



2008

Publication 393

Federal Employment Tax Forms

Federal Employment Tax Forms

- W-2
- W-3

What's New

Form 7018 discontinued. We no longer include Form 7018, Employer's Order Blank, in this publication. IRS can process your forms or publications order quicker and at less cost if you make your request by telephone or the Internet. See *How to get forms and publications* below.

Reminders

How to get forms and publications. To get forms and publications, see *Quick and Easy Access to IRS Tax Help and Tax Products* on page 2. **To place an order for 2008 and 2009 employer-related forms and publications** online for delivery by mail, access www.irs.gov/businesses and click on "Online Ordering for Information Returns and Employer Returns."

Social security wage base for 2008. Do not withhold social security tax after an employee reaches \$102,000 in social security wages for 2008. (There is no limit on the amount of wages subject to Medicare tax.)

What forms and publications will IRS send automatically? IRS will send you either Pub. 15 (Circular E) or Pub. 51 (Circular A) in December. These publications explain your tax responsibilities as an employer and will provide federal income tax withholding and advance earned income credit payment tables for 2009. You will also receive employment tax returns for each quarterly or annual return period unless you filed electronically or used a paid preparer:

- Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return
- Form 941, Employer's QUARTERLY Federal Tax Return
- Form 943, Employer's Annual Federal Return for Agricultural Employees
- Form 944, Employer's ANNUAL Federal Tax Return
- Schedule H (Form 1040), Household Employment Taxes

How to complete Forms W-2 and W-3. When you complete and file your 2008 Form W-2, Wage and Tax Statement(s), and 2008 Form W-3, Transmittal of Wage and Tax Statements:

- Show the correct social security numbers of all employees on Forms W-2 and be sure all copies are legible. If any employees' names changed during the year, encourage the employees to contact their local Social Security Administration (SSA) office and request a corrected social security card.

Having employees secure a corrected social security card will allow the SSA to process the information correctly and properly credit employees' social security earnings. It will also help the employees report their wages on their income tax returns.

- Furnish Copies **B, C, and 2** of Form W-2 to your employees by **February 2, 2009.**
- Prepare and file Forms W-2 either alphabetically by employees' last names or numerically by employees' social security numbers.
- Use Form W-3 to send Copy **A** of **all** Forms W-2 to the SSA by **March 2, 2009.** Be sure to fill in your name, address, and correct EIN.

Electronic filing option for small businesses. Small businesses and practitioners may be able to file a limited number of Forms W-2 electronically. Electronic filing is free, fast, and secure with a later filing deadline (March 31, 2009 versus March 2, 2009 for other filing methods). To register for electronic filing or to get more information, visit www.socialsecurity.gov/employer and click on "Electronically File Your W-2s." Do not mail paper Forms W-2 or Forms W-3 to SSA if you file electronically.

Information return questions. If you have questions about information returns (Forms 1096, 1098, 1099, 1042-S, 5498, W-2, W-2G, and W-3), call 1-866-455-7438 (toll free) or 304-263-8700 (toll call) Monday through Friday, 8:30 a.m. to 4:30 p.m., Eastern time.

Recordkeeping. Keep copies of Forms W-2 and W-3 and all other employment tax records for at least 4 years.

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201

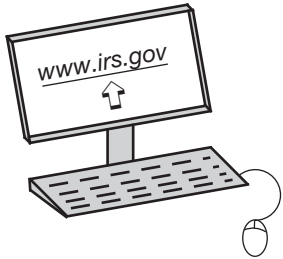
Official Business
Penalty for Private Use, \$300

<p>PRSRT STD</p> <p>Postage and Fees Paid</p> <p>Internal Revenue Service</p> <p>Permit No. G-48</p>
--

Quick and Easy Access to IRS Tax Help and Tax Products

Internet

You can access the IRS website 24 hours a day, 7 days a week at www.irs.gov



Get IRS information, forms and publications in Spanish, select **Espanol** in upper right corner of www.irs.gov.

Online Services & Help

Go to www.irs.gov to:

- Access Free File, a free commercial income tax preparation and electronic filing service available to eligible taxpayers
- Check the status of your refund, select “Where’s My Refund”
- See answers to many questions, select “Frequently Asked Questions”
- Figure your withholding allowances using the Withholding Calculator at www.irs.gov/individuals
- See e-News Subscriptions to get the latest tax news on a variety of topics by email
- Get disaster relief information, keyword “Disaster”
- Safeguard your privacy, keyword “Privacy Policy”
- Find an Authorized e-file Provider (for Individuals)
- View information on IRS Accessible Tax Products. Select the Accessibility link at bottom of irs.gov home page.

View & Download Products

Select “More Forms and Publications” or go to www.irs.gov/formspubs

- For forms and instructions, select “Form and Instruction number”
- For publications, select “Publication number”
- For a subject index to forms, instructions, and publications, select “Topical index”
- For prior year forms, instructions, and publications, select “Previous years”

Online Ordering of Products

To order Tax Products delivered by mail, go to www.irs.gov/formspubs

- For current year products, select “Forms and publications by U.S. mail”
- For a tax booklet of forms and instructions, select “Tax packages”
- For Employer Products (e.g. W-4, Pub. 15) and Information Returns (e.g. W-2, W-3, 1099 series), select “Employer forms and instructions”
- For tax products on a DVD, select “Tax products on DVD (Pub. 1796)”
See DVD below

Telephone

Tax Forms & Publications

1-800-829-3676

Call to order current and prior year forms, instructions, and publications.

You should receive your order within 10 working days.

National Taxpayer Advocate Helpline

1-877-777-4778

Tax Help & Questions

Individuals: 1-800-829-1040

Business & Specialty Tax: 1-800-829-4933

Hearing Impaired TTY/TDD: 1-800-829-4059

TeleTax - 24 hour tax information:
1-800-829-4477

See instructions 1040, 1040A, or 1040EZ for topic numbers and details.

Refund Hotline: 1-800-829-1954

Community Locations

You can pick up some of the most requested forms, instructions, and publications at many IRS offices, post offices, and libraries.

Also some grocery stores, copy centers, city and county government offices, and credit unions have reproducible tax form products available to photocopy or print from a DVD.

Mail

You can receive tax products within 10 working days after receipt of your order.

Do not send your tax return to the address shown here. Instead, see the tax form instructions.

Send written request to:

Internal Revenue Service
1201 N. Mitsubishi Motorway
Bloomington, IL 61705-6613

DVD

Purchase the IRS Publication 1796 (IRS Tax Products).

Internet:

- National Technical Information Service (NTIS) at www.irs.gov/cdorders
- or
- Government Printing Office (GPO) at <http://bookstore.gpo.gov> (search for Pub. 1796)

Telephone:

- NTIS at 1-877-233-6767
- or
- GPO at 1-866-512-1800

Availability: First release—early January 2009
Final release—early March 2009



DO NOT STAPLE

33333		a Control number	For Official Use Only ▶ OMB No. 1545-0008		
b Kind of Payer	941 <input type="checkbox"/>	Military <input type="checkbox"/>	943 <input type="checkbox"/>	944 <input type="checkbox"/>	1 Wages, tips, other compensation
	CT-1 <input type="checkbox"/>	Hshld. emp. <input type="checkbox"/>	Medicare govt. emp. <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>	2 Federal income tax withheld
c Total number of Forms W-2	d Establishment number			3 Social security wages	4 Social security tax withheld
e Employer identification number (EIN)			5 Medicare wages and tips		6 Medicare tax withheld
f Employer's name			7 Social security tips		8 Allocated tips
g Employer's address and ZIP code			9 Advance EIC payments		10 Dependent care benefits
			11 Nonqualified plans		12 Deferred compensation
h Other EIN used this year			13 For third-party sick pay use only		
15 State Employer's state ID number			14 Income tax withheld by payer of third-party sick pay		17 State income tax
			16 State wages, tips, etc.		
Contact person			18 Local wages, tips, etc.		19 Local income tax
			Telephone number ()		
Email address			Fax number ()		For Official Use Only

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶

Title ▶

Date ▶

Form **W-3 Transmittal of Wage and Tax Statements** **2008**

Department of the Treasury
Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration.

Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

Reminder

Separate instructions. See the 2008 Instructions for Forms W-2 and W-3 for information on completing this form.

Purpose of Form

A Form W-3 Transmittal is completed only when paper Copy A of Form(s) W-2, Wage and Tax Statement, are being filed. Do not file Form W-3 alone. Do not file Form W-3 for Form(s) W-2 that were submitted electronically to the Social Security Administration (see below). All paper forms **must** comply with IRS standards and be machine readable. Photocopies and hand-printed forms are **not** acceptable. Use a Form W-3 even if only one paper Form W-2 is being filed. Make sure both the Form W-3 and Form(s) W-2 show the correct tax year and Employer Identification Number (EIN). Make a copy of this form and keep it with Copy D (For Employer) of Form(s) W-2 for your records.

Electronic Filing

The Social Security Administration strongly suggests employers report Form W-3 and W-2 Copy A electronically instead of on paper. SSA provides two e-file options:

- Free fill-in Forms W-2 for employers who file 20 or fewer Form(s) W-2.

- Upload a file for employers who use payroll/tax software to print Form(s) W-2, if the vendor software creates a file that can be uploaded to SSA.

For more information, go to www.socialsecurity.gov/employer and select "First Time Filers" or "Returning Filers" under "BEFORE YOU FILE."

When To File

Mail any paper Forms W-2 under cover of this Form W-3 Transmittal by March 2, 2009. Electronic fill-in forms or uploads are filed through SSA's Business Services Online (BSO) Internet site and will be on time if submitted by March 31, 2009.

Where To File Paper Forms

Send this entire page with the entire Copy A page of Form(s) W-2 to:

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

Note. 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 Publication 15 (Circular E), Employer's Tax Guide, for a list of IRS-approved private delivery services.

22222		Void <input type="checkbox"/>	a Employee's social security number		For Official Use Only ► OMB No. 1545-0008	
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld	
			5 Medicare wages and tips		6 Medicare tax withheld	
			7 Social security tips		8 Allocated tips	
d Control number			9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial		Last name	Suff.	11 Nonqualified plans		12a See instructions for box 12 e e e e e e e e e e
f Employee's address and ZIP code			13 Statutory employee <input type="checkbox"/>		12b	
			Retirement plan <input type="checkbox"/>		e e e e e e e e e e	
			Third-party sick pay <input type="checkbox"/>			
f Employee's address and ZIP code			14 Other		12c	
					12d	
15 State Employer's state ID number			16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
						20 Locality name

Form **W-2** Wage and Tax Statement

2008


Department of the Treasury—Internal Revenue Service

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

Cat. No. 10134D

Do Not Cut, Fold, or Staple Forms on This Page — Do Not Cut, Fold, or Staple Forms on This Page

		a Employee's social security number		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld					
c Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld					
				5 Medicare wages and tips		6 Medicare tax withheld					
				7 Social security tips		8 Allocated tips					
d Control number				9 Advance EIC payment		10 Dependent care benefits					
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12			
						13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
						14 Other		12c			
								12d			
f Employee's address and ZIP code											
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2** Wage and Tax Statement

2008

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Notice to Employee

Refund. Even if you do not have to file a tax return, you should file to get a refund if box 2 shows federal income tax withheld or if you can take the earned income credit.

Earned income credit (EIC). You must file a tax return if any amount is shown in box 9.

You may be able to take the EIC for 2008 if (a) you do not have a qualifying child and you earned less than \$12,880 (\$15,880 if married filing jointly), (b) you have one qualifying child and you earned less than \$33,995 (\$36,995 if married filing jointly), or (c) you have more than one qualifying child and you earned less than \$38,646 (\$41,646 if married filing jointly). You and any qualifying children must have valid social security numbers (SSNs). You cannot take the EIC if your investment income is more than \$2,950. **Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return.** If you have at least one qualifying child, you may get as much as \$1,750 of the EIC in advance by completing Form W-5, Earned Income Credit Advance Payment Certificate, and giving it to your employer.

Clergy and religious workers. If you are not subject to social security and Medicare taxes, see Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers.

Corrections. If your name, SSN, or address is incorrect, correct Copies B, C, and 2 and ask your employer to correct your employment record. Be sure to ask the employer to file Form W-2c, Corrected Wage and Tax Statement, with the Social Security Administration (SSA) to correct any name, SSN, or money amount error reported to the SSA on Form W-2. If your name and SSN are correct but are not the same as shown on your social security card, you should ask for a new card that displays your correct name at any SSA office or by calling 1-800-772-1213.

Credit for excess taxes. If you had more than one employer in 2008 and more than \$6,324.00 in social security and/or Tier I railroad retirement (RRTA) taxes were withheld, you may be able to claim a credit for the excess against your federal income tax. If you had more than one railroad employer and more than \$2,960.10 in Tier II RRRA tax was withheld, you also may be able to claim a credit. See your Form 1040 or Form 1040A instructions and Publication 505, Tax Withholding and Estimated Tax.

(Also see *Instructions for Employee* on the back of Copy C.)

		a Employee's social security number		This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.		
		OMB No. 1545-0008				
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld		
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld		
		5 Medicare wages and tips		6 Medicare tax withheld		
		7 Social security tips		8 Allocated tips		
d Control number		9 Advance EIC payment		10 Dependent care benefits		
e Employee's first name and initial Last name Suff.		11 Nonqualified plans		12a See instructions for box 12		
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b		
		14 Other		12c		
				12d		
f Employee's address and ZIP code						
15 State Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement
Copy C—For EMPLOYEE'S RECORDS (See Notice to Employee on the back of Copy B.)

2008

Department of the Treasury—Internal Revenue Service

Safe, accurate,
FAST! Use



Instructions for Employee (Also see *Notice to Employee*, on the back of Copy B.)

Box 1. Enter this amount on the wages line of your tax return.

Box 2. Enter this amount on the federal income tax withheld line of your tax return.

Box 8. This amount is **not** included in boxes 1, 3, 5, or 7. For information on how to report tips on your tax return, see your Form 1040 instructions.

Box 9. Enter this amount on the advance earned income credit payments line of your Form 1040 or Form 1040A.

Box 10. This amount is the total dependent care benefits that your employer paid to you or incurred on your behalf (including amounts from a section 125 (cafeteria) plan). Any amount over \$5,000 is also included in box 1. You **must** complete Schedule 2 (Form 1040A) or Form 2441, Child and Dependent Care Expenses, to compute any taxable and nontaxable amounts.

Box 11. This amount is (a) reported in box 1 if it is a distribution made to you from a nonqualified deferred compensation or nongovernmental section 457(b) plan or (b) included in box 3 and/or 5 if it is a prior year deferral under a nonqualified or section 457(b) plan that became taxable for social security and Medicare taxes this year because there is no longer a substantial risk of forfeiture of your right to the deferred amount.

Box 12. The following list explains the codes shown in box 12. You may need this information to complete your tax return. Elective deferrals (codes D, E, F, and S) and designated Roth contributions (codes AA and BB) under all plans are generally limited to a total of \$15,500 (\$10,500 if you only have SIMPLE plans; \$18,500 for section 403(b) plans if you qualify

for the 15-year rule explained in Pub. 571). Deferrals under code G are limited to \$15,500. Deferrals under code H are limited to \$7,000.

However, if you were at least age 50 in 2008, your employer may have allowed an additional deferral of up to \$5,000 (\$2,500 for section 401(k)(11) and 408(p) SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals. For code G, the limit on elective deferrals may be higher for the last 3 years before you reach retirement age. Contact your plan administrator for more information. Amounts in excess of the overall elective deferral limit must be included in income. See the "Wages, Salaries, Tips, etc." line instructions for Form 1040.

Note. If a year follows code D, E, F, G, H, or S, you made a make-up pension contribution for a prior year(s) when you were in military service. To figure whether you made excess deferrals, consider these amounts for the year shown, not the current year. If no year is shown, the contributions are for the current year.

A—Uncollected social security or RRTA tax on tips. Include this tax on Form 1040. See "Total Tax" in the Form 1040 instructions.

B—Uncollected Medicare tax on tips. Include this tax on Form 1040. See "Total Tax" in the Form 1040 instructions.

C—Taxable cost of group-term life insurance over \$50,000 (included in boxes 1, 3 (up to social security wage base), and 5)

D—Elective deferrals to a section 401(k) cash or deferred arrangement. Also includes deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

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

(continued on back of Copy 2)

Instructions for Employee *(continued from back of Copy C)*

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

G—Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan

H—Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan. See “Adjusted Gross Income” in the Form 1040 instructions for how to deduct.

J—Nontaxable sick pay (information only, not included in boxes 1, 3, or 5)

K—20% excise tax on excess golden parachute payments. See “Total Tax” in the Form 1040 instructions.

L—Substantiated employee business expense reimbursements (nontaxable)

M—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only). See “Total Tax” in the Form 1040 instructions.

N—Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (former employees only). See “Total Tax” in the Form 1040 instructions.

P—Excludable moving expense reimbursements paid directly to employee (not included in boxes 1, 3, or 5)

Q—Nontaxable combat pay. See the instructions for Form 1040 or Form 1040A for details on reporting this amount.

R—Employer contributions to your Archer MSA. Report on Form 8853, Archer MSAs and Long-Term Care Insurance Contracts.

S—Employee salary reduction contributions under a section 408(p) SIMPLE (not included in box 1)

T—Adoption benefits (not included in box 1). You **must** complete Form 8839, Qualified Adoption Expenses, to compute any taxable and nontaxable amounts.

V—Income from exercise of nonstatutory stock option(s) (included in boxes 1, 3 (up to social security wage base), and 5)

W—Employer contributions to your Health Savings Account. Report on Form 8889, Health Savings Accounts (HSAs).

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

Z—Income under section 409A on a nonqualified deferred compensation plan. This amount is also included in box 1. It is subject to an additional 20% tax plus interest. See “Total Tax” in the Form 1040 instructions.

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

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

Box 13. If the “Retirement plan” box is checked, special limits may apply to the amount of traditional IRA contributions that you may deduct.

Note. Keep **Copy C** of Form W-2 for at least 3 years after the due date for filing your income tax return. However, to help **protect your social security benefits**, keep Copy C until you begin receiving social security benefits, just in case there is a question about your work record and/or earnings in a particular year. Compare the Social Security wages and the Medicare wages to the information shown on your annual (for workers over 25) Social Security Statement.

Void <input type="checkbox"/>		a Employee's social security number		OMB No. 1545-0008		
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld		
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld		
		5 Medicare wages and tips		6 Medicare tax withheld		
		7 Social security tips		8 Allocated tips		
d Control number		9 Advance EIC payment		10 Dependent care benefits		
e Employee's first name and initial Last name Suff.		11 Nonqualified plans		12a See instructions for box 12		
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b		
		14 Other		12c		
				12d		
f Employee's address and ZIP code						
15 State Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
-----		-----	-----	-----	-----	-----
-----		-----	-----	-----	-----	-----

Form **W-2** Wage and Tax Statement
Copy D—For Employer.

2008

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see the back of Copy D.

Employers, Please Note—

Specific information needed to complete Form W-2 is available in a separate booklet titled 2008 Instructions for Forms W-2 and W-3. You can order those instructions and additional forms by calling 1-800-TAX-FORM (1-800-829-3676). You can also get forms and instructions from the IRS website at www.irs.gov.

Caution. *You cannot file Forms W-2/W-2C and W-3/W-3C that you print from the IRS website with SSA because they process paper forms by machine. Instead, you can use the SSA website at www.ssa.gov/employer/bsohbnew.htm to create and file electronic fill-in versions of Forms W-2/W-2C and W-3/W-3C. If you use SSA's online application to create W-2 or W-2C, the W-3 or W-3C will be automatically created.*

Due dates. Furnish Copies B, C, and 2 to the employee generally by February 2, 2009.

File Copy A with the SSA by March 2, 2009. Send all Copies A with Form W-3, Transmittal of Wage and Tax Statements. If you file electronically, the due date is March 31, 2009.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Forms W-2 and W-3 to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Section 6051 and its regulations require you to furnish wage and tax statements to employees and to the Social Security Administration. Section 6109 requires you to provide your employer identification number (EIN). If you fail to provide this information in a timely manner, you may be subject to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and/or criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average times are: **Form W-2**—30 minutes, and **Form W-3**—28 minutes. If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send Forms W-2 and W-3 to this address. Instead, see *Where to file paper forms* in the Instructions for Forms W-2 and W-3.



Instructions for Forms W-2 and W-3

Wage and Tax Statement and Transmittal of Wage and Tax Statements

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

Contents	Page
Reminders	1
Need Help?	1
How To Get Forms and Publications	2
Common Errors on Forms W-2	2
General Instructions for Forms W-2 and W-3	2
Special Reporting Situations for Form W-2	4
Penalties	8
Specific Instructions for Form W-2	9
Specific Instructions for Form W-3	14
Reconciling Forms W-2, W-3, 941, 943, 944, CT-1, and Schedule H (Form 1040)	15
Form W-2 Reference Guide for Box 12 Codes	16
Index	16

Reminders

Distributions from governmental section 457(b) plans of state and local agencies. Generally, report **distributions** from section 457(b) plans of state and local agencies on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See Notice 2003-20 for details. You can find Notice 2003-20 on page 894 of Internal Revenue Bulletin 2003-19 at www.irs.gov/pub/irs-irbs/irb03-19.pdf.

Earned income credit (EIC) notice. You must notify employees who have no income tax withheld that they may be able to claim an income tax refund because of the EIC. You can do this by using the official IRS Form W-2 with the EIC notice on the back of Copy B or a substitute Form W-2 with the same statement. You must give your employee Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or your own statement that contains the same wording if (a) you use a substitute Form W-2 that does not contain the EIC notice, (b) you are not required to furnish Form W-2, or (c) you do not furnish a timely Form W-2 to your employee. For more information, see section 10 in Pub. 15 (Circular E).

Electronic payee statements. If your employees give their consent, you may be able to furnish Copies B, C, and 2 of Forms W-2 to your employees electronically. See Pub. 15-A, Employer's Supplemental Tax Guide, for additional information.

Extended due date for electronic filers. If you file your 2008 Forms W-2 with the Social Security Administration (SSA) electronically, the due date is extended to March 31, 2009. For information on how to file electronically, see *Online filing of Forms W-2 and W-3* below and *Electronic reporting* on page 3.

Form 944. Use the "944" checkbox in box **b** of Form W-3 if you filed Form 944, Employer's ANNUAL Federal Tax

Return. Also use the "944" checkbox if you filed Form 944(SP), the Spanish version of Form 944.

Nonqualified deferred compensation plans. Section 409A, added by the American Jobs Creation Act of 2004, provides that all amounts deferred under a nonqualified deferred compensation (NQDC) plan for all taxable years are currently includible in gross income unless certain requirements are satisfied. See *Nonqualified deferred compensation plans* on page 6.

Online filing of Forms W-2 and W-3. You may file Forms W-2 and W-3 electronically by visiting SSA's website at www.socialsecurity.gov/employer, and selecting "Business Services Online (BSO)." Once registered, you can upload electronic wage files or use SSA's "Create Forms W-2 Online" to send electronic information to Social Security. This option allows you to create "fill-in" versions of Forms W-2 for filing with the SSA and to print out copies of the forms for filing with state or local governments, distribution to your employees, and for your records. Form W-3 will be created for you based on your Forms W-2. For more information, see *Online wage reporting* below.

Substitute forms. If you are not using the official IRS form to furnish Form W-2 to employees or to file with the SSA, you may use an acceptable substitute form that complies with the rules in Pub. 1141, General Rules and Specifications for Substitute Forms W-2 and W-3. Pub. 1141, which is revised annually, is a revenue procedure that explains the requirements for format and content of substitute Forms W-2 and W-3. **Your substitute forms must comply with the requirements in Pub. 1141.**

Need Help?

Information reporting customer service site. The IRS operates a centralized customer service site to answer questions about reporting on Forms W-2, W-3, 1099, and other information returns. If you have questions about reporting on these forms, call 1-866-455-7438 (toll free), Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern time. If you have questions about electronic filing of Forms W-2, contact the SSA at 1-800-772-6270 or visit the SSA website at www.socialsecurity.gov/employer.

Help for people with disabilities. Telephone help is available using TTY/TDD equipment. If you have questions about reporting on information returns—Forms 1096, 1098, 1099, 5498, W-2, W-2G, and W-3—you may call 304-267-3367. For any other tax information, call 1-800-829-4059.

Online wage reporting. Using a personal computer, you can access SSA's Business Services Online (BSO) to electronically report wage data. To obtain information regarding filing wage data electronically with SSA or to access BSO, visit the SSA's W-2 Filing Instructions and Information website at www.socialsecurity.gov/employer. Corrections to previously filed wage data can be made by

accessing BSO. Call the SSA at 1-888-772-2970 if you experience problems using any of the services within BSO.

The website includes information on electronic filing, some IRS and SSA publications, and general topics of interest about annual wage reporting. You can also use BSO to ask questions about wage reporting.

Employers can also electronically file EFW2 (formerly MMREF-1) wage reports. See *Electronic reporting* on page 3.

Employment tax information. Detailed employment tax information is given in:

- Pub. 15 (Circular E), Employer's Tax Guide,
- Pub. 15-A, Employer's Supplemental Tax Guide,
- Pub. 15-B, Employer's Tax Guide to Fringe Benefits, and
- Pub. 51 (Circular A), Agricultural Employer's Tax Guide.

You can also call the IRS with your employment tax questions at 1-800-829-4933 (hours of operation are Monday through Friday 8:00 a.m to 8:00 p.m. local time) or visit the IRS website at www.irs.gov and type "Employment Taxes" in the *Keyword/Search Terms* box.

How To Get Forms and Publications

Internet. You can access the IRS website 24 hours a day, 7 days a week at www.irs.gov to:

- Download forms, instructions, and publications.
- Order IRS products online.
- See answers to frequently asked tax questions.
- Search publications online by topic or keyword.
- Send us comments or request help by email.
- Sign up to receive local and national tax news by email.



Do not file Copy A of Forms W-2, W-3, W-2c, and W-3c downloaded from the IRS website with the SSA. They are provided for informational purposes only. A penalty of \$50 per information return may be imposed for filing such forms that cannot be scanned.



IRS Tax Products CD/DVD. You can order IRS Publication 1796, IRS Tax Products CD/DVD, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Bonus: Historical Tax Products DVD—*Ships with the final release.*
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions (FAQs).
- Tax Topics from the IRS telephone response system.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.

The CD/DVD is released twice during the year.

- The first release will ship the beginning of January 2008.
- The final release will ship the beginning of March 2008.

Purchase the CD/DVD from National Technical Information Service (NTIS) at www.irs.gov/cdorders for \$35 (no handling fee) or call **1-877-CDFORMS** (1-877-233-6767) toll free to buy the CD/DVD for \$35 (plus a \$5 handling fee). *Price is subject to change.*

By phone and in person. You can order forms and publications by calling 1-800-TAX-FORM (1-800-829-3676). You can also get most forms and publications at your local IRS office.

Common Errors on Forms W-2

Forms W-2 provide information to your employees, the SSA, the IRS, and state and local governments. Avoid making the following errors, which cause processing delays.

Do not:

- Omit the decimal point and cents from entries.
- Use ink that is too light to make entries. Use only black ink.
- Make entries that are too small or too large. Use 12-point Courier font, if possible.
- Add dollar signs to the money-amount boxes. They have been removed from Copy A and are not required.
- Inappropriately check the "Retirement plan" checkbox in box 13. See *Retirement plan* on page 13.
- Misformat the employee's name in box e. Enter the employee's first name and middle initial in the first box, his or her surname in the second box, and his or her suffix (optional) in the third box.

General Instructions for Forms W-2 and W-3

Who must file Form W-2. Employers must file Form W-2 for wages paid to each employee from whom:

- Income, social security, or Medicare tax was withheld or
- 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.

Also, every employer engaged in a trade or business who pays remuneration for services performed by an employee, including noncash payments, must file a Form W-2 for each employee even if the employee is related to the employer.

If you are required to file 250 or more Forms W-2, see *Electronic reporting* on page 3.

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 *Electronic reporting* on page 3.

Household employers, even those with only one household employee, must file Form W-3 if filing a paper 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 EIN.** See *Box b—Employer identification number (EIN)* on page 9.

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 on electronic filings) for the employer or payer only if the sender:

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

If an authorized sender signs for the payer, the payer is still responsible for filing, when due, a correct and complete Form W-3 and related Forms W-2, and is subject to any penalties that result from not complying with these requirements. Be sure that the payer's name and employer identification number (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, Employer's ANNUAL Federal Tax Return; Form CT-1, Employer's Annual Railroad Retirement Tax Return; or Schedule H (Form 1040) filed by or for the payer.

When to file. File Copy A of Form W-2 with the entire page of Form W-3 by March 2, 2009. However, if you file

electronically, the due date is March 31, 2009. You may owe a penalty for each Form W-2 that you file late. See *Penalties* on page 8. If you terminate your business, see *Terminating a business* on page 7.

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 to file Form W-2, you must still furnish Form W-2 to your employees by February 2, 2009. But see Extension to furnish Forms W-2 to employees below.

Where to file paper forms. File the entire Copy A page of Form W-2 with the entire page of 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, etc., with the Forms W-2 and W-3 that you submit to the SSA. Do not use the address above to file electronically. See SSA's EFW2 (formerly MMREF-1), Specifications for Filing Forms W-2 Electronically, for the electronic filing address. Employment tax forms (for example, Form 941 or Form 943), remittances, and Forms 1099 must be sent to the IRS.

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

Shipping and mailing. If you file more than one type of employment tax form, please 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 of Form W-3 on page 14.

Prepare and file Forms W-2 either alphabetically by employees' last names or numerically by employees' social security numbers. **Please 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.

Electronic reporting. If you are required to file 250 or more Forms W-2, you must file them electronically unless the IRS granted you a waiver. You may be charged a penalty if you fail to file electronically when required.



You are encouraged to file electronically even if you are filing fewer than 250 Forms W-2. Small submitters may be able to file Forms W-2 online. For more information, visit SSA's Business Services Online website at www.socialsecurity.gov/bsowelcome.htm and select "Tutorial."

You may request a waiver on Form 8508, Request for Waiver From Filing Information Returns Electronically/Magnetically. Submit Form 8508 to the IRS at least 45 days before the due date of Form W-2. See Form 8508 for filing information.



If you file electronically, do not file the same returns on paper.

Electronic reporting specifications for Form W-2 are in the SSA's EFW2 (formerly MMREF-1), a publication that can be downloaded by accessing SSA's W-2 Filing Instructions and Information website at www.socialsecurity.gov/employer and selecting "E-Filing Format (formerly MMREF)." You can also get electronic specifications by calling SSA's Employer Reporting Branch at 1-800-772-6270.

Reporting instructions for electronic filing differ in a few situations from paper reporting instructions. For example, electronic filers may enter more than four items in box 12 in one individual's wage report, but paper filers are limited to four entries in box 12 on Copy A of each Form W-2.

Furnishing Copies B, C, and 2 to employees. Furnish Copies B, C, and 2 of Form W-2 to your employees, generally, by February 2, 2009. 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, 2008, you may furnish copies to the employee at any time after employment ends, but no later than February 2, 2009. 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* on page 7.

You may furnish Forms W-2 to employees on IRS official forms or on acceptable substitute forms. See *Substitute forms* on page 1. **Be sure that the Forms W-2 you provide to employees are clear and legible and comply with the requirements in Pub. 1141.**

Extension 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:

**IRS—Enterprise Computing Center—Martinsburg
Information Reporting Program
Attn: Extension of Time Coordinator
240 Murall Drive
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 employer identification number (EIN),
- A statement that you are requesting an extension to furnish "Forms W-2" to employees,
- Reason for delay, and
- Your signature or that of your authorized agent.

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 W-2 can be produced electronically through April 15th of the fourth year after the year of issue, you do not need to keep undeliverable employee copies. **Do not send undeliverable Forms W-2 to 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, please separate the nine digits properly to show the kind of number. Do not accept an individual taxpayer identification number (ITIN) for employment purposes. For more information, see section 4 of Pub. 15 (Circular E).

The IRS uses SSNs to check the payments that you report against the amounts shown on the 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 on verification of SSNs, see section 4 of Pub. 15 (Circular E).

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. Also, the total amount must be reported in box 12 with code T.

See Notice 97-9, 1997-1 C.B. 365, for more information on adoption benefits. You can find Notice 97-9 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 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 for more than one employer in excess of the wage base to an individual, the agent must file separate Forms W-2 for the affected employee reflecting the wages paid by each employer. On each 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, for procedures to be followed in applying to be an agent.

TIP Generally, an agent is not responsible for refunding excess social security or railroad retirement (RRTA) tax on employees. If an employee worked for more than one employer during 2008 and had more than \$6,324.00 in social security and Tier I RRTA tax withheld, he or she should claim the excess on the appropriate line of Form 1040 or Form 1040A. If an employee had more than \$2,960.10 in Tier II 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.

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 includable 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.

See Notice 96-53, 1996-2 C.B. 219 and Pub. 969, Health Savings Accounts and Other Tax-Favored Health Plans, for more information. You can find Notice 96-53 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—Religious Exemptions in Pub. 15-A.

Corrections. Use the current version of Form W-2c, Corrected Wage and Tax Statement, to correct errors (such as incorrect name, SSN, or amount) on a previously filed Form W-2. To file your corrections electronically, see *Online wage reporting* on page 1.

If the SSA issues your employee a replacement card after a name change, or a new card with a different social security number after a change in alien work status, file a Form W-2c to correct the name/SSN reported on the most recently filed Form W-2. It is not necessary to correct the prior years if the previous name and number were used for the years prior to the most recently filed Form W-2.

File Form W-3c, Transmittal of Corrected Wage and Tax Statements, whenever you file a Form W-2c with the SSA, even if you are only filing a Form W-2c to correct an employee's name or SSN. However, see *Incorrect address on employee's Form W-2* below for information on correcting an employee's address. See the Instructions for Forms W-2c and W-3c if an error was made on a previously filed Form W-3.

If you discover an error on Form W-2 after you issue it to your employee but before you send it to the SSA, check the "Void" box at the top of the incorrect Form W-2 on Copy A. Prepare a new Form W-2 with the correct information, and send Copy A to the SSA. Write "CORRECTED" on the employee's new copies (B, C, and 2), and furnish them to the employee. If the "Void" Form W-2 is on a page with a correct Form W-2, send the entire page to the SSA. The "Void" form will not be processed. **Do not** write "CORRECTED" on Copy A of Form W-2.

If you are making an adjustment in 2008 to correct social security and Medicare taxes for a prior year, you must file Form 941c, Supporting Statement To Correct Information, with your Form 941, Form 943, or Form 944 in the return period that you find the error, and issue the employee a Form W-2c for the prior year. If you are correcting social security or Medicare wages or tips, also file the entire Copy A page of Form W-2c and Form W-3c with the SSA to correct the social security records and any other items on the original Form W-2 (or previously filed Form W-2c) that were in error.

Incorrect address on employee's Form W-2. If you filed a Form W-2 with the SSA showing an incorrect address for the employee but all other information on Form W-2 is

correct, **do not file Form W-2c with the SSA merely to correct the address.**

However, if the address was incorrect on the Form W-2 furnished to the employee, **you must do one of the following:**

- Issue a new, corrected Form W-2 to the employee, including the new address. Indicate “REISSUED STATEMENT” on the new copies. **Do not send Copy A to the SSA.**
- Issue a Form W-2c to the employee showing the correct address in box f and all other correct information. **Do not send Copy A to the SSA.**
- Mail the Form W-2 with the incorrect address to the employee in an envelope showing the correct address or otherwise deliver it to the employee.

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. Follow the instructions below even if you reissued the deceased employee’s uncashed paycheck in the name of his or her estate or beneficiary.

If you made the **payment in the same year that 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.

Example. Before Employee A’s death on June 15, 2008, 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 20, 2008. 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 or under a 403(b) salary reduction agreement 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.

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. For reporting instructions, see *Code AA* and *Code BB* on page 13.

Educational assistance programs. A \$5,250 exclusion for employer-provided educational assistance applies to benefits provided to your employees under an educational assistance program. However, educational assistance that exceeds \$5,250 may be excludable from an employee’s wages if it qualifies as a working condition benefit. 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* on page 9.

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. 2000-06 on page 512 of Internal Revenue Bulletin 2000-06 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. Report the amount treated as substantiated (that is, the nontaxable portion) in box 12 using code **L**. See *Code L—Substantiated employee business expense reimbursements* on page 12.
- 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.

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; Pub. 1542, Per Diem Rates; and section 5 of Pub. 15 (Circular E).

Employee's social security and Medicare taxes 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 income tax withholding and social security, Medicare, and federal unemployment (FUTA) taxes. The amount to include as wages 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.



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), Household Employers, and section 3 of Pub. 51 (Circular A).

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.

Golden parachute payments. Include any golden parachute payments in boxes 1, 3, and 5 of Form W-2. Withhold federal income, social security, and Medicare taxes as usual and report them in boxes 2, 4, and 6, respectively. 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. You can find Rev. Proc. 2003-68 on page 398 of Internal Revenue Bulletin 2003-34 at www.irs.gov/pub/irs-irbs/irb03-34.pdf.

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

Option one (which the SSA prefers) is to file a single Form W-2 reflecting the employees' wages for the entire year, even if only part of the year's wages was subject to both social security and Medicare taxes. The Form W-3 must have the "941" box checked in box b. The wages in box 5 must be equal to or greater than the wages in box 3 on Form W-2.

Option two is to file two Forms W-2 and two Forms W-3. File one Form W-2 for wages subject to Medicare tax only. Be sure to check the "Medicare govt. emp." box in box b of Form W-3. File the second Form W-2 for wages subject to both social security and Medicare taxes with the "941" box checked in box b of Form W-3. The wages in box 5 on each Form W-2 must be equal to or greater than the wages in box 3 on that same Form W-2.

Group-term life insurance. If you paid for group-term life insurance over \$50,000 for an employee or a former employee, you must report the taxable cost of excess coverage, determined by using the table in section 2 of Pub. 15-B, in boxes 1, 3, and 5 of Form W-2. 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. Former employees must pay the employee part of social security and Medicare taxes 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 with code **M** and the uncollected Medicare tax with code **N** in box 12 of Form W-2.

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 and social security and Medicare taxes (or railroad retirement taxes, if applicable) and FUTA tax and must be reported in boxes 1, 3, and 5 (and on Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return).

You must report all employer contributions 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.

An **employee's** contributions to an HSA (unless made through a cafeteria plan) are includable 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 and Notice 2004-50. You can find Notice 2004-2 on page 269 of Internal Revenue Bulletin 2004-2 at www.irs.gov/pub/irs-irbs/irb04-02.pdf. You can find Notice 2004-50 on page 196 of Internal Revenue Bulletin 2004-33 at www.irs.gov/pub/irs-irbs/irb04-33.pdf. 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.

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 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).

Nonqualified deferred compensation plans. Section 409A, added by the American Jobs Creation Act of 2004, provides that all amounts deferred under a nonqualified

deferred compensation (NQDC) plan for all tax years are currently includible in gross income unless certain requirements are met. If section 409A requires an amount to be included in gross income, the section imposes a substantial additional tax. Section 409A, generally, 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.

The Act requires reporting of the **yearly deferrals** (plus earnings) under a section 409A nonqualified deferred compensation plan, using code **Y** in box 12. For more information, see section 5 of Pub. 15-A.

Income included under section 409A from a nonqualified deferred compensation plan will be reported in box 1, and in box 12 using code **Z**. This income is also subject to an additional tax reported on Form 1040. For more information, see section 5 of Pub. 15-A. See Notice 2007-100 at www.irs.gov/pub/irs-drop/n-07-100.pdf for more information on amounts includible in gross income.

Railroad employers. 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 *Electronic reporting* on page 3. If you have both FICA employees and RRTA employees, you must file a separate Form W-3 to transmit the Forms W-2 for each group of employees.

If an employee is covered by social security and Medicare, also 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" box in box b.

For employees covered by RRTA tax, you also must report the Tier I and Tier II taxes withheld in box 14 of Form W-2. Label them "Tier I tax" and "Tier II tax." Boxes 3, 4, 5, 6, and 7 apply only to covered social security and Medicare employees and are not to be used to report railroad retirement wages and taxes. On the Form W-3 used to transmit these Forms W-2, check the "CT-1" box in box b.

Repayments. If an employee repays you for wages received in error, do not offset the repayments against current year's 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. **Do not correct "Wages" in box 1 on Form W-2c for the amount paid in error.** For information on reporting adjustments to Form 941, Form 943, or Form 944, see section 13 of Pub. 15 (Circular E) or section 9 of Pub. 51 (Circular A).

TIP *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.*

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 depends on the nature of the employment and the status of the organization. See *Students* in section 15 of Pub. 15 (Circular E).

Sick pay. If you had employees who received sick pay in 2008 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. 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 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.

See Notice 98-4, 1998-1 C.B. 269, for more information on SIMPLE retirement accounts. 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. You can find Rev. Proc. 2004-53 on page 320 of Internal Revenue Bulletin 2004-34 at www.irs.gov/pub/irs-irbs/irb04-34.pdf.

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 Form 941. You must also file Forms W-2 with the SSA by the last day of the month that follows the due date of your final Form 941. If filing on paper, make sure you obtain Forms W-2 and W-3 preprinted with the correct year. If filing electronically, 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* above. Also, see Rev. Proc. 96-57, 1996-2 C.B. 389 for information on automatic extensions for furnishing Forms W-2 to employees and filing Forms W-2. You can find Rev. Proc. 96-57 on page 14 of Internal Revenue Bulletin 1996-53 at www.irs.gov/pub/irs-irbs/irb96-53.pdf.

TIP *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, Form 943, or Form 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* on page 12. You also may report certain makeup amounts in box 14. See *Box 14—Other* on page 14.

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 generally apply to the person required to file Form W-2. The penalties apply to paper filers as well as to electronic filers.



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 are filed correctly and on time.

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 when you were required to file electronically,
- 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:

- **\$15** per Form W-2 if you correctly file within 30 days; maximum penalty \$75,000 per year (\$25,000 for small businesses, defined later).
- **\$30** per Form W-2 if you correctly file more than 30 days after the due date but by August 3; maximum penalty \$150,000 per year (\$50,000 for small businesses).
- **\$50** per Form W-2 if you file after August 3 or you do not file required Forms W-2; maximum penalty \$250,000 per year (\$100,000 for small businesses).



If you do not file corrections and you do not meet any of the exceptions to the penalty stated below, the penalty is \$50 per information return.

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 must also 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 3.

If you meet all of the conditions above, 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 1/2 of 1% of the total number of information returns (including Form W-2) that you are required to file for the calendar year.

Lower maximum penalties for small businesses. For purposes of the lower maximum penalties shown in parentheses above, 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 file a correct Form W-2 is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$100 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 you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to provide the statement by February 2, if you fail to include all information required to be shown on the statement, or if you include incorrect information on the statement.

The penalty is \$50 per statement, no matter when the correct statement is furnished, with a maximum of \$100,000 per year. The penalty is not reduced for furnishing a correct statement by August 3.

Exception. 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.

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 at least \$100 per Form W-2 with no maximum penalty.

Civil damages for fraudulent filing of Forms W-2. 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. You may have to pay \$5,000 or more.

Specific Instructions for Form W-2

How to complete Form W-2. Form W-2 is a six-part form. **Please ensure that all copies are legible.** Send Copy A to the SSA; Copy 1 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.

Type the entries on Form W-2 using black ink in 12-point Courier font, if possible. Because Copy A is read by machine, handwritten entries or the use of inks other than black to make entries on the form hinder processing by the SSA. Do not use script type, inverted font, italics, or dual case alpha characters. It is important that entries in the boxes do not cross one or more of the vertical or horizontal lines that separate the boxes. Please do not erase, whiteout, or strike over an entry. **Make all dollar entries on Copy A without the dollar sign and comma but with the decimal point (0000.00). 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. Also, if possible, please file Forms W-2 either alphabetically by employees' last names or numerically by employees' SSNs. This will help the SSA to locate specific forms.

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 21, 2008, through January 3, 2009, and the wages for that period were paid on January 5, 2009, include those wages on the 2009 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 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* below *Box 12—Codes* on page 11.

Do not report the same federal 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. **Be careful not to include any amounts shown on "Void" forms in the totals that you enter on Form W-3.** See *Corrections* on page 4.

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.

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. (Enter zeros (000-00-0000) if Form W-2 is filed electronically with the SSA.)

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 TIN on Form W-2, you may owe a penalty unless you have reasonable cause. For more information, see Publication 1586, Reasonable Cause Regulations and Requirements for Missing/Incorrect Name/TINs.

Box b—Employer identification number (EIN). Show the employer identification number (EIN) assigned to you by the IRS (00-0000000). This should be the same number that you used on your federal employment tax returns (Form 941, Form 943, Form 944, Form 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 www.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* on page 4.

Box c—Employer's name, address, and ZIP code. This entry should be the same as shown on your Form 941, Form 943, Form 944, Form CT-1, or Schedule H (Form 1040). Also see *Agent reporting* on page 4.

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, middle initial, last). Generally, do not enter "Jr.," "Sr.," etc., in the "Suff." box on Copy A **unless** the suffix appears on the card. However, SSA still prefers that you do not enter the suffix on Copy A. If the name does not fit, you may show first name initial, middle initial, and last name (and ignore the vertical line). If the name has changed, the employee must get a corrected card from any SSA office. Use the name on the original card until you see the corrected one. **Do not show titles or academic degrees, such as "Dr.," "RN," or "Esq.," at the beginning or end of the employee's name.**

Include in the address the number, street, apartment or suite number (or P.O. box number if mail is not delivered to a street address). 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.

Third-party payers of sick pay filing third-party sick pay recap Forms W-2 and W-3 must enter "Third-Party Sick Pay Recap" in place of the employee's name in box e. Also, **do not** enter the employee's SSN in box a. See *Sick Pay Reporting* in section 6 of Pub. 15-A.

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* above.
2. Total noncash payments, including certain fringe benefits. See *Fringe benefits* on page 6.
3. Total **tips** reported by the employee to the employer (not allocated tips).
4. Certain employee business expense reimbursements (see *Employee business expense reimbursements* on page 5).
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** (that is, 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* on page 4.
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* on page 6.
11. Unless excludable under *Educational assistance programs* (see page 5), 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. See *Employee's social security and Medicare taxes paid by employer* on page 6. 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. No exceptions to this treatment apply to household or agricultural wages.
13. Designated Roth contributions made under a section 401(k) plan or under a section 403(b) salary reduction agreement. See *Designated Roth contributions* on page 5.
14. **Distributions** to an employee or former employee from a nonqualified deferred compensation 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* on page 13.
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)* on page 6.

20. Amounts includible in income **under a nonqualified deferred compensation plan** because of section 409A. See *Nonqualified deferred compensation plans* on page 6.

21. All other compensation, including certain scholarship and fellowship grants (see page 7). 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* on page 9.

Box 2—Federal income tax withheld. Show the total federal income tax withheld from the employee's wages for the year (do not reduce the wages by any advance EIC payments made to the employee). Include the 20% excise tax withheld on excess parachute payments. See *Golden parachute payments* on page 6.

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**. See *Box 7—Social security tips* and *Box 8—Allocated tips* on page 11. 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 paid by employer* on page 6. The **total** of boxes 3 and 7 cannot exceed \$102,000 (2008 maximum social security wage base). Include in box 5 any amounts reported in box 3.

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 or under a section 403(b) salary reduction agreement described in box 12 (codes **AA** and **BB**).

Amounts deferred (plus earnings) under a **nonqualified or 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 elective and nonelective deferrals for purposes of section 457(b) plans.

Also include in box 3:

- Signing bonuses an employer pays for signing or ratifying an employment contract. See Rev. Rul. 2004-109. You can find Rev. Rul. 2004-109 on page 958 of Internal Revenue Bulletin 2004-50 at www.irs.gov/pub/irs-irbs/irb04-50.pdf.
- Taxable cost of group-term life insurance over \$50,000 included in box 1. See *Group-term life insurance* on page 6.
- 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* on page 4 and *Health Savings Account (HSA)* on page 6.
- Employee contributions to a SIMPLE retirement account. See *SIMPLE retirement account* on page 7.
- Adoption benefits. See *Adoption benefits* on page 4.

Box 4—Social security tax withheld. Show the total employee social security tax (not your share) withheld, including social security tax on tips. Do not reduce this amount by any advance EIC payments made to the employee. For 2008, the amount should not exceed \$6,324.00 (\$102,000 × 6.2%). Include only taxes withheld (or paid by you for the employee) for 2008 wages and tips. If you paid your employee's share, see *Employee's social security and Medicare taxes paid by employer* on page 6.

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* above for payments to report in this box. If you paid your employee's share of taxes, see *Employee's social security and Medicare taxes paid by employer* on page 6.

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. See *Government employers* on page 6.

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) 102000.00 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 \$102,000 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 (not your share) withheld. Include only tax withheld for 2008 wages and tips. Do not reduce this amount by any advance EIC payments made to the employee. If you paid your employee's share of the taxes, see *Employee's social security and Medicare taxes paid by employer* on page 6.

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 \$102,000** (the maximum social security wage base for 2008). 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. 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—Advance EIC payment. Show the total paid to the employee as advance earned income credit (EIC) payments.

Box 10—Dependent care benefits. 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 employer-provided or employer-sponsored day-care facilities 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 day-care 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.

TIP *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).*

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.

TIP *Reporting in box 11 is unaffected by the changes made by the American Jobs Creation Act of 2004.*

Show **distributions** to an employee from a nonqualified plan or a **nongovernmental** section 457(b) plan. 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, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., not in box 1 of Form W-2.

If you did not make distributions this year, show deferrals (plus earnings) under a nonqualified or any section 457(b) plan that became taxable for social security and Medicare taxes during the year (but were for prior year services) because the deferred amounts were no longer subject to a substantial risk of forfeiture. Also report these amounts in boxes 3 (up to the social security wage base) and 5. **Do not report in box 11 deferrals that are included in boxes 3 and/or 5 and that are for current year services (such as those that have no risk of forfeiture).**



If you made distributions and are also reporting any deferrals in box(es) 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 but the employee will not be age 62 or older by the end of that year.**

Unlike qualified plans, nonqualified deferred compensation plans do not meet the qualification requirements for tax-favored status for this purpose. Nonqualified deferred compensation 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 nonqualified deferred compensation plans.

Report distributions from nonqualified deferred compensation or section 457 plans to beneficiaries of deceased employees on Form 1099-R, 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-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. Do not report in box 12 any items that are not listed as codes **A–BB**. Also, 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 on page 9.

Use the IRS code designated below for the item that 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. 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-d and money amount to the right of the vertical line.**

See the *Form W-2 Reference Guide for Box 12 Codes* on page 16. See also the detailed instructions below 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 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* on page 6. Also include this amount in boxes 1, 3 (up to the social security wage base), and 5.

Codes D through H, S, Y, AA, and BB. 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 below for an example of reporting elective deferrals under a section 401(k) plan.

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.

TIP *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 2006 and \$1,250 for 2007 under USERRA under a section 401(k) plan are reported in box 12 as follows:*

D 06 2250.00, D 07 1250.00. A 2008 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-d.

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 the instructions in codes **AA** and **BB** for reporting designated Roth contributions on page 13.
- 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 elective deferrals and designated Roth contributions under a section 401(k) plan. For 2008, Employee A (age 45) elected to defer \$16,000 under a section 401(k) plan, made a designated Roth contribution of \$1,000 to the plan, 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.

The total elective deferral of \$16,000 is reported in box 12 with code **D** (D16000.00) and the designated Roth contribution is reported in box 12 with code **AA** (AA 1000.00). Even though the 2008 limit for elective deferrals and designated Roth contributions is \$15,500, the employer must separately report the actual amounts of \$16,000 and \$1,000 in box 12. The excess is not reported in box 1. The return of excess salary deferrals and excess designated Roth 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. 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* on page 5.

Report in box 12 **only** the amount treated as substantiated (such as the nontaxable part). In boxes 1, 3 (up to the social security wage base), and 5, include the part of the reimbursement that is more than the amount treated as substantiated.

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* on page 6.

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. Also see *Group-term life insurance* on page 6.

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* on page 6.

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* on page 4.

Code S—Employee salary reduction contributions under a section 408(p) SIMPLE. Show deferrals under a section 408(p) salary reduction SIMPLE retirement account. However, if the SIMPLE 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* above.

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 \$11,650 exclusion. For more information, see *Adoption benefits* on page 4.

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 base), and 5.

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)* on page 6.

Code Y—Deferrals under a section 409A nonqualified deferred compensation plan. Include current year deferrals under a section 409A nonqualified deferred compensation plan. Any earnings during the year on current year and prior year deferrals must also be reported here. See *Nonqualified deferred compensation plans* on page 6.

Code Z—Income under section 409A on a nonqualified deferred compensation plan. Show any income under section 409A on a nonqualified deferred compensation plan that was included in box 1. This income is also subject to an additional tax reported on the employee's Form 1040. See *Nonqualified deferred compensation plans* on page 6.

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* on page 5.

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* on page 5.

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.



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

• **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. The lease value of a vehicle provided to your employee and reported in box 1 must be reported here or on a separate statement to your employee. You may also use this box for any other information that you want to give to your employee. **Please 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* on page 12 and *Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) makeup amounts to a pension plan* on page 7), 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 page 7.

Boxes 15 through 20—State and local income tax information. 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* on page 9. Contact your state or locality for specific reporting information.

Specific Instructions for Form W-3

How to complete Form W-3. The instructions under *How to complete Form W-2* on page 9 generally apply to Form W-3. **Darkly type all entries, if possible.**

TIP Amounts reported on related employment tax forms (for example, Form W-2, Form 941, Form 943, or Form 944) should agree with the amounts reported on Form W-3. If there are differences, you may be contacted by the IRS and SSA. You should retain a reconciliation for future reference. See *Reconciling Forms W-2, W-3, 941, 943, 944, CT-1, and Schedule H (Form 1040) on page 15.*

Box a—Control number. This is an optional box that you may use for numbering the whole transmittal.

Box b—Kind of Payer. Check the box that applies to you. Check **only one box** unless the second checked box is "Third-party sick pay." **If you have more than one type of Form W-2, send each type** (except "Third-party sick pay") **with a separate Form W-3.** (The "Third-party sick pay" indicator box does not designate a separate kind of payer.)

941. Check this box if you file Form 941, Employer's QUARTERLY Federal Tax Return, and no other category (except "Third-party sick pay") applies. A church or church organization should check this box even if it is not required to file Form 941 or Form 944.

Military. Check this box if you are a **military employer** sending Forms W-2 for members of the uniformed services.

943. Check this box if you are an **agricultural employer** and file Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, and you are sending Forms W-2 for agricultural employees. For nonagricultural employees, send their Forms W-2 with a separate Form W-3, checking the appropriate box.

944. Check this box if you file Form 944, Employer's ANNUAL Federal Tax Return (or Form 944(SP), its Spanish version), and no other category (except "Third-party sick pay") applies.

CT-1. Check this box if you are a **railroad employer** sending Forms W-2 for employees covered under the Railroad Retirement Tax Act (RRTA). **Do not show employee RRTA tax in boxes 3 through 7.** These boxes are only for social security and Medicare information. If you also have employees who are subject to social security and Medicare taxes, send that group's Forms W-2 with a separate Form W-3 and check the "941" box on that Form W-3.

Hshld. emp. Check this box if you are a **household employer** sending Forms W-2 for household employees and you did not include the household employee's taxes on Form 941, Form 944, or Form 943.

Medicare govt. emp. Check this box if you are a U.S., state, or local agency filing Forms W-2 for employees subject only to the 1.45% Medicare tax. See *Government employers* on page 6.

Third-party sick pay. Check this box **and** another box such as the "941" box if you are a third-party sick pay payer (or are reporting sick pay payments made by a third party) filing Forms W-2 with the "Third-party sick pay" checkbox in box 13 checked. **File a single Form W-3 for the regular and "Third-party sick pay" Forms W-2.** See *941* above.

Box c—Total number of Forms W-2. Show the number of **completed** individual Forms W-2 that you are transmitting with this Form W-3. Do not count "Void" Forms W-2.

Box d—Establishment number. You may use this box to identify separate establishments in your business. You may file a separate Form W-3, with Forms W-2, for each establishment even if they all have the same EIN; or you may use a single Form W-3 for all Forms W-2 of the same type.

Box e—Employer identification number (EIN). If you received a preprinted Form W-3 from the IRS with Pub. 393, Federal Employment Tax Forms, or Pub. 2184, Form W-3 Package (Including Alternative Ways To Get Employment Tax Forms and Instructions), verify that your employer identification number (EIN) is correct. Make any necessary corrections on the form.

If you did not receive a form with a preprinted EIN, enter the nine-digit EIN assigned to you by the IRS. The number should be the same as shown on your Form 941, Form 943, Form 944, Form CT-1, or Schedule H (Form 1040) and in the following format: 00-0000000. **Do not use a prior owner's EIN.** See *Box h—Other EIN used this year* below.

If you do not have an EIN when filing your Form W-3, enter "Applied For" in box e, not your social security number (SSN), and see *Box b—Employer identification number (EIN)* on page 9.

Box f—Employer's name. If you are not using a preprinted Form W-3, enter the same name as shown on your Form 941, Form 943, Form 944, or Form CT-1. Make any necessary corrections on your preprinted Form W-3.

Box g—Employer's address and ZIP code. If you are not using a preprinted Form W-3, enter your address. Make any necessary corrections on your preprinted Form W-3.

Box h—Other EIN used this year. If you have used an EIN (including a prior owner's EIN) on Form 941, Form 943,

Form 944, or Form CT-1 submitted for 2008 that is different from the EIN reported on Form W-3 in box e, enter the other EIN used. Agents generally report the employer's EIN in box h. See *Agent reporting* on page 4.

Contact person, telephone number, fax number, and email address. Please enter this information for use by the SSA if any questions arise during processing.



The amounts to enter in boxes 1 through 19, described below, are totals from only the Forms W-2 that you are sending with this Form W-3.

Boxes 1 through 10. Enter the totals reported in boxes 1 through 10 on the Forms W-2.

Box 11—Nonqualified plans. Enter the total reported in box 11 on Forms W-2.

Box 12—Deferred compensation. Enter one total of all amounts reported with codes **D–H, S, Y, AA, and BB** in box 12 on Forms W-2. Do not enter a code.

Box 13—For third-party sick pay use only. Third-party payers of sick pay (or employers using the optional rule for Form W-2 described in section 6 of Pub. 15-A) filing third-party sick pay recap Forms W-2 and W-3 must enter “Third-Party Sick Pay Recap” in this box.

Box 14—Income tax withheld by payer of third-party sick pay. Complete this box only if you are the employer and have employees who had federal income tax withheld on third-party payments of sick pay. Show the total income tax withheld by third-party payers on payments to all of your employees. Although this tax is included in the box 2 total, it must be separately shown here.

Box 15—State/Employer's state ID number. Enter the two-letter abbreviation for the name of the state being reported on Form(s) W-2. Also enter your state-assigned ID number. If the Forms W-2 being submitted with this Form W-3 contain wage and income tax information from more than one state, enter an “X” under “State” and do not enter any state ID number.

Boxes 16–19. Enter the total of state/local wages and income tax shown in their corresponding boxes on the Forms W-2 included with this Form W-3. If the Forms W-2 show amounts from more than one state or locality, report them as one sum in the appropriate box on Form W-3.

Please verify that the amount reported in each box is an accurate total of the Forms W-2.

Reconciling Forms W-2, W-3, 941, 943, 944, CT-1, and Schedule H (Form 1040)

Reconcile the amounts shown in boxes 2, 3, 5, 7, and 9 from **all** 2008 Forms W-3 with their respective amounts from the 2008 **yearly** totals from the quarterly Forms 941, or annual Form 943, Form 944, Form CT-1 (box 2 only), and Schedule H (Form 1040). When there are discrepancies

between amounts reported on Forms W-2 and W-3 filed with the SSA and on Form 941, Form 943, Form 944, Form CT-1, or Schedule H (Form 1040) filed with the IRS, we must contact you to resolve the discrepancies. **To help reduce discrepancies on Forms W-2:**

- Report bonuses as wages **and** as social security and Medicare wages on Forms W-2 and Form 941/943/944/Schedule H (Form 1040).
- Report both social security and Medicare wages and taxes separately on Forms W-2, W-3, and 941/943/944/Schedule H (Form 1040).
- Report social security taxes withheld on Form W-2 in box 4, not in box 3.
- Report Medicare taxes withheld on Form W-2 in box 6, not in box 5.
- Make sure that the social security wage amount for each employee does not exceed the annual social security wage base limit (\$102,000 for 2008).
- Do not report noncash wages that are not subject to social security or Medicare taxes as social security or Medicare wages.
- If you use an EIN on any quarterly Form 941 for the year (or annual Form 943/944/CT-1/Schedule H (Form 1040)) that is different from the EIN reported in box e on Form W-3, enter the other EIN in box h on Form W-3.

To reduce the discrepancies between amounts reported on Forms W-2, W-3, and Form 941/943/944/CT-1/Schedule H (Form 1040):

- Be sure that the amounts on Form W-3 are the total amounts from Forms W-2.
- Reconcile Form W-3 with your four quarterly Forms 941 (or annual Form 943/944/CT-1/Schedule H (Form 1040)) by comparing amounts reported for:
 1. Income tax withholding (box 2).
 2. Social security wages, Medicare wages and tips, and social security tips (boxes 3, 5, and 7). Form W-3 should include Form 941 or Form 943/Form 944/Schedule H (Form 1040) adjustments only for the current year. If the Form 941, Form 943, or Form 944 adjustments include amounts for a prior year, do not report those prior year adjustments on the current year Forms W-2 and W-3.
 3. Social security and Medicare taxes (boxes 4 and 6). The amounts shown on the four quarterly Forms 941 (or annual Form 943/Form 944/Schedule H (Form 1040)), including current year adjustments, should be approximately twice the amounts shown on Form W-3.
 4. Advance EIC payment (box 9).

Amounts reported on Forms W-2, W-3, and 941/943/944/CT-1/Schedule H (Form 1040) may not match for valid reasons. If they do not match, you should determine that the reasons are valid. **Keep your reconciliation in case there are inquiries from the IRS or the SSA.**

Form W-2 Reference Guide for Box 12 Codes (See the box 12 instructions.)

A Uncollected social security or RRTA tax on tips	H Elective deferrals under a section 501(c)(18)(D) tax-exempt organization plan	R Employer contributions to an Archer MSA
B Uncollected Medicare tax on tips	J Nontaxable sick pay	S Employee salary reduction contributions under a section 408(p) SIMPLE
C Taxable cost of group-term life insurance over \$50,000	K 20% excise tax on excess golden parachute payments	T Adoption benefits
D Elective deferrals under a section 401(k) cash or deferred arrangement (including a SIMPLE 401(k) arrangement)	L Substantiated employee business expense reimbursements (federal rate)	V Income from exercise of nonstatutory stock option(s)
E Elective deferrals under a section 403(b) salary reduction agreement	M Uncollected social security or RRTA tax on taxable cost of group-term life (for former employees)	W Employer contributions (including employee contributions through a cafeteria plan) to an employee's Health Savings Account (HSA)
F Elective deferrals under a section 408(k)(6) salary reduction SEP	N Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (for former employees)	Y Deferrals under a section 409A nonqualified deferred compensation plan
G Elective deferrals and employer contributions (including nonelective deferrals) under a section 457(b) deferred compensation plan (state and local government and tax-exempt employers)	P Excludable moving expense reimbursements paid directly to employee	Z Income under section 409A on a nonqualified deferred compensation plan
	Q Nontaxable combat pay	AA Designated Roth contributions under a section 401(k) plan
		BB Designated Roth contributions under a section 403(b) plan

Index

A	Golden parachute payments 6, 12	S	Scholarships 7
Address correction 4	Government employers 6, 14	Shipping and mailing 3	Sick pay 7, 12, 15
Adoption benefits 4, 10, 13	Group-term life insurance 6, 10, 12	Signing bonuses 10	Signaling bonuses 10
Advance EIC payment 11		SIMPLE retirement account 7, 10, 12, 13	Social security number 9
Agent reporting 4	H	Social security number (SSN) 3	Social security tax withheld 10
Agricultural employers 6, 14	Health Savings Account (HSA) 6, 13	Social security wages/tips 10, 11	State and local tax information 14
Allocated tips 11	Help 1	Statutory employee 10, 13	Substitute forms 1
Archer MSA 4, 10, 13	Household employers 2, 6, 14	Successor/predecessor employers 7	
	How to complete Form W-2 9		T
C	How to complete Form W-3 14		Taxpayer identification numbers (TINs) 3
Calendar year basis 9	How to get forms and publications 2		Terminating a business 7
Clergy 4			Tips 9, 10, 11, 12
Codes for box 12, Form W-2 11	I		
Corrections and void Forms W-2 4, 9	Income tax withheld 10, 15		
			U
D	L		Uncollected taxes on group-term life insurance 12
Deceased employee's wages 5	Lost Form W-2 6		Uncollected taxes on tips 11, 12
Deferred compensation 10, 15			Undeliverable Forms W-2 3
Dependent care benefits 11	M		USERRA contributions 7, 12, 14
Designated Roth contributions 5, 10	Medicare tax withheld 10		
Due date(s) 1, 2	Medicare wages and tips 10		V
	Military employers 11, 14		Void Forms W-2 4, 9
E	Moving expenses 6, 13		
Earned income credit notification 1	Multiple Forms W-2 issued to employee 9		W
Educational assistance programs 5, 10			Wages 9
Election workers 5	N		When and where to file 2, 3
Elective deferrals 12	Nonqualified deferred compensation plans 1, 6		When to furnish Forms W-2 to employees 3
Electronic reporting 1, 3	Nonqualified plans 10, 11, 15		Who must file Forms W-2 and W-3 2
Employee business expense reimbursements 5, 9, 12	Nonstatutory stock option(s) 13		
Employee's taxes paid by employer 6, 10			
Employer identification number (EIN) 3, 9, 14	P		
Errors, common 2	Penalties 8		
Extension to file/furnish Form(s) W-2 3			
	R		
F	Railroad employers 7, 14		
Fellowship grants 7	Reconciling Forms W-2, W-3, 941, 943, 944, CT-1, and Schedule H (Form 1040) 15		
Fringe benefits 6, 9	Reissued Form W-2 5, 6		
Furnishing Forms W-2 to employees 3	Religious workers 4		
	Repayments, wages received in error 7		
G			
Getting forms, publications, and help 1, 2			