

Form W-2 Instructions (continued)

Wages

1 Wages, Tips

3 SS Wages

5 Medicare Wages

7 SS Tips

9 IRS Verification Code (If provided)

11 NonQual Plan

2 Federal Tax Withheld

4 Soc. Sec. Tax Withheld

6 Medicare Tax

8 Allocated Tips

10 Dependent Care

Unreported Tips

Review Box 2 and Box 17 to ensure tax withheld was entered and is correct.

The entries in Boxes 3, 4, 5, 6 and 16 will auto-populate based on the Box 1 entry. If the figures don't match taxpayer's Form W-2, correct the data so that it matches the information on Form W-2.

If there is an entry in Box 10, Form 2441, Child and Dependent Care Expenses, must be completed.

Be sure to complete Box 11 if there is an entry on the original Form W-2. An entry here may indicate that the taxpayer is receiving deferred compensation earned in a prior year.



CAUTION IRS requires that information on electronically filed Form(s) W-2 match the printed Form(s) W-2 exactly if possible; however, the name cannot be changed, and the software will not accept special characters.



TIP If the taxpayer earned tips that weren't reported to the employer, enter in the Unreported Tips box. This will add Form 4137, Social Security and Medicare Tax on Unreported Tip Income, to the return. If the taxpayer received tips that weren't reported to the employer because they were less than \$20 a month, go to Other Taxes, select Form 4137 and also enter the amount there. If a taxpayer wishes to use their tip log instead of allocated tips in box 8, leave box 8 blank and report it as unreported tips within the W-2.

Form W-2 Instructions (continued)

For Boxes 12 and 14, choose the code from the drop-down menu and enter the dollar amount. If there are more than 4 items in Box 12, enter the items that impact the tax return (Code D, E, G, M, N, P, Q, T, W, AA, BB, EE).

Be sure to select the correct items for Box 13 as indicated on Forms W-2. This is important in calculating the deductibility of IRA contributions.

If statutory employee is marked, employment taxes are withheld by the employer, but the taxpayer will report income and deduct expenses using Schedule C. Re-enter income as statutory income on Schedule C Income screen. Also enter related expenses. Do not mix statutory employee income with other income on the same Schedule C.

The diagram illustrates the relationship between Form W-2 boxes and their corresponding instructions. Box 12 (Code and Amount) and Box 14 (Code and Amount) are linked to instructions regarding elective deferrals and retirement contributions. Box 13 (Statutory Employee, Retirement Plan, Third Party Pay, Medicaid Waiver Payment, Railroad tier 1 tax withheld, Railroad medicare tax withheld) is linked to instructions about taxable income and EIC/ACTC calculations. A note about 'Add State' is also present.

Select from the drop-down list for Box 14. If the amount is eligible for the retirement saver's contributions credit, select Retirement (Not in Box 12)- Carry to Form 8880. To qualify for this treatment, the contribution must be a voluntary, not a mandatory, contribution.

Third party pay, Box 13, is taxable income and reported in Box 1.

A taxpayer may choose to include qualified Medicaid waiver payments in the calculation of earned income for the EIC and the ACTC. These are payments received for providing nonmedical support services under a plan of care to someone in the taxpayer's home. If these payments were incorrectly reported in box 1 of Form(s) W-2, enter the amount again in the Medicaid Waiver Payment box. For more information about these payments, see the next page.

If the Form W-2 shows withholding from more than one state, select the **Add State** button to add the additional information.

Form W-2 Reference Guide for Common Box 12 Codes

- | | |
|--|--|
| A Uncollected social security or RRTA tax on tips | P Excludable moving expense reimbursements paid directly to employee |
| B Uncollected Medicare tax on tips | Q Nontaxable combat pay (Military certification) |
| C Taxable cost of group term life insurance over \$50,000 included in boxes 1, 3 (up to social security wage base) & 5. | R Employee Contributions to MSA, Out of Scope |
| D Elective deferrals to a section 401(k) cash or deferred arrangement | T Adoption benefits (Out of Scope) |
| E Elective deferrals under a section 403(b) salary reduction agreement | W Employer contributions (including amounts the employee contributes through a cafeteria plan) to employee's health savings account |
| G Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan | AA Designated Roth contributions under a section 401(k) plan |
| H Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan. Included in Box 1 as wages, but see Pub 525 Taxable and Nontaxable Income instructions on how to deduct on Form 1040. | BB Designated Roth contributions under a section 403(b) plan |
| J Nontaxable sick pay (information only, not included in box 1, 3, or 5) | DD Cost of employer-sponsored health coverage (not taxable) |
| | EE Designated Roth contributions under a governmental section 457(b) plan |

Codes D, E, G, AA, BB, and EE also indicate elective (voluntary) contributions which qualify for retirement savings credit. See Tab G, Nonrefundable Credits.