

1992



Department of the Treasury
Internal Revenue Service

Instructions for Form W-2

Wage and Tax Statement

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 32 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0008), Washington, DC 20503. DO NOT send the tax form to either of these offices. Instead, see **Where To File** below.

Changes You Should Note

The wage bases are \$55,500 for social security (old age, survivors, and disability insurance) and \$130,200 for Medicare (hospital insurance). For social security, the tax rate is 6.2% each for employers and employees. For Medicare, the rate is 1.45% each for employers and employees.

Form W-2 is now printed on carbonized paper.

General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

Who Must File.—Form W-2 is filed by employers. (See **Circular E**, Employer's Tax Guide, or **Circular A**, Agricultural Employer's Tax Guide. Household employers, see **Form 942**, Employer's Quarterly Tax Return for Household Employees.) Military employers should report military retirement payments on **Form 1099-R**, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. If you have 250 or more Forms W-2, see instructions for **Magnetic Media Reporting** on the next page.

When To File.—File Form W-2 with **Form W-3**, Transmittal of Income and Tax Statements, by March 1, 1993.

If you need an extension of time to file Form W-2, see **When To File** in the instructions for Form W-3.

Where To File.—See Form W-3 for instructions.

Calendar Year Basis.—The entries on Form W-2 must be based on a calendar year.

Taxpayer Identification Numbers.—We use these numbers to check the payments you report against the amounts shown on the employees' tax returns. **When you prepare Form W-2, be sure to show the correct**

social security number (SSN) on the form or on magnetic media.

Persons in a trade or business use an employer identification number (EIN) (00-0000000). Individuals use a social security number (000-00-0000). When you list a number, please separate the nine digits properly to show the kind of number.

Sole proprietors who are payers should show their EIN on the statements they prepare. But if you prepare a statement showing payment to a sole proprietor, give the proprietor's social security number in Box 5 of Form W-2.

Please show the full name, address, and identification number of the employer and the employee on the form. If you made payments to more than one individual, show on the first line **ONLY** the name of the recipient whose number is on the statement. Show the other names on the second line. If the recipient is **NOT** an individual and the name runs over the first line, you may continue on the second and following lines.

Note: *If your employee has been given a new social security card because of an adjustment to his or her alien residence status, which shows a different name or social security number, correct your records for 1992 and show the new information on the 1992 Form W-2. If you filed Form W-2 for the same employee in prior years under the old name and social security number, file Form W-2c, to correct the name and number. (See **Corrections** later.) Use one Form W-2c to correct each prior year. Advise the employee to contact their local Social Security Administration (SSA) office later in the year to ensure that his or her record has been updated.*

Statements to Employees.—Generally, give statements to employees by January 31, 1993. If employment ends before December 31, 1992, you may give copies any time after employment ends. If the employee asks for Form W-2, give him or her the completed copies within 30 days of the request or the final wage payment, whichever is later.

You may give statements to employees on government-printed official forms or on privately printed substitute forms.

Be sure that the statements you provide to employees are clear and legible.

A revenue procedure, titled "Specifications for Private Printing of Forms W-2 and W-3" reprinted as **Pub. 1141**, explains the format that must be used on all substitute paper forms. You can get a copy by calling 1-800-829-3676.

Undeliverable Forms W-2.—Keep for 4 years any employee (recipient) copies of Forms W-2 that you tried to deliver but could not.

Corrections.—Use **Form W-2c**, Statement of Corrected Income and Tax Amounts, to correct errors on previously filed Form W-2.

File Form W-2c to correct Form W-2P for 1990 and prior tax years. Use **Form W-3c**, Transmittal of Corrected Income and Tax Statements, to transmit the W-2c forms to the SSA. Instructions are on the forms.

If a Form W-2 is corrected before Copy A is filed with SSA, give the employee the corrected copies and write "Corrected" on them. Check the "Void" box on the original Copy A and send the new Copy A to SSA. Do **NOT** write "Corrected" on the new Copy A.

If you are making an adjustment in 1992 to correct social security tax for a prior year, you must file **Form 941c**, Statement To Correct Information Previously Reported on the Employer's Federal Tax Return, with your **Form 941**, Employer's Quarterly Federal Tax Return, in the quarter you find the error and issue the employee a Form W-2c for the prior year.

Reissued Statement.—If an employee (or recipient) loses a statement, write "REISSUED STATEMENT" on the new copy, **but do not send Copy A of the reissued statement to SSA.**

Earned Income Credit (EIC) Notification.—You must notify any employee not having income tax withheld that they may be eligible for an income tax refund because of the EIC. You can do this by using the official IRS Form W-2 which contains a statement on the back of Copy C concerning the EIC. If you use a substitute Form W-2, or you are not required to furnish Form W-2, or if you do not furnish a timely Form W-2 to your employee, you may have to give your employee **Notice 797**, Possible Federal Tax Refund Due to the Earned Income Credit (EIC). Get **Pub. 1325** for more information.

Employee Business Expense Reimbursements.—Reimbursements for employee business expenses should be reported as follows:

- Generally, payments made under an accountable plan are excluded from the employee's gross income and are not required to be reported on Form W-2. However, if you pay a per diem or mileage allowance, and the amount paid 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, social security, Medicare, and Federal unemployment taxes. Report the amount treated as substantiated (i.e., the nontaxable portion) in Box 17 using code "L."

- Payments made under a nonaccountable plan are reportable as wages on Form W-2 and are subject to income tax withholding, social security, Medicare, and Federal unemployment taxes.

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 Regulations section 1.62-2, Rev. Proc. 90-59, 1990-2 C.B. 644, Rev. Proc. 90-60, 1990-2 C.B. 651, **Publication 463**, Travel, Entertainment, and Gift Expenses and **Publication 1542**, Per Diem Rates.

Sick Pay.—If you had employees who received sick pay in 1992 from an insurance

company or other third-party payer, and the third party notified you of the amount of sick pay involved, you must report the following on the employees' Forms W-2.

(a) in Box 9, the amount (if any) of income tax withheld from the sick pay by the third-party payer;

(b) in Box 10, the amount the employee must include in income;

(c) in Box 11, the employee social security tax withheld (6.2%) by the third-party payer;

(d) in Box 12, the amount of sick pay that is subject to employee social security tax;

(e) in Box 14, the amount of sick pay that is subject to employee Medicare tax;

(f) in Box 15, the employee Medicare tax withheld (1.45%); and

(g) in Box 17, the amount (if any) not includible in income because the employee contributed to the sick pay plan. See the instructions for Box 17 for the correct code to use.

You can include these amounts on the Forms W-2 you issue the employees showing wages, or you can give the employees separate Forms W-2 and state that the amounts are for third-party sick pay. In either case, you must show in Box 25 of Form W-3 the total amount of income tax withheld by third-party payers, even though the amounts are includible in Box 9. Also, see the instructions for Form W-3 and Notice 91-26, 1991-31 I.R.B. 14 for more information on third-party sick pay.

Magnetic Media Reporting.—If you file 250 or more Forms W-2, you must report on magnetic media unless you have been granted a waiver by the IRS.

If you are filing Form W-2 using magnetic media, you will also need **Form 6559**, Transmitter Report and Summary of Magnetic Media Filing, and **Form 6559-A**, Continuation Sheet for Form 6559 etc.

You can get magnetic media reporting specifications at many Social Security Administration offices or you may write to the Social Security Administration, P.O. Box 2317, Baltimore, MD 21235. Attn: Magnetic Media Coordinator.

A waiver can be requested on **Form 8508**, Request for Waiver From Filing Information Returns on Magnetic Media. This form must be submitted to IRS 45 days before the due date of the return. Get Form 8508 for filing information.

Note: If you file on magnetic media, do not file the same returns on paper.

Penalties.—A penalty may be imposed if a person either fails to file an information return or files with incorrect information.

The amount of the penalty is based on when the correct information returns are filed. The penalty is as follows:

- \$15 for each information return if the correct information is filed within 30 days after the due date with a maximum penalty of \$75,000 per year (\$25,000 for small businesses, defined later).

- \$30 for each information return if the correct information is filed more than 30 days after the due date but by August 1, with a maximum penalty of \$150,000 per year (\$50,000 for small businesses).

- \$50 for each information return that is not filed at all or is not filed correctly by August

1, with a maximum penalty of \$250,000 per year (\$100,000 for small businesses).

Exceptions to the Penalty.—In general, the penalty will not apply to any failure that was due to reasonable cause.

In addition, the penalty will not apply to a de minimis number of failures. These failures are information returns that were filed timely, but with incomplete or incorrect information and were corrected by August 1. The penalty will not apply to the greater of 10 information returns or 1/2 of 1% of the total number of information returns that are required to be filed for the year.

Definition of Small Business.—A small business is a firm with average annual gross receipts of \$5 million or less for the 3 most recent taxable years.

Failure To Provide Employee Statement or Providing Incorrect Employee Statement.—

A penalty may be imposed if a person either fails to furnish a payee statement by the due date or fails to include correct information on a payee statement. The penalty is \$50 for each failure. The maximum penalty for such failures is \$100,000.

Penalties for Intentional Disregard.—Higher penalties of at least \$100 per document may be imposed for intentional disregard of the filing, providing payee statements, and correct information reporting requirements.

How To Complete Form W-2

Form W-2 is a six-part form. Please ensure that the copies are legible.

Form W-2 is printed with two forms to an unperforated page. Send the whole Copy A page to SSA even if one of the forms is blank or void. If you are sending 42 or more Forms W-2, please show subtotals on every 42nd form for the preceding 41 forms.

Since Copy A is processed by optical scanning machines, please type the entries, if possible, using black ink. Please do not make any erasures, whiteouts, or strikeovers. Also, do not use script type. **Make all dollar entries without the dollar sign and comma but with the decimal point (0000.00).**

If possible, please file Forms W-2 either alphabetically by employees' last names or numerically by employees' SSNs. This will help SSA locate specific forms if there is a problem processing your submission.

Specific Instructions

Box 1—Control number.—You may use this box to identify individual Forms W-2. You do not have to use this box.

Box 3—Employer's identification number.—Show the number 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, 942, or 943). Do not use a prior owner's EIN.

Box 4—Employer's state I.D. number.—You do not have to complete this box, but you may want to if you use copies of this form for your state return. The number is assigned by the individual states.

This box is separated by a dotted line so you may report two state I.D. numbers. If you are only reporting for one state, enter the number above the dotted line.

Box 5—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 at any SSA office.

Box 6—Check the 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. (See Circular E for the definition of statutory employees.) Do not check this box for common law employees.

Deceased.—Check this box if the employee is now deceased. If an employee is deceased, you must report wages or other compensation for services he or she performed and that were paid in the year of death to the estate or beneficiary. In addition, such wages received in a year after the year of death may be reportable on **Form 1099-MISC**, Miscellaneous Income. For information on how to report, see Rev. Rul. 86-109, 1986-2 C.B. 196.

Pension plan.—Check this box if the employee was an active participant (for any part of the year) in a retirement plan (including a 401(k) plan or a simplified employee pension (SEP) plan) maintained by you. Also check this box if the employee participates in a collectively bargained plan (i.e., union plan). See IRS Notice 87-16, 1987-1 C.B. 446, reprinted as **Pub. 1602**, for the definition of an active participant. You can get this publication by calling 1-800-829-3676. Do not check this box for contributions made to a nonqualified pension plan or a section 457 plan.

Legal representative.—Check this box when the employee's name is the only name shown but is shown as a trust account (e.g., John Doe Trust), or another name is shown in addition to the employee's name and the other person or business is acting on behalf of the employee.

Representatives are identified by words such as "custodian," "parent," or "attorney"; sometimes the employee is identified as a minor, child, etc. Do **NOT** check this box if the address is in care of someone other than the employee (John Doe, c/o Jane Smith).

942 employee.—For household employers only. See Form 942 instructions for information on when to check this box.

Subtotal.—Do not subtotal if you are submitting 41 or fewer Forms W-2. If you are submitting **42 or more Forms W-2**, please give subtotal figures for every 41 individual forms. Check the "Subtotal" box on the form that shows the subtotal dollar amounts for the preceding 41 forms and for the last group of forms, even if less than 41 forms. (See the example.) Void statements are counted in order with good statements, **but do not include the money amounts from the void statements in the subtotal figures.** Subtotal statements should always be the last completed form on a page.

Example: An employer with Forms W-2 for 86 employees should show a subtotal on the 42nd statement, the 84th statement (showing the subtotal for statements 43 through 83), and the 89th statement (showing the subtotal for statements 85 through 88).

The subtotal amounts to be shown are Boxes 7 through 17, and 22. Do not enter codes with subtotal amounts in boxes 16 and 17. However, in Box 17, subtotal only codes D, E, F, G, and H as one amount. See Box 17 instructions. Also, for Box 16, show one

subtotal amount; that is do not separate distributions from nonqualified plans (uncoded) and distributions from section 457 plans.

Deferred compensation.—Check this box if the employee has made an elective deferral to a section 401(k), 403(b), 408(k)(6), 457, or 501(c)(18)(D) retirement plan. See also instruction (d) under **Box 17**.

Void.—Put an X in this box when an error has been made (**Amounts shown on void forms should NOT be included in your subtotals.**)

Box 7—Allocated tips.—If you are a large food or beverage establishment, show the amount of 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 Box 10 (Wages, tips, other compensation), Box 13 (Social security tips), or Box 14 (Medicare wages and tips).

Box 8—Advance EIC payment.—Show the total amount paid to the employee as advance earned income credit payments.

Box 9—Federal income tax withheld.—Show the amount of Federal income tax withheld from the employee's wages for the year.

Box 10—Wages, tips, other compensation.—Show in Box 10 (excluding elective deferrals, except section 501(c)(18) contributions), before any payroll deductions, the following items:

(1) Total wages paid during the year. For example, if the employee worked from December 24, 1991, through January 4, 1992, and the wages for that period were paid on January 7, 1992, include those wages on the 1992 Form W-2;

(2) Total noncash payments (including fringe benefits);

(3) Total tips reported;

(4) Certain employee business expense reimbursements (see **Employee Business Expense Reimbursements** on page 1); and

(5) All other compensation, including certain scholarships and fellowship grants and payments for moving expenses. Other compensation is amounts that you pay your employee from which Federal income tax is not withheld. If you prefer, you may show other compensation on a separate Form W-2.

Note: Payments to statutory employees that are subject to social security and Medicare taxes but not subject to Federal income tax withholding must be shown in Box 10 as other compensation. (See Circular E for definition of a statutory employee.)

Box 11—Employee social security tax withheld.—Show the total employee social security tax (not your share) withheld or paid by you for the employee. The amount shown should not exceed \$3,441.00. Include only taxes withheld for 1992 wages.

Box 12—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. Generally, noncash payments are considered wages. Include employee business expenses reported in Box 10. Also, include elective deferrals to certain qualified cash or deferred compensation arrangements and to retirement arrangements described in Box 17, codes D, E, F and G, even though

the contributions are not includible in Box 10 as wages, tips, and other compensation. (See Circular E for more information.) Include any employee social security, Medicare, and employee state unemployment compensation taxes you paid for your employee rather than deducting it from wages except for household or agricultural employees. (See Rev. Proc. 81-48, 1981-2 C.B. 623, for details.) Report in this box the amount of the cost of group-term life insurance coverage over \$50,000 that is taxable to former employees. **The total of Boxes 12 and 13 should not be more than \$55,500.00** (the maximum social security wage base for 1992).

In the case of certain members of the clergy and religious workers who are not subject to social security tax as employees, Boxes 12 and 14 should be left blank. See **Pub. 517**, Social Security For Members of the Clergy and Religious Workers.

Box 13—Social security tips.—Show the amount the employee reported even if you did not have enough employee funds to collect the social security tax for the tips. The total of Boxes 12 and 13 should not be more than \$55,500.00 (the maximum social security wage base for 1992). But report all tips in Box 10 along with wages and other compensation.

Box 14—Medicare wages and tips.—The wages and tips subject to Medicare tax are the same as those subject to social security tax (Boxes 12 and 13), except that the wage base for Medicare is \$130,200.00. Enter the Medicare wages and tips in Box 14, but do not enter more than \$130,200.00. Be sure to enter tips the employee reported even if you did not have enough employee funds to collect the Medicare tax for those tips. Report in this box the amount of the cost of group-term life insurance coverage over \$50,000.00 that is taxable to former employees.

If you are a Federal, state, or local agency with employees paying only the 1.45% Medicare tax, enter the Medicare wages in this box. File one Form W-3 for wages subject only to the Medicare tax. Be sure to check the Medicare Government Employee box in item 2 of Form W-3. File a second Form W-3 with the 941/941E box checked in item 2 for wages subject to both social security and Medicare taxes. See Form W-3 instructions.

The following is an example of how to report social security and Medicare wages in Boxes 12 and 14. Assume you paid your employee \$100,000.00 in wages. The amount

shown in Box 12 (social security wages) should be 55500.00, but the amount shown in Box 14 (Medicare wages and tips) should be 100000.00. If the amount of wages paid was less than \$55,500, the amounts entered in Boxes 12 and 14 would be the same.

Box 15—Medicare tax withheld.—Enter the total employee Medicare tax (not your share) withheld or paid by you for your employee. The amount shown should not exceed 1887.90. Include only taxes withheld for 1992 wages. If you are a Federal, state, or local agency, with employees paying only the 1.45% Medicare tax, enter the Medicare tax in this box.

Box 16—Nonqualified plans.—Show the total amount of distributions to your employee from a nonqualified plan or a section 457 plan. This amount should also be included as wages in Box 10.

State and local agencies should separately identify section 457 distributions in this box by using code "G" before the dollar amount. However, if you are reporting a distribution from both a nonqualified plan and a section 457 plan, report it as a single amount in this box and do not identify it by code "G."

Box 17—Complete and code this box for all items described in (a) through (i) that apply. Do not report in Box 17 any items that are not listed in (a) through (i). Do not report in Box 17 section 414(h)(2) contributions. Instead, use Box 18 for these items or for any other information you wish to give your employee. For example, union dues, moving expenses, etc., should be reported in Box 18.

Do **NOT** enter more than three codes in this box. If more than three items need to be reported in Box 17, use a separate Form W-2 or a substitute Form W-2 to report the additional items. The second Form W-2 should include the following entries: employer's name, address, EIN, employee's name, address, and SSN, and any additional item that did not appear on the first form (including the overflow of Box 17 items). If you issue multiple Forms W-2, do **NOT** report the same Federal tax data to the SSA on more than one Copy A. If you use a substitute Form W-2, the form must meet the requirements of Pub. 1141.

Use the codes listed below along with the dollar amount. The code should be entered using capital letters. Leave one space blank after the code and enter the dollar amount on the same line. Use decimal points but not dollar signs or commas. For example, you are reporting \$5,300.00 of contributions to a

REFERENCE GUIDE FOR BOX 17 CODES

- A— Uncollected social security tax on tips
- B— Uncollected Medicare tax on tips
- C— Group-term life insurance over \$50,000
- D— Elective deferrals to a section 401(k) cash or deferred arrangement
- E— Elective deferrals to a section 403(b) salary reduction agreement
- F— Elective deferrals to a section 408(k)(6) salary reduction SEP
- G— Elective deferrals to a section 457 deferred compensation plan (state and local government employers)

- H— Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan
- J— Nontaxable sick pay
- K— 20% excise tax on excess golden parachute payments
- L— Substantiated Employee Business Expense (Federal rate)
- M— Uncollected social security tax on group-term life insurance coverage
- N— Uncollected Medicare tax on group-term life insurance coverage

See Box 17 instructions for information.

section 401(k) plan. The entry in Box 17 would be: D 5300.00.

(a) You did **not** collect employee social security tax on all the employee's tips. Show the amount of tax 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 11. Use **code A** for uncollected social security tax on tips.

(b) You did **not** collect employee Medicare tax on tips because the employee did not have enough funds from which to deduct it. Enter the uncollected Medicare tax on tips. Do not include this amount in Box 15. Use **code B** for uncollected Medicare tax on tips.

(c) You provided your employee more than \$50,000 of group-term life insurance. Show the cost of coverage over \$50,000. Also include it in Boxes 10, 12, and 14. Use **code C** for cost of group-term life insurance coverage over \$50,000.

(d) Elective deferrals were made to a section 401(k) cash or deferred arrangement, to a section 403(b) salary reduction agreement to purchase an annuity contract, and amounts deferred under a section 408(k)(6) salary reduction SEP, to a section 457 deferred compensation plan for state or local government employees, or to a section 501(c)(18)(D) tax-exempt organization plan.

The amount reported as an elective deferral is only the portion of the employee's salary (or other compensation) that he or she did not receive because of the deferral.

Nonelective contributions by an employer on behalf of the employee are not "elective deferrals." Also any voluntary "after-tax contributions" (such as voluntary contributions to a pension plan that are deducted from an employee's pay after all other deductions). These two items should not be reported in box 17.

See the examples for amounts to report

Example 1: For calendar year 1992, Employee A electively deferred \$4,000 to a section 401(k) arrangement and made a voluntary after-tax contribution of \$800. In addition, the employer, on Employee A's behalf, made a qualified nonelective contribution of \$1,000 to the plan and a nonelective profit-sharing employer contribution of \$2,000.

The total elective deferral of \$4,000 is reported in box 17 preceded with the code D (D 4000.00).

Example 2: For calendar year 1992, Employee B electively deferred \$9,000 to a section 401(k) arrangement and made a voluntary after-tax contribution of \$600. In addition, the employer, on Employee B's behalf, made a qualified nonelective contribution of \$1,000 to the plan and a nonelective profit-sharing employer contribution of \$2,000.

The total elective deferral of \$9,000 is reported in box 17 preceded with the code D (D 9000.00). Even though the 1991 limit for elective deferrals is \$8,475 (subject to change for 1992), the employer would report the total amount of 9000.00 as an elective deferral.

Check the "Deferred compensation" checkbox in Box 6, enter the total elective deferral (including any excess) in Box 17. Do not report any excess in Box 10. Use the following codes for elective deferrals made to the plans listed below.

D— section 401(k)

E— section 403(b)

F— section 408(k)(6)

G— section 457

H— section 501(c)(18)(D)

Note: *The section 457 dollar limitation should be reduced by contributions made to certain other deferred compensation plans. See section 457(c)(2).*

(e) You are reporting sick pay. Show the amount of any sick pay **NOT** includible in income because the employee contributed to the sick pay plan. If you issue a separate Form W-2 for sick pay, use Box 17 to code the Form W-2 as "Sick pay." Use **code J** for sick pay **NOT** includible as income.

(f) You made excess "golden parachute" payments to certain key corporate employees. Report in Box 17 the 20% excise tax on these payments. Use **code K** for the tax on excess golden parachute payments. If the excess payments are considered as wages, report the 20% excise tax as income tax withholding and include it in Box 9.

(g) You reimbursed your employee for employee business expenses using a per diem or mileage allowance, and the amount you reimbursed exceeds the amount treated as substantiated under IRS rules. (See **Employee Business Expense Reimbursements** on page 1.) Report the amount treated as substantiated, i.e., the nontaxable portion, in Box 17 using **code L**. In Box 10, show the portion of the reimbursement that is more than the amount treated as substantiated.

Do **NOT** include any per diem or mileage allowance reimbursements for employee business expenses in Box 17 if the total reimbursement is less than or equal to the amount treated as substantiated.

(h) You provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage. Enter the amount of uncollected social security tax on the coverage in Box 17. Use **code M** for uncollected social security tax. Also see code C.

(i) You provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage. Enter the amount of uncollected Medicare tax on the coverage in Box 17. Use **code N** for uncollected Medicare tax. Also see code C.

Box 18—Other.—You may use this box for any other information you want to give your employee. Please label each item. Examples are union dues, health insurance premiums deducted, moving expenses paid, or educational assistance payments.

Box 19a—Employee's name.—Enter the name as shown on the employee's social security card (first, middle initial, last). If the name has changed, have the employee get a corrected card from any SSA office. Use the name on the original card until you see the corrected one.

Box 19b—Employee's address and ZIP code.—This box has been combined with Box 19a (employee's name) on all copies except Copy A.

Box 22—Dependent care benefits.—Show the total amount of dependent care benefits under section 129 paid or incurred by you for your employee. Include the fair market value

of employer-provided or employer-sponsored day care facilities and amounts paid or incurred in a section 125 plan. The total should include any amount in excess of the \$5,000 exclusion. For more information on the amount to report, see Notice 89-111, 1989-2 C.B. 449, Notice 90-66, 1990-2 C.B. 350 and Announcement 90-136, 1990-50 I.R.B. 19.

Box 23—Benefits included in Box 10.— Show the total value of the taxable fringe benefits included in Box 10 as other compensation. Do not include amounts reported in boxes 17 and/or 22.

If you provided a vehicle and included 100% of its annual lease value in the employee's income, you must separately report this value to the employee so the employee can compute the value of any business use of the vehicle. You may use a separate statement, Box 18, or multiple Forms W-2, if necessary, to report all Box 23 entries.

Boxes 24 through 29—State or local income tax information.—You may use these to report state or local income tax information. You do not have to use them. But you may want to show the amounts on Copy A if you use copies of this form for your state or local tax returns or as recipients' statements. The state and local information boxes can be used to report wages and taxes on two states and two localities. Keep each state's and locality's information separated by the broken line.

Reducing Discrepancies Between Reports Filed With IRS and SSA

When there are discrepancies between reports filed with IRS and those filed with SSA, we must contact you to resolve the discrepancies. This costs time and money, both for the government and for you, the employer. In addition, penalties may be imposed for filing incorrect reports. To help reduce the number of these discrepancies, please:

(1) Reconcile the social security wages, social security tips, Medicare wages and tips, total compensation, advance earned income credit, income tax withheld, social security and Medicare taxes, on the four quarterly Forms 941 to your Form W-3. The amounts may not match for various reasons. If they do not match, you should determine that the reason is a valid one (such as some income tax withheld was reported on Form 1099, or adjustments were made on Form 941c). Please retain your reconciliation. This way, if there are inquiries in the future, you will know why the amounts did not match.

(2) Use Form W-2 for the current year.

(3) File Copy A of all Forms W-2 with SSA.

(4) Report bonuses as wages (Box 10) and as social security and Medicare wages.

(5) Show social security taxes in the box for social security taxes withheld, not as social security wages.

(6) Make sure social security wage amounts for each employee do not exceed the annual social security wage base.

(7) Make sure Medicare wage amounts for each employee do not exceed the annual Medicare wage base.

(8) Do not include noncash wages not subject to social security or Medicare taxes as social security or Medicare wages.