

UNDERSTANDING YOUR W-2 FORM

The Form W-2 Wage and Tax Statement are used to report wages paid to employees and the taxes withheld from them in the calendar year. Employees need the W-2 form for filing their personal income tax return(s). The following information is designed to help employees understand the numbered boxes on the W-2 and is not to be construed as tax advice. We have provided a brief overview of the information on the W-2 form; however, you can locate a complete guide/list of definitions for each box on the W-2 by visiting the Internal Revenue Service site at <http://www.irs.gov/pub/irs-pdf/iw2w3.pdf>

Box 1. Wages, tips, other compensation

This is the federal taxable wages paid within the stated calendar year. The amount is calculated as follows:

Year to Date Earnings (paychecks received January through December)

Less:

- Tax-deferred retirement deductions such as CalSTRS, CalPERS, CASH BALANCE (Retirement Plan will be marked in Box 13)
- Tax deferred retirement plans, such as 403(b) and 457(b) accounts
- Under a Section 125 Plan: Flexible Spending Accounts (FSA) such as a) health care for qualified medical expense reimbursements, b) dependent care or c) premium only plan for group health insurance
- Workers' Compensation Payments

Plus:

- Taxable Benefits (i.e., certain educational benefits; certain moving expenses, etc.).
- Vehicle use, transit subsidy, etc.
- Taxable benefits from a section 125 plan if the employee chooses cash

Note: Foreign nationals whose wages are exempt from income tax under a tax treaty receive a 1042-S reporting these "exempt" wages. They might also receive a W-2.

Box 2. Federal income tax withheld

This is federal income tax withheld from your pay. If you did not file a W-4 form, the default withholding is 'single' claiming 0 (zero) irrespective of your marital status. Your current status can be found on your paycheck stub.

Box 3. Social security wages

Social security wages are not identical to federal taxable gross wages in Box 1. Employee contributions to a retirement plan are exempt from income taxes but subject to social security taxes.

Note: Full time students who work for WCCUSD are exempt from social security taxes under the "student exemption."

Some employees in the federal retirement system are exempt from Social Security/OASDI taxes but subject to Medicare taxes.

Foreign Nationals who are non-resident aliens based on the substantial presence test are exempt from social security taxes.

Box 4. Social security tax withheld

This is social security tax withheld from your pay for the OASDI component of social security taxes. OASDI is an acronym for "Old Age Survivors and Disability Insurance."

Box 5. Medicare wages and tips

This is total wages and tips subject to the Medicare (hospital insurance) component of social security taxes. The Medicare wage base is not subject to a cap.

Box 6. Medicare tax withheld

This is Medicare tax withheld from your pay for the Medicare component of social security taxes. The rate is 1.45% of the Medicare wage base (Box 5).

Box 7. Social security tips

This box generally does not apply to employees of the district.

Box 8. Allocated tips

This box generally does not apply to employees of the district.

Box 9. Per IRS – not in use

Box 10. Dependent care benefits

This is the before-tax deduction under the Select Benefits Program for dependent care; such as, 125 dependent care flex plan. This amount is not included in box 1.

Box 11. Nonqualified Plans

This box generally does not apply to employees of the district.

Box 12. Pertinent Codes (Please keep in mind there are many codes offered to be used in Box 12. We have chosen to list only a few (for a conclusive list please visit the IRS website noted above).

Box 12 Codes:

- Code E: Elective deferrals for retirement under section 403(b)
- Code G: Elective deferrals for retirement under section 457(b)
- Code J: Nontaxable sick pay
- Code BB: Designated Roth contributions under a section 403(b) plan
- Code DD: Cost of employer-sponsored health coverage

Box 13. Retirement Plan

This box is checked if you are an eligible participant in STRS/PERS retirement plans. This area is also used to report third-party sick pay and statutory employees.

Box 14. Other

This box may be used for any other information we want to give to our employees including union dues and SDI.

Box 15. State

This box identifies the state the employee's wage report is issued to.

Box 16. State wages, tips, etc.

This box reflects the amount of state wages reported to the state.

Box 17. State income tax

This is state income tax withheld from your pay and reported to the state.

Box 18. Local wages, tips, etc.

This box reflects the local wages reported to the locality indicated in Box 20. This box generally does not apply to employees of the district.

Box 19. Local income tax

This is local income tax withheld from your pay and reported to the locality in Box 20. This box generally does not apply to employees of the district.

Box 20. Locality name

This box identifies the "locality" that received this wage report. This box generally does not apply to employees of the district.

We hope this information has been of service to our valued employees of the West Contra Costa Unified School District.