before the required filing date,
 - Either failed to include all of the information required on the form or included incorrect information, and
 - Filed corrections of these forms by August 1.

If you meet all of the de minimis rule conditions, the penalty for filing incorrect information returns (including Form W-2) will not apply to the greater of 10 information returns (including Form W-2) or one-half of 1% of the total number of information returns (including Form W-2) that you are required to file for the calendar year.

Small businesses.

For purposes of the lower maximum penalties shown in *Failure to file correct information returns by the due date*, you are a small business if your average annual gross receipts for the 3 most recent tax years (or for the period that you were in existence, if shorter) ending before the calendar year in which the Forms W-2 were due are \$5 million or less.

Intentional disregard of filing requirements.

If any failure to timely file a correct Form W-2 is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$250 per Form W-2 with no maximum penalty.

Failure to furnish correct payee statements. If you fail to provide correct payee statements (Forms W-2) to your employees and cannot show reasonable cause, you may be subject to a penalty as provided under section 6722. The penalty applies if you fail to provide the statement by February 2, 2015, if you fail to include all information required to be shown on the statement, or if you include incorrect information on the statement.

The amount of the penalty is based on when you furnish the correct payee statement. This penalty is an additional penalty and is applied in the same manner, and with the same amounts, as in *Failure to file correct information returns by the due date*.

Exceptions to the penalty.

An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission cannot reasonably be expected to prevent or hinder the payee from timely receiving correct information and reporting it on his or her income tax return or from otherwise putting the statement to its intended use. Errors and omissions that are never inconsequential are those relating to:

- A dollar amount,
- A significant item in a payee's address, and
- The appropriate form for the information provided, such as whether the form is an acceptable substitute for the official IRS form.

See *Exceptions to the penalty in Failure to file correct information returns by the due date*, for additional exceptions to the penalty for failure to file correct payee statements.

Intentional disregard of payee statement requirements.

If any failure to provide a correct payee statement (Form W-2) to an employee is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is \$250 per Form W-2 with no maximum penalty.

If you willfully file a fraudulent Form W-2 for payments that you claim you made to another person, that person may be able to sue you for damages. If you are found liable, you may have to pay \$5,000 or more in damages. You may also be subject to criminal sanctions.

Specific Instructions for Form W-2

How to complete Form W-2. Form W-2 is a multi-part form. Ensure all copies are legible. Send Copy A to the SSA; Copy 1, if required, to your state, city, or local tax department; and Copies B, C, and 2 to your employee. Keep Copy D, and a copy of Form W-3, with your records for 4 years.

Enter the information on Form W-2 using black ink in 12-point Courier font. Copy A is read by machine and must be typed clearly with no corrections made to the entries and with no entries exceeding the size of the boxes. Entries completed by hand, in script or italic fonts, or in colors other than black cannot be read by the machines. Make all dollar entries on Copy A without the dollar sign and comma but with the decimal point (00000.00). Show the cents portion of the money amounts. If a box does not apply, leave it blank.

Send the whole Copy A page of Form W-2 with Form W-3 to the SSA even if one of the Forms W-2 on the page is blank or void. Do not staple Forms W-2 together or to Form W-3. File Forms W-2 either alphabetically by employees' last names or numerically by employees' SSNs.

Calendar year basis. The entries on Form W-2 must be based on wages paid during the calendar year. Use Form W-2 for the correct tax year. For example, if the employee worked from December 22, 2014, through January 9, 2015, and the wages for that period were paid on January 10, 2015, include those wages on the 2015 Form W-2.

Multiple forms. If necessary, you can issue more than one Form W-2 to an employee. For example, you may need to report more than four coded items in box 12 or you may want to report other compensation on a second form. If you issue a second Form W-2, complete boxes a, b, c, d, e, and f with the same information as on the first Form W-2. Show any items that were not included on the first Form W-2 in the appropriate boxes. Also, see the *TIP* for Copy A in *How to get forms and publications*.

Do not report the same federal, American Samoa, CNMI, Guam, or U.S. Virgin Islands tax data to the SSA on more than one Copy A.



For each Form W-2 showing an amount in box 3 or box 7, make certain that box 5 equals or exceeds the sum of boxes 3 and 7.

Void. Check this box when an error is made on Form W-2 and you are voiding it because you are going to complete a new Form W-2. Do not include any amounts shown on "Void" forms in the totals you enter on Form W-3. See *Corrections*.

Box a—Employee's social security number. Enter the number shown on the employee's social security card.

If the employee does not have a card, he or she should apply for one by completing Form SS-5, Application for a Social Security Card. The SSA lets you verify employee names and SSNs online. For information about these free services, visit the Employer W-2 Filing Instructions & Information website at www.socialsecurity.gov/employer. If you have questions about using these services, call 1-800-772-6270 (toll free) to speak with an employer reporting specialist at the SSA.

If the employee has applied for a card but the number is not received in time for filing, enter "Applied For" in box a on paper Forms W-2 filed with the SSA. If e-filing, enter zeros (000-00-0000 if creating forms online or 000000000 if uploading a file).

Ask the employee to inform you of the number and name as they are shown on the social security card when it is received. Then correct your previous report by filing Form W-2c showing the employee's SSN. If the employee needs to change his or her name from that shown on the card, the employee should call the SSA at 1-800-772-1213.

If you do not provide the correct employee name and SSN on Form W-2, you may owe a penalty unless you have reasonable cause. For more information, see Publication 1586, Reasonable Cause Regulations & Requirements for Missing and Incorrect Name/TINs.

ITINs for aliens.

Do not accept an ITIN in place of an SSN for employee identification or for work. An ITIN is only available to resident and nonresident aliens who are not eligible for U.S. employment and need identification for other tax purposes. You can identify an ITIN because it is a 9-digit number, beginning with the number "9" with either a "7" or "8" as the fourth digit, and is formatted like an SSN (for example, 9NN-7N-NNNN). An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN.



Do not auto-populate an ITIN into box a.

Box b—Employer identification number (EIN). Show the EIN assigned to you by the IRS (00-0000000). This should be the same number that you used on your federal employment tax returns (Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040)). Do not use a prior owner's EIN. If you do not have an EIN when filing Forms W-2, enter "Applied For" in box b; do not use your SSN. You can get an EIN by applying online at IRS.gov, by calling the toll-free number, 1-800-829-4933, or by filing Form SS-4, Application for Employer Identification Number. Also see *Agent reporting*.

Box c—Employer's name, address, and ZIP code. This entry should be the same as shown on your Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040). The U.S. Postal Service recommends that no commas or periods be used in return addresses. Also see *Agent reporting*.

Box d—Control number. You may use this box to identify individual Forms W-2. You do not have to use this box.

Boxes e and f—Employee's name and address. Enter the name as shown on your employee's social security card (first name, middle initial, last name). If the name does not fit in the space allowed on the form, you may show the first and middle name initials and the full last name. It is especially important to report the exact last name of the employee. If you are unable to determine the correct last name, use of the SSA's Social Security Number Verification System may be helpful. Separate parts of a compound name with either a hyphen or a blank. Do not join them into a single word. Include all parts of a compound name in the appropriate name field. For example, for the name "John R Smith-Jones," enter "Smith-Jones" or "Smith Jones" in the last name field. If the name has changed, the employee must get a corrected social security card from any SSA office. Use the name on the original card until you see the corrected card. Do not show titles or academic degrees, such as "Dr.," "RN," or "Esq.," at the beginning or end of the employee's name. Generally, do not enter "Jr.," "Sr.," or other suffix in the "Suff." box on Copy A unless the suffix appears on the card. However, the SSA still prefers that you do not enter the suffix on Copy A.

Include in the address the number, street, and apartment or suite number (or P.O. box number if mail is not delivered to a street address). The U.S. Postal Service recommends that no commas or periods be used in delivery addresses. For a foreign address, give the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

The IRS expects to change the third-party sick pay recap reporting and filing requirements for wages paid in 2014. Information about this change will be included in the 2014 Publication 15-A, Employer's Supplemental Tax Guide (Supplement to Circular E, Employer's Tax Guide, Publication 15) and other relevant tax products.

Box 1—Wages, tips, other compensation. Show the total taxable wages, tips, and other compensation (before any payroll deductions) that you paid to your employee during the year. However, do not include elective deferrals (such as employee contributions to a section 401(k) or 403(b) plan) except section 501(c)(18) contributions. Include the following.

1. Total wages, bonuses (including signing bonuses), prizes, and awards paid to employees during the year. See *Calendar year basis*.
2. Total noncash payments, including certain fringe benefits. See *Fringe benefits*.
3. Total tips reported by the employee to the employer (not allocated tips).
4. Certain employee business expense reimbursements. See *Employee business expense reimbursements*.
5. The cost of accident and health insurance premiums for 2%-or-more shareholder-employees paid by an S corporation.
6. Taxable benefits from a section 125 (cafeteria) plan if the employee chooses cash.
7. Employee contributions to an Archer MSA.
8. Employer contributions to an Archer MSA if includible in the income of the employee. See *Archer MSA*.
9. Employer contributions for qualified long-term care services to the extent that such coverage is provided through a flexible spending or similar arrangement.
10. Taxable cost of group-term life insurance in excess of \$50,000. See *Group-term life insurance*.
11. Unless excludable under *Educational assistance programs*, payments for non-job-related education expenses or for payments under a nonaccountable plan. See Pub. 970.
12. The amount includible as wages because you paid your employee's share of social security and Medicare taxes (or railroad retirement taxes, if applicable). See *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*. If you also paid your employee's income tax withholding, treat the grossed-up amount of that withholding as supplemental wages and report those wages in boxes 1, 3, 5, and 7. (Use box 14 if railroad retirement taxes apply.) No exceptions to this treatment apply to household or agricultural wages.
13. Designated Roth contributions made under a section 401(k) plan, a section 403(b) salary reduction agreement, or a governmental section 457(b) plan. See *Designated Roth contributions*.
14. Distributions to an employee or former employee from an NQDC plan (including a rabbi trust) or a nongovernmental section 457(b) plan.
15. Amounts includible in income under section 457(f) because the amounts are no longer subject to a substantial risk of forfeiture.
16. Payments to statutory employees who are subject to social security and Medicare taxes but not subject to federal income tax withholding must be shown in box 1 as other compensation. See *Statutory employee*.
17. Cost of current insurance protection under a compensatory split-dollar life insurance arrangement.
18. Employee contributions to a health savings account (HSA).
19. Employer contributions to an HSA if includible in the income of the employee. See *Health savings account (HSA)*.
20. Amounts includible in income under an NQDC plan because of section 409A. See *Nonqualified deferred compensation plans*.
21. Payments made to former employees while they are on active duty in the Armed Forces or other uniformed services.
22. All other compensation, including certain scholarship and fellowship grants. See *Scholarship and fellowship grants*. Other compensation includes taxable amounts that you paid to your employee from which federal income tax was not withheld. You may show other compensation on a separate Form W-2. See *Multiple forms*.

Box 2—Federal income tax withheld. Show the total federal income tax withheld from the employee's wages for the year. Include the 20% excise tax withheld on excess parachute payments. See *Golden parachute payments*.

For Forms W-2AS, W-2CM, W-2GU, or W-2VI, show the total American Samoa, CNMI, Guam, or U.S. Virgin Islands income tax withheld.

Box 3—Social security wages. Show the total wages paid (before payroll deductions) subject to employee social security tax but not including social security tips and allocated tips. If reporting these amounts in a subsequent year (due to lapse of risk of forfeiture), the amount must be adjusted by any gain or loss. See *Box 7—Social security tips* and *Box 8—Allocated tips*. Generally, noncash payments are considered to be wages. Include employee business expense reimbursements reported in box 1. If you paid the employee's share of social security and Medicare taxes rather than deducting them from wages, see *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*. The total of boxes 3 and 7 cannot exceed \$117,000 (2014 maximum social security wage base).

Report in box 3 elective deferrals to certain qualified cash or deferred compensation arrangements and to retirement plans described in box 12 (codes D, E, F, G, and S) even though the deferrals are not includible in box 1. Also report in box 3 designated Roth contributions made under a section 401(k) plan, under a section 403(b) salary reduction agreement, or under a governmental section 457(b) plan described in box 12 (codes AA, BB, and EE). [http://IRC 402A\(e\)\(1\)](http://IRC 402A(e)(1))

Amounts deferred (plus earnings or less losses) under a section 457(f) or nonqualified plan or nongovernmental section 457(b) plan must be included in boxes 3 and/or 5 as social security and/or Medicare wages as of the later of when the services giving rise to the deferral are performed or when there is no substantial forfeiture risk of the rights to the deferred amount. Include both elective and nonelective deferrals for purposes of nongovernmental section 457(b) plans.



Wages reported in box 3 include:

- Signing bonuses an employer pays for signing or ratifying an employment contract. See Rev. Rul. 2004-109, 2004-50 I.R.B. 958, available at www.irs.gov/irb/2004-50_IRB/ar07.html.
- Taxable cost of group-term life insurance over \$50,000 included in box 1. See Group-term life insurance.
- Cost of accident and health insurance premiums for 2%-or-more shareholder-employees paid by an S corporation, but only if not excludable under section 3121(a)(2)(B).
- Employee and nonexcludable employer contributions to an MSA or HSA. However, do not include employee contributions to an HSA that were made through a cafeteria plan. See Archer MSA and Health savings account (HSA).
- Employee contributions to a SIMPLE retirement account. See SIMPLE retirement account.
- Adoption benefits. See Adoption benefits.

Box 4—Social security tax withheld. Show the total employee social security tax (not your share) withheld, including social security tax on tips. For 2014, the amount should not exceed \$7,254 (\$117,000 × 6.2%). Include only taxes withheld (or paid by you for the employee) for 2014 wages and tips. If you paid your employee's share, see *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*.

Box 5—Medicare wages and tips. The wages and tips subject to Medicare tax are the same as those subject to social security tax (boxes 3 and 7) except that there is no wage base limit for Medicare tax. Enter the total Medicare wages and tips in box 5. Be sure to enter tips that the employee reported even if you did not have enough employee funds to collect the Medicare tax for those tips. See *Box 3—Social security wages*, for payments to report in this box. If you paid your employee's share of taxes, see *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*.

If you are a federal, state, or local governmental agency with employees paying only Medicare tax, enter the Medicare wages in this box. See *Government employers*.

Example of how to report social security and Medicare wages.

You paid your employee \$140,000 in wages. Enter in box 3 (social security wages) 117000 but enter in box 5 (Medicare wages and tips) 140000.00. There is no limit on the amount reported in box 5. If the amount of wages paid was \$117,000 or less, the amounts entered in boxes 3 and 5 would be the same.

Box 6—Medicare tax withheld. Enter the total employee Medicare tax (including any Additional Medicare Tax) withheld. Do not include your share. Include only tax withheld for 2014 wages and tips. If you paid your employee's share of the taxes, see *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*.

For more information on Additional Medicare Tax, go to IRS.gov and enter “Additional Medicare Tax” in the search box. [http://IRC3101\(b\)\(2\)](http://IRC3101(b)(2))

Box 7—Social security tips. Show the tips that the employee reported to you even if you did not have enough employee funds to collect the social security tax for the tips. The total of boxes 3 and 7 should not be more than \$117,000 (the maximum social security wage base for 2014). Report all tips in box 1 along with wages and other compensation. Include any tips reported in box 7 in box 5 also.

Box 8—Allocated tips (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). If you are a food or beverage establishment, show the tips allocated to the employee. See the Instructions for Form 8027, Employer’s Annual Information Return of Tip Income and Allocated Tips. Do not include this amount in boxes 1, 3, 5, or 7.

Box 9. Do not enter an amount in box 9. [http://IRC6051\(a\)\(7\)](http://IRC6051(a)(7))

Box 10—Dependent care benefits (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Show the total dependent care benefits under a dependent care assistance program (section 129) paid or incurred by you for your employee. Include the fair market value (FMV) of care in a daycare facility provided or sponsored by you for your employee and amounts paid or incurred for dependent care assistance in a section 125 (cafeteria) plan. Report all amounts paid or incurred (regardless of any employee forfeitures), including those in excess of the \$5,000 exclusion. This may include (a) the FMV of benefits provided in kind by the employer, (b) an amount paid directly to a daycare facility by the employer or reimbursed to the employee to subsidize the benefit, or (c) benefits from the pre-tax contributions made by the employee under a section 125 dependent care flexible spending account. Include any amounts over \$5,000 in boxes 1, 3, and 5. For more information, see Pub. 15-B.



An employer that amends its cafeteria plan to provide a grace period for dependent care assistance may continue to rely on Notice 89-111 by reporting in box 10 of Form W-2 the salary reduction amount elected by the employee for the year for dependent care assistance (plus any employer matching contributions attributable to dependent care). Also see Notice 2005-42, 2005-23 I.R.B. 1204, available at www.irs.gov/irb/2005-23_IRB/ar11.html.

Box 11—Nonqualified plans. The purpose of box 11 is for the SSA to determine if any part of the amount reported in box 1 or boxes 3 and/or 5 was earned in a prior year. The SSA uses this information to verify that they have properly applied the social security earnings test and paid the correct amount of benefits.

Report distributions to an employee from a nonqualified plan or nongovernmental section 457(b) plan in box 11. Also report these distributions in box 1. Make only one entry in this box. Distributions from governmental section 457(b) plans must be reported on Form 1099-R, not in box 1 of Form W-2.

Under nonqualified plans or nongovernmental 457(b) plans, deferred amounts that are no longer subject to a substantial risk of forfeiture are taxable even if not distributed. Report these amounts in boxes 3 (up to the social security wage base) and 5. Do not report in box 11 deferrals included in boxes 3 and/or 5 and deferrals for current year services (such as those with no risk of forfeiture).



If you made distributions and also are reporting any deferrals in box 3 and/or 5, do not complete box 11. See Pub. 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration, and Form SSA-131, Employer Report of Special Wage Payments, for instructions on reporting these and other kinds of compensation earned in prior years. However, do not file Form SSA-131 if this situation applies and the employee was not 61 years old or more during the tax year for which you are filing Form W-2.

Unlike qualified plans, NQDC plans do not meet the qualification requirements for tax-favored status for this purpose. NQDC plans include those arrangements traditionally viewed as deferring the receipt of current compensation. Accordingly, welfare benefit plans, stock option plans, and plans providing dismissal pay, termination pay, or early retirement pay are not generally NQDC plans.

Report distributions from NQDC or section 457 plans to beneficiaries of deceased employees on Form 1099-MISC, not on Form W-2.

Military employers must report military retirement payments on Form 1099-R.



Do not report special wage payments, such as accumulated sick pay or vacation pay, in box 11. For more information on reporting special wage payments, see Pub. 957.

Box 12—Codes. Complete and code this box for all items described below. Note that the codes do not relate to where they should be entered in boxes 12a through 12d on Form W-2. For example, if you are only required to report code D in box 12, you can enter code D and the amount in box 12a of Form W-2. Report in box 12 any items that are listed as codes A through EE. Do not report in box 12 section 414(h)(2) contributions (relating to certain state or local government plans). Instead, use box 14 for these items and any other information that you wish to give to your employee. For example, union dues and uniform payments may be reported in box 14.



On Copy A (Form W-2), do not enter more than four items in box 12. If more than four items need to be reported in box 12, use a separate Form W-2 to report the additional items (but enter no more than four items on each Copy A (Form W-2)). On all other copies of Form W-2 (Copies B, C, etc.), you may enter more than four items in box 12 when using an approved substitute Form W-2. See Multiple forms.

Use the IRS code designated below for the item you are entering, followed by the dollar amount for that item. Even if only one item is entered, you must use the IRS code designated for that item. Enter the code using a capital letter(s). Use decimal points but not dollar signs or commas. For example, if you are reporting \$5,300.00 in elective deferrals under a section 401(k) plan, the entry would be D 5300.00 (not A 5300.00 even though it is the first or only entry in this box). Report the IRS code to the left of the vertical line in boxes 12a through 12d and the money amount to the right of the vertical line.

See the *Form W-2 Reference Guide for Box 12 Codes*. See also the detailed instructions next for each code.

Code A—Uncollected social security or RRTA tax on tips.

Show the employee social security or Railroad Retirement Tax Act (RRTA) tax on all of the employee's tips that you could not collect because the employee did not have enough funds from which to deduct it. Do not include this amount in box 4.

Code B—Uncollected Medicare tax on tips.

Show the employee Medicare tax or RRTA Medicare tax on tips that you could not collect because the employee did not have enough funds from which to deduct it. Do not show any uncollected Additional Medicare Tax. Do not include this amount in box 6.

Code C—Taxable cost of group-term life insurance over \$50,000.

Show the taxable cost of group-term life insurance coverage over \$50,000 provided to your employee (including a former employee). See *Group-term life insurance*. Also include this amount in boxes 1, 3 (up to the social security wage base), and 5. Include the amount in box 14 if you are a railroad employer.

Codes D through H, S, Y, AA, BB, and EE.

Use these codes to show elective deferrals and designated Roth contributions made to the plans listed. Do not report amounts for other types of plans. See the example for reporting elective deferrals under a section 401(k) plan, later [http://IRC 402A\(e\)\(1\)](http://IRC 402A(e)(1))

The amount reported as elective deferrals and designated Roth contributions is only the part of the employee's salary (or other compensation) that he or she did not receive because of the deferrals or designated Roth contributions. Only elective deferrals and designated Roth contributions should be reported in box 12 for all coded plans; except, when using code G for section 457(b) plans, include both elective and nonelective deferrals.

For employees who were 50 years of age or older at any time during the year and made elective deferral and/or designated Roth "catch-up" contributions, report the elective deferrals and the elective deferral "catch-up" contributions as a single sum in box 12 using the appropriate code, and the designated Roth contributions and designated Roth "catch-up" contributions as a single sum in box 12 using the appropriate code.



If any elective deferrals, salary reduction amounts, or nonelective contributions under a section 457(b) plan during the year are makeup amounts under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) for a prior year, you must enter the prior year contributions separately. Beginning with the earliest year, enter the code, the year, and the amount. For example, elective deferrals of \$2,250 for 2012 and \$1,250 for 2013 under USERRA under a section 401(k) plan are reported in box 12 as follows:



D 12 2250.00, D 13 1250.00. A 2014 contribution of \$7,000 does not require a year designation; enter it as D 7000.00. Report the code (and year for prior year USERRA contributions) to the left of the vertical line in boxes 12a through 12d.

The following are not elective deferrals and may be reported in box 14, but not in box 12.

- Nonelective employer contributions made on behalf of an employee.
- After-tax contributions that are not designated Roth contributions, such as voluntary contributions to a pension plan that are deducted from an employee's pay. See *Box 12—Codes* for Code AA, Code BB, and Code EE for reporting designated Roth contributions.
- Required employee contributions.
- Employer matching contributions.

Code D—Elective deferrals under section 401(k) cash or deferred arrangement (plan).

Also show deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

Example of reporting excess elective deferrals and designated Roth contributions under a section 401(k) plan.

For 2014, Employee A (age 45) elected to defer \$18,300 under a section 401(k) plan. The employee also made a designated Roth contribution to the plan of \$1,000, and made a voluntary (non-Roth) after-tax contribution of \$600. In addition, the employer, on A's behalf, made a qualified nonelective contribution of \$2,000 to the plan and a nonelective profit-sharing employer contribution of \$3,000.

Even though the 2014 limit for elective deferrals and designated Roth contributions is \$17,500, the employee's total elective deferral amount of \$18,300 is reported in box 12 with code D (D 18300.00). The designated Roth contribution is reported in box 12 with code AA (AA 1000.00). The employer must separately report the actual amounts of \$18,300 and \$1,000 in box 12 with the appropriate codes. The amount deferred in excess of the limit is not reported in box 1. The return of excess salary deferrals and excess designated contributions, including earnings on both, is reported on Form 1099-R.

The \$600 voluntary after-tax contribution may be reported in box 14 (this is optional) but not in box 12. The \$2,000 nonelective contribution and the \$3,000 nonelective profit-sharing employer contribution are not required to be reported on Form W-2, but may be reported in box 14.

Check the "Retirement plan" box in box 13.

Code E—Elective deferrals under a section 403(b) salary reduction agreement.

Code F—Elective deferrals under a section 408(k)(6) salary reduction SEP.

Code G—Elective deferrals and employer contributions (including nonelective deferrals) to any governmental or nongovernmental section 457(b) deferred compensation plan.

Do not report either section 457(b) or section 457(f) amounts that are subject to a substantial risk of forfeiture.

Code H—Elective deferrals under section 501(c)(18)(D) tax-exempt organization plan.

Be sure to include this amount in box 1 as wages. The employee will deduct the amount on his or her Form 1040.

Code J—Nontaxable sick pay.

Show any sick pay that was paid by a third-party and was not includible in income (and not shown in boxes 1, 3, and 5) because the employee contributed to the sick pay plan. Do not include nontaxable disability payments made directly by a state.

Code K—20% excise tax on excess golden parachute payments (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI).

If you made excess "golden parachute" payments to certain key corporate employees, report the 20% excise tax on these payments. If the excess payments are considered to be wages, report the 20% excise tax withheld as income tax withheld in box 2.

Code L—Substantiated employee business expense reimbursements.

Use this code only if you reimbursed your employee for employee business expenses using a per diem or mileage allowance and the amount that you reimbursed exceeds the amount treated as substantiated under IRS rules. See *Employee business expense reimbursements*.

Report in box 12 only the amount treated as substantiated (such as the nontaxable part). Include in boxes 1, 3 (up to the social security wage base), and 5 the part of the reimbursement that is more than the amount treated as substantiated. Report the unsubstantiated amounts in box 14 if you are a railroad employer.

Code M—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (for former employees).

If you provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected social security or RRTA tax on the coverage in box 12. Also see *Group-term life insurance*.

Code N—Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (for former employees).

If you provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected Medicare tax or RRTA Medicare tax on the coverage in box 12. Do not show any uncollected Additional Medicare Tax. Also see *Group-term life insurance*.

Code P—Excludable moving expense reimbursements paid directly to employee.

Show the total moving expense reimbursements that you paid directly to your employee for qualified (deductible) moving expenses. See *Moving expenses*.

Code Q—Nontaxable combat pay.

If you are a military employer, report any nontaxable combat pay in box 12.

Code R—Employer contributions to an Archer MSA.

Show any employer contributions to an Archer MSA. See *Archer MSA*.

Code S—Employee salary reduction contributions under a section 408(p) SIMPLE plan.

Show deferrals under a section 408(p) salary reduction SIMPLE retirement account. However, if the SIMPLE plan is part of a section 401(k) arrangement, use code D. If you are reporting prior year contributions under USERRA, see the *TIP* above Code D in *Box 12—Codes*.

Code T—Adoption benefits.

Show the total that you paid or reimbursed for qualified adoption expenses furnished to your employee under an adoption assistance program. Also include adoption benefits paid or reimbursed from the pre-tax contributions made by the employee under a section 125 (cafeteria) plan. However, do not include adoption benefits forfeited from a section 125 (cafeteria) plan. Report all amounts including those in excess of the \$13,190 exclusion. For more information, see *Adoption benefits*.

Code V—Income from the exercise of nonstatutory stock option(s).

Show the spread (that is, the fair market value of stock over the exercise price of option(s) granted to your employee with respect to that stock) from your employee's (or former employee's) exercise of nonstatutory stock option(s). Include this amount in boxes 1, 3 (up to the social security wage base), and 5. Include this amount in box 14 if you are a railroad employer.

This reporting requirement does not apply to the exercise of a statutory stock option, or the sale or disposition of stock acquired pursuant to the exercise of a statutory stock option. For more information about the taxability of employee stock options, see Pub. 15-B.

Code W—Employer contributions to a health savings account (HSA).

Show any employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria) plan) to an HSA. See *Health savings account (HSA)*.

Code Y—Deferrals under a section 409A nonqualified deferred compensation plan.

It is not necessary to show deferrals in box 12 with code Y. For more information, see Notice 2008-115. However, if you report these deferrals, show current year deferrals, including earnings during the year on current year and prior year deferrals. See *Nonqualified deferred compensation plans*.

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

Enter all amounts deferred (including earnings on amounts deferred) that are includible in income under section 409A because the NQDC plan fails to satisfy the requirements of section 409A. Do not include amounts properly reported on a Form 1099-MISC, corrected Form 1099-MISC, Form W-2, or Form W-2c for a prior year. Also, do not include amounts that are considered to be subject to a substantial risk of forfeiture for purposes of section 409A. For more information, see Regulations sections 1.409A-1 through 1.409A-6 and Notice 2008-115.

The amount reported in box 12 using code Z is also reported in box 1 and is subject to an additional tax reported on the employee's Form 1040. See *Nonqualified deferred compensation plans*.

For information regarding correcting section 409A errors and related reporting, see Notice 2008-113, Notice 2010-6, and Notice 2010-80.

Code AA—Designated Roth contributions under a section 401(k) plan.

Use this code to report designated Roth contributions under a section 401(k) plan. Do not use this code to report elective deferrals under code D. See *Designated Roth contributions*.

Code BB—Designated Roth contributions under a section 403(b) plan.

Use this code to report designated Roth contributions under a section 403(b) plan. Do not use this code to report elective deferrals under code E. See *Designated Roth contributions*.

Code DD—Cost of employer-sponsored health coverage.

Use this code to report the cost of employer-sponsored health coverage. **The amount reported with code DD is not taxable.** Additional reporting guidance, including information about the transitional reporting rules that apply, is available on the Affordable Care Act Tax Provisions page of IRS.gov [http://IRC.3111\(d\)](http://IRC.3111(d)).

Code EE—Designated Roth contributions under a governmental section 457(b) plan.

Use this code to report designated Roth contributions under a governmental section 457(b) plan. Do not use this code to report elective deferrals under code G. See *Designated Roth contributions*. [http://IRC.402A\(e\)\(1\)](http://IRC.402A(e)(1))

Box 13—Checkboxes. Check all boxes that apply.

- Statutory employee. Check this box for statutory employees whose earnings are subject to social security and Medicare taxes but not subject to federal income tax withholding. Do not check this box for common-law employees. There are workers who are independent contractors under the common-law rules but are treated by statute as employees. They are called statutory employees.
 1. A driver who distributes beverages (other than milk), or meat, vegetable, fruit, or bakery products; or who picks up and delivers laundry or dry cleaning if the driver is your agent or is paid on commission.
 2. A full-time life insurance sales agent whose principal business activity is selling life insurance or annuity contracts, or both, primarily for one life insurance company.
 3. An individual who works at home on materials or goods that you supply and that must be returned to you or to a person you name if you also furnish specifications for the work to be done.
 4. A full-time traveling or city salesperson who works on your behalf and turns in orders to you from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer's business operation. The work performed for you must be the salesperson's principal business activity.

For details on statutory employees and common-law employees, see section 1 in Pub. 15-A.

- Retirement plan. Check this box if the employee was an “active participant” (for any part of the year) in any of the following.
 1. A qualified pension, profit-sharing, or stock-bonus plan described in section 401(a) (including a 401(k) plan).
 2. An annuity plan described in section 403(a).
 3. An annuity contract or custodial account described in section 403(b).
 4. A simplified employee pension (SEP) plan described in section 408(k).
 5. A SIMPLE retirement account described in section 408(p).
 6. A trust described in section 501(c)(18).
 7. A plan for federal, state, or local government employees or by an agency or instrumentality thereof (other than a section 457(b) plan).

Generally, an employee is an active participant if covered by (a) a defined benefit plan for any tax year that he or she is eligible to participate in or (b) a defined contribution plan (for example, a section 401(k) plan) for any tax year that employer or employee contributions (or forfeitures) are added to his or her account. For additional information on employees who are eligible to participate in a plan, contact your plan administrator. For details on the active participant rules, see Notice 87-16, 1987-1 C.B. 446; Notice 98-49, 1998-2 C.B. 365; section 219(g)(5); and Pub. 590, Individual Retirement Arrangements (IRAs). You can find Notice 98-49 on page 5 of Internal Revenue Bulletin 1998-38 at www.irs.gov/pub/irs-irbs/irb98-38.pdf. Also see Notice 2000-30, which is on page 1266 of Internal Revenue Bulletin 2000-25 at www.irs.gov/pub/irs-irbs/irb00-25.pdf.



Do not check this box for contributions made to a nonqualified or section 457(b) plan.

See the *Form W-2 Box 13 Retirement Plan Checkbox Decision Chart*.

- Third-party sick pay. Check this box only if you are a third-party sick pay payer filing a Form W-2 for an insured's employee or are an employer reporting sick pay payments made by a third party. See *Sick Pay Reporting* in section 6 of Pub. 15-A.

Box 14—Other. If you included 100% of a vehicle's annual lease value in the employee's income, it also must be reported here or on a separate statement to your employee. You also may use this box for any other information that you want to give to your employee. Label each item. Examples include state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a member of the clergy's parsonage allowance and utilities. In addition, you may enter the following contributions to a pension plan: (a) nonelective employer contributions made on behalf of an employee, (b) voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay, (c) required employee contributions, and (d) employer matching contributions.

If you are reporting prior year contributions under USERRA (see the *TIP* above Code D in *Box 12—Codes and Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) makeup amounts to a pension plan*), you may report in box 14 makeup amounts for nonelective employer contributions, voluntary after-tax contributions, required employee contributions, and employer matching contributions. Report such amounts separately for each year.

Railroad employers, see *Railroad employers* for amounts reportable in box 14.

Boxes 15 through 20—State and local income tax information (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI).

Use these boxes to report state and local income tax information. Enter the two-letter abbreviation for the name of the state. The employer's state ID numbers are assigned by the individual states. The state and local information boxes can be used to report wages and taxes for two states and two localities. Keep each state's and locality's information separated by the broken line. If you need to report information for more than two states or localities, prepare a second Form W-2. See *Multiple forms*. Contact your state or locality for specific reporting information.