

W-2 Forms



- Actual Form Paper Supply (Have EXTRAS)
- Printing Capabilities
 - Laser
 - Xerox
- Distribution
 - Postage
 - Meter
 - Prepaid Envelops
 - Mailing
 - Pick Up
 - Delivery to Post Office

W-2 Forms



- Outside Resources- (They may do it ALL)
 - File Transfer of W-2 Data
 - Provide Forms
 - Printing
 - Mailings
 - Form Free Printing
 - 1099 Etc., Moore Business Forms

W-2 2002

Certain information must always be included on Form W-2, including:

- The employer's name, address, and EIN;
- The employee's name, address, and SSN;
- The total amount of wages, tips, and other reportable compensation; and
- Withheld federal income, social security, and Medicare taxes.

W-2 2002

All entries on Form W-2 should be typed in dark black ink in 12-point Courier font, if possible, since handwritten entries and other color inks hinder data entry processing, and should not be in script type, inverted font, italics, or dual case alpha characters. Entries in the boxes should not cross any of the vertical or horizontal lines that separate the boxes. Employers should not erase, white out, or strike over an entry. Paper Copies A of Form W-2 should be filed either alphabetically by employees' last names or numerically by employees' SSNs to help the SSA locate specific forms.

W-2 2002



Box-by-box 2002 Form W-2 instructions.
Which contain several minor changes from
the 2001 version.

Box a—Control number. This is not a required field and is for the employer to use in identifying individual Forms W-2.

W-2 2002

Void. This box should be checked only if the form is incorrect and is being corrected before Copy A has been filed with the SSA. The voided Copy A should not be sent to the SSA (unless it is on a page with a correct W-2), with corrected employee copies being sent to the employee. Do not include any amounts shown on Void Forms W-2 in the totals on Form W-3.

Box b—Employer identification number. Enter here the employer identification number (EIN) assigned by the IRS and used on the employer’s quarterly or annual employment tax returns (e.g., 941 or 943). Enter “Applied for” if the number has not yet been received.

Box c—Employer’s name, address, and ZIP code. Enter here the employer’s name, address, and ZIP code as they are shown on the quarterly or annual employment tax returns.
(Form 941 / 943)

W-2 2002

Box d—Employee’s social security number. Enter here the number shown on the employee’s social security card. If the employee does not have an SSN, advise the employee to apply for one and write “Applied for” in Box d. A Form W-2 or W-2c with the correct SSN must be filed when the employee receives a social security card and shows it to the employer, depending on whether Copy A has already been filed with the SSA.

Box e—Employee’s name. Enter here the employee’s name as shown on the employee’s social security card—first name and middle initial to the left of the vertical line, and last name to the right of the vertical line (use first initial instead of first name if the employee’s name won’t fit and ignore the vertical line). If the employee’s name has changed, use the name on the original card until a new card is shown. Do not show titles or academic degrees at the beginning or end of the employee’s name (e.g., Mr., Ms., Dr., MD or PhD). Do not use Jr., Sr. or a numerical suffix (e.g., III, IV) after the last name.

W-2 2002

- Third-party payers of sick pay filing third-party sick pay recap Forms W-2 must enter “Third-Party Sick Pay Recap” in place of the employee’s name in Box e.
- **Box f—Employee’s address and ZIP code.** Enter here (can be close enough to the employee’s name to allow mailing in a window envelope or as a self-mailer) the employee’s last known address. If part of the address is missing (street address, state name, and/or ZIP code), make sure the W-2 form can be located quickly by creating an exception report, in case the form cannot be delivered. This box is combined with Box e on all copies except Copy A. For a foreign address, give the information in the following order: city, province or state, postal code, and the name of the country (no abbreviation for the country name).

W-2 Box 1

- **Wages, tips, other compensation.** Report all wages, tips, and other reportable compensation actually or constructively paid to the employee during the calendar year, even though they may have been earned during the previous year. Such amounts include:
 - Total wages, prizes, and awards, but not elective deferrals unless made under a §501(c)(18)(D) plan
 - Total non cash payments (including reportable fringe benefits)
 - Total reported tips (not allocated tips)
 - Certain employee business expense reimbursements
 - Cost of accident and health insurance premiums paid on behalf of 2% shareholder-employees by an S corporation
 - Distributions from a nonqualified deferred compensation plan or a §457 plan
 - Payments to statutory employees

W-2 Box 1

- The value of group-term life insurance in excess of \$50,000
- Employee contributions to a medical savings account
- Employer contributions to a medical savings account to the extent they are includible in the employee's income
- Employer contributions for long-term care services to the extent the coverage is provided through a flexible spending arrangement
- Employee taxes paid by the employer
- Employer payments or reimbursements for nonqualified moving expense
- Taxable benefits (cash) paid under a cafeteria plan; and other reportable compensation from which no federal income tax was withheld (e.g., scholarships).

W-2 Box 2

- **Box 2- Federal income tax withheld. Enter here the total federal income tax withheld from employee's wages, including that withheld from third-party sick pay (unless the third party has reporting responsibilities). Also include the 20% excise tax withheld on excess golden parachute payments.**

W-2 Box 3

- **Box 3—Social security wages.** Enter here the total wages paid subject to employee social security tax, but not including tips and allocated tips. This includes employee business expense reimbursements reported in Box 1 and elective deferrals to plans described in Box 12, Codes D, E, F, G and S (even though not included in Box 1). It also includes the value of group-term life insurance coverage over \$50,000 that is taxable to former employees (see Section 3.3-1). Amounts deferred under a nonqualified deferred compensation plan and elective and non elective deferrals to §457 plans must be included here if they are no longer subject to forfeiture and the services giving rise to them have been performed (see Section 4.6-10). Also include employee and non excludable employer contributions to a medical savings account, employee contributions to a SIMPLE retirement account, and adoption benefits. The total of Boxes 3 and 7 should not exceed **\$84,900 for 2002** (maximum social security wage base).

W-2 Box 4

- **Box 4—Social security tax withheld.** Enter here the total employee social security tax withheld (not the employer's share) or paid by the employer for the employee. Do not subtract any advance EIC payments. For 2002 the amount should not exceed \$5263. 90.

W-2 Boxes

- **Box 5—Medicare wages and tips.** Enter here the total wages paid and reported tips subject to employee Medicare tax. This includes the same types of wages and tips subject to social security tax. However, there is no limit on the amount of wages and tips subject to Medicare tax.
- **Box 6—Medicare tax withheld.** Enter here the total employee Medicare tax withheld or paid by the employer for the employee. Do not subtract any advance EIC payments. If the employer is a government (public sector) employer with employees paying only the Medicare tax (not social security), enter the Medicare tax in this box.

W-2 Boxes

- **Box 7—Social security tips.** Enter here the amount of tips reported by the employee to the employer during the year even if employee funds were insufficient to collect the social security tax on the tips. The total of Boxes 3 and 7 should not exceed \$84,900 for 2002.
- **Box 8—Allocated tips.** Large food or beverage establishments should enter here the amount of tips allocated to the employee (see Section 3.4-26). The amount should not be included in Box 1, 3, 5, or 7.
- **Box 9—Advance EIC payment.** Enter here the amount paid to the employee as advance earned income credit.

W-2 Boxes

- **Box 10—Dependent care benefits.** Enter here the total amount of dependent care assistance benefits provided by the employer under IRC §129 . The amounts reported indicate amounts were paid or incurred by the employer for the employee, including the fair market value of employer-provided or employer-sponsored day care facilities and employee pre-tax contributions under a §125 plan. Any amount reported in Box 10 which exceeds \$5,000 must also be entered in Boxes 1, 3, and 5.

W-2 Box 11

- **Box 11—Nonqualified plans.** The instructions for Box 11 have undergone significant changes recently, since there has been much confusion over the years regarding what the information is used for and who uses it. According to the Form W-2 instructions, the purpose of Box 11 is to help the SSA determine if any portion of the amounts reported in Box 1, 3, or 5 was earned in a year earlier than the year being reported. SSA uses this information to verify that they have properly applied the social security earnings test and paid the correct amount of benefits, since employees from age 62 - 64 who are collecting social security benefits face a reduction in benefits if they earn more than a certain amount in a year.

continued

W-2 Box 11

- **Box 11—Nonqualified plans: *continued*.**
Generally, enter here the amount of distributions to an employee from a nonqualified deferred compensation plan or §457 plan. Put that amount in Box 1 as well. If no distributions were made to the employee, show the amount of any deferrals under the plan (plus earnings) that became subject to social security and Medicare taxes during the year (but were for prior year services) because they were no longer subject to a substantial risk of forfeiture. The deferral amount should also be put in Boxes 3 and 5. If the deferrals that are included in Boxes 3 and 5 relate to current year services (services performed in the year to which the Form W-2 relates), *do not report them in Box 11*.

continued

W-2 Box 11

- **Box 11—Nonqualified plans: *continued.***

Also, if the employee received distributions and had taxable deferrals during the year, *do not complete Box 11*. These amounts are subject to special reporting rules outlined in IRS Publication 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration, and must be reported on Form SSA-131, *Employer Report of Special Wage Payments*. Government employers should enter in Box 11 amounts deferred to ineligible §457(f) plans (see Section 4.6-4) when the substantial risk of forfeiture ends. These amounts should also be entered in Boxes 1, 3, and 5. Amounts deferred under eligible §457(b) plans should be entered in Boxes 3, 5, and 11 for the year when the substantial risk of forfeiture ends, and in Boxes 1 and 11 for the year when plan distributions are made. The Box 11 amounts for §457 plans should be preceded by Code G and a space if the employer is entering only distributions from §457 amounts in Box 11. Distributions from nonqualified deferred compensation plans or §457 plans paid to beneficiaries of deceased employees should be reported on Form 1099-R. Military retirement plan payments should also be reported on Form 1099-R.

W-2 Box 12

- **Box 12—See instructions for Box 12.** Enter here only items described in the following explanation, with the alphabetical code to the left of the vertical line in Boxes 12 a-d and the amount to the right of the vertical line and the dollar sign. Use capital letters for the codes. Paper Forms W-2, Copy A must contain no more than four items in Box 12, although magnetic media filers can include more. For paper filers, another Form W-2 can be used to report the additional items, but do not include any entries in Boxes 1-11. As with other Form W-2 entries, do not use dollar signs or commas in Box 12 amounts, only decimal points.

continued

W-2 Box 12

- *Code A—Uncollected social security or RRTA tax on tips.* Enter here the amount of social security or Railroad Retirement Tax Act (RRTA) tax on an employee's tips that could not be collected because of insufficient employee funds (regular wages and amounts contributed by the employee for withholding purposes). This amount should not be included in Box 4. The Code A amount + Box 4 should = (Boxes 3 + 7) x 6.2%.
- *Code B—Uncollected Medicare tax on tips.* Enter here the amount of Medicare or RRTA Medicare tax on an employee's tips that could not be collected because of insufficient employee funds (regular wages and amounts contributed by the employee for withholding purposes). This amount should not be included in Box 6. The Code B amount + Box 6 should = Box 5 x 1.45%.
- *Code C—Cost of group-term life insurance coverage over \$50,000.* Enter here the taxable cost of employer-provided group-term life insurance coverage over \$50,000, minus the employee's after-tax contributions. Also include this amount in Boxes 1, 3, and 5.

W-2 Box 12

- *Code D—Section 401(k) contributions.* Enter here the employee's total elective deferrals to a §401(k) cash or deferred arrangement and amounts deferred to a SIMPLE retirement account that is part of such an arrangement, even if they exceed the annual elective deferral limit (not employer non elective or matching contributions or employee after-tax contributions). Do not report any excess deferral in Box 1.
- *Code E—Section 403(b) contributions.* Enter here the employee's total elective deferrals to a §403(b) salary reduction agreement to purchase an annuity contract, even if they exceed the annual elective deferral limit (not employer non elective or matching contributions or employee after-tax contributions). Do not report any excess deferral in Box 1.
- *Code F—Section 408(k)(6) contributions.* Enter here the employee's total elective deferrals to a §408(k)(6) salary reduction Simplified Employee Pension plan, even if they exceed the annual elective deferral limit (not employer non elective or matching contributions or employee after-tax contributions). Do not report any excess deferral in Box 1.

W-2 Box 12

- *Code G—Section 457(b) contributions.* Enter here the total elective and non elective contributions made to §457(b) deferred compensation plan for government employees or tax-exempt organizations, even if they exceed the annual elective deferral limit. Do not report amounts contributed to an ineligible §457(f) plan or amounts deferred under a §457(b) plan that are subject to a substantial risk of forfeiture.
- *Code H—Section 501(c)(18)(D) contributions.* Enter here the total elective deferrals to a §501(c)(18)(D) tax-exempt organization plan (not employer non elective or matching contributions or employee after-tax contributions). Also include this amount in Box 1. Beginning in 2002 employees who are 50 years or older can defer an extra \$ 1000 into an eligible retirement plan above the statutory or plan limits as a “catch-up” contribution. Any catch-up contribution amount should be added to the employee’s elective deferral under such plans for purposes of reporting the amount in Box 12.
- *Code J—Nontaxable sick pay.* Enter here the amount of third-party sick pay that is not included in income because of the employee’s after-tax contributions to the sick pay plan.

W-2 Box 12

- *Code K—20% excise tax on excess golden parachute payments.* Enter here the 20% excise tax on excess parachute payments (see Section 3.4-14) made to key corporate employees after a merger or If the excess payments are considered wages, also enter the 20% tax in Box 2 as federal income withheld.
- *Code L—Substantiated employee business expense reimbursements.* Enter here the amount of employee business expense treated as substantiated (nontaxable) only if the employer reimburses its employees for expenses under a per diem or mileage allowance that exceeds the government-approved rates. The taxable portion must be included in Boxes 1, 3, and 5.
- *Code M—Uncollected social security or RRTA tax on cost of group-term life insurance coverage over \$50,000.* Enter here the amount of uncollected social security or RRTA tax on the value of excess group-term life insurance coverage for former employees. $(\text{Box 3} + \text{Box 7}) \times .062 = \text{Code M} + \text{Box 4}$.

W-2 Box 12

- *Code N—Uncollected Medicare tax on cost of group-term life insurance coverage over \$50,000.* Enter here the amount of uncollected Medicare or RRTA Medicare tax on the value of excess group-term life insurance coverage for former employees. $\text{Box 5} \times .0145 = \text{Code N} + \text{Box 6}$.
- *Code P—Excludable reimbursed moving expenses.* Enter here the amount of moving expense reimbursements paid to employees (not payments made to third parties on behalf of employees) that were not included in the employees' income because they were paid for qualified moving expenses. Payments to third parties for qualified moving expenses are no longer reported by the employer on Form W-2.
- *Code Q—Military employee basic quarters, subsistence and combat pay.* Military employers that provide employees with basic quarters, subsistence allowances, or combat zone pay must enter the amount here.

W-2 Box 12

- *Code R—Medical savings account contributions.* Enter here the amount of employer contributions to a medical savings account. Amounts that are not excludable from the employee's gross income must also be included in Box 1. To the extent that it was not reasonable at the time of payment to believe that the employer contributions would be excludable from the employee's gross income, the employer's contributions must also be included in Boxes 3 and 5.
- *Code S—SIMPLE retirement account contributions.* Enter here the amount of employee salary reduction contributions to a SIMPLE retirement account, but not if the retirement account is part of a §401(k) cash or deferred arrangement (such amounts are reported with Code D). Do not report this amount in Box 1, even if there is an excess deferral, but the amount must be reported in Boxes 3 and 5.

W-2 Box 12

- *Code T—Employer-provided adoption benefits.* Enter here the total amount paid or expenses incurred by the employer for qualified adoption expenses provided to an employee under an adoption assistance program. Also include benefits from the pre-tax contributions made by the employee to a §125 adoption plan account. Do not include this amount in Box 1, but it must be included in Boxes 3 and 5.
- *Code V—Income from the exercise of non statutory stock options.* Enter here the spread (i.e., the fair market value minus the exercise price) from your employees' (or former employees') exercise of non statutory stock options. Also include this amount in Boxes 1, 3, and 5. **Use of this code is optional for the 2002 Form W-2.**

W-2 Box 13

- Check the following boxes if they apply.
- *Statutory employee.* Check this box if the employee is a statutory employee whose wages are subject to social security and Medicare taxes, but not federal income tax withholding (see Section 1.3-1).
- *Retirement plan.* Check this box if the employee was an “active participant” in an employer’s retirement plan, including §401(a) qualified plans (including a §401(k) plan); §403(a) and §403(b) annuity plans; government employer plans other than §457 plans; §408(k) Simplified Employee Pension plans; §408(p) SIMPLE retirement accounts; and §501(c)(18) tax-exempt trusts. Also check this box if the employee actively participates in a collectively bargained union retirement plan. Do not check for contributions made to a nonqualified deferred compensation plan or a §457 plan.

continued

W-2 Box 13

- An active participant is defined differently depending on the type of plan. For defined benefit plans, all employees who are eligible to participate, even if they have chosen not to, are active participants in the plan. For defined contribution plans, employees who receive allocations to their accounts in a plan year ending during the calendar year are active participants in the plan. Employers should be careful because allocations are not always made in the same year as contributions, especially employer matching contributions.
- *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.

W-2 Box 14

- **Box 14—Other.**
- If the employer treats 100% of the lease value of a company provided car as income to the employee and reports it in Box 1, the employer must also report this amount in Box 14 **or** in a separate statement to the employee.
- This box also serves as an **optional** field where the employer may report other information such as :
 - State disability insurance tax withheld
 - Union dues
 - Uniform payments
 - Health insurance premiums
 - Nontaxable income
 - Educational assistance payments

continued

W-2 Box 14

- **Box 14—Other.**
- This box also serves as an **optional** field where the employer may also enter the following retirement plan contributions:
- Non elective employer contributions made on behalf of an employee
- Voluntary after-tax contributions deducted from an employee's
- Required employee contributions; and
- Employer matching contributions.

W-2 Boxes 2002

- **Boxes 15 through 20—State and local income tax information.**
- Report state and local tax information in these boxes. It may be required by state and local agencies if the same W-2 form copies are used for the employer's state and local returns. They are not required for any federal amounts. Enter the two-letter postal abbreviation for the name of the state to the left of the vertical line in Box 15 and the employer's state ID number to the right of the vertical line. There are enough boxes to report amounts for two states and two localities, with one state and/or locality above and one below the broken line. If only one state and/or locality is reported, place the amounts above the broken line. If information for more than two states or localities must be reported, use a separate Form W-2.

References

- The American Payroll Association:
 - The Payroll Source
 - Federal Payroll Tax Laws and Regulations
 - Federal Payroll Non-Tax Laws and Regulations
- Oracle Payroll Users Guide
- Oracle Year End Guide
- Special Edition Using Oracle Application - BOSS Corporation
- Years Of Experience!