

# Understanding Your W-2

The following information is intended to answer the most frequently asked questions regarding the content and distribution of your W-2, which is needed to file income tax returns.

## Explanation of Boxes

### Box 1 - Wages, Tips, Other Compensation

- This is the taxable amount reported to the Internal Revenue Service (IRS). It includes any taxable fringe benefits (such as graduate tuition remission benefits greater than \$5,250), gifts, bonuses, taxable moving, as well as the taxable value of group-term life insurance in excess of \$50,000 (see box 12, below). It excludes all pre-tax deductions including: Pre-tax medical, dental, vision, 403(b) contributions, flex spending, parking and transportation from your gross wages.

### Box 2 – Federal Income tax withheld

- This is the total amount of federal income tax withheld from your wages during the calendar year.

### Box 3 - Social Security Wages

- The applicable limit on Social Security wages in 2017 is \$127,200. Income subject to the Social Security tax is not reduced by your contributions to a retirement plan (403(b)), but is affected by all other pre-tax deductions, which include parking, healthcare, flex spending, etc. There are only two applicable exceptions:
  - Wages paid to MICA student employees while enrolled full-time and attending classes are not included in Social Security wages
  - Wages paid to non-resident alien employees visiting the U.S. for a limited period on F-1, J-1, M-1 or Q-1 visas and performing services to carry out the purpose for which such visas have been issued are not included in Social Security wages.

## **Box 4 - Social Security Tax Withheld**

- This is the amount of Social Security tax withheld from your wages during the calendar year. The Social Security tax rate for 2017 is 6.2%.

## **Box 5 - Medicare Wages and Tips**

- There is no applicable limit on Medicare wages in 2017. Income subject to the Medicare tax is not reduced by your contributions to a retirement plan (403(b)), but is affected by all other pre-tax deductions, which includes parking, healthcare, flex spending, etc. There are three applicable exceptions:
  - Wages paid MICA student employees working at MICA while enrolled full-time and attending classes are not included in Medicare taxable wages.
  - Wages paid to non-resident alien employees visiting the U.S. for a limited period on F-1, J-1, M-1 or Q-1 visas and performing services to carry out the purpose for which such visas have been issued are not included in Medicare taxable wages.
  - Medicare wages that exceed \$200,000 are subject to additional Medicare tax.

## **Box 6 - Medicare Tax Withheld**

- This is the amount of Medicare tax withheld from your wages during the calendar year. The Medicare tax rate is 1.45%. Additional Medicare tax rate is .9% for wages that exceed \$200,000.

## **Box 10 - Dependent Care Benefits**

- MICA must report the pre-tax amount paid into a dependent care flexible spending account as part of the MICA Benefits Plan. Only dependent care benefits are reportable. Other pre-tax deductions withheld under the Benefits plan are not reportable.

## **Box 12 - Codes**

- The Codes shown in box 12 are described below.
  - **C** Taxable cost of group-term life insurance over \$50,000
  - **E** Elective deferrals under a salary reduction agreement for the Tax Sheltered Annuity 403(b) Program
  - **G** Elective deferrals and employer contributions (including non-elective deferrals) to any governmental or nongovernmental section 457(b) deferred compensation plan
  - **P** Excludable moving expense reimbursements paid directly to employee
  - **BB** Designated Roth contributions under a salary reduction agreement for the Tax Sheltered Annuity 403(b) Program
  - **DD** Cost of employer-sponsored health coverage including the employee and employer share. **These amounts are for informational purposes only and are not taxable.**

### **Box 13 - Checkboxes**

- The “Retirement plan” box will be checked if you contributed to any of the MICA’s tax deferred options. By checking the “Retirement plan” block, an employer notifies the IRS that an employee’s eligibility for a deductible Individual Retirement Arrangement (IRA) is limited.

### **Box 15 - State**

- This box identifies the state your wages are reported to.

### **Box 16 - State wages, tips, etc.**

- The amount of your wages subject to state tax. This amount might differ from the amount shown in Box 1.

### **Box 17 - State income tax**

- The amount of state tax withheld for the state listed in Box 15.

### **Box 18 - Local wages, tips, etc.**

- Intentionally left blank – Not used when reporting Maryland taxes.

### **Box 19 - Local income tax**

- Intentionally left blank – Not used when reporting Maryland taxes. For Maryland, local tax withholding is included in the amount reported in Box 17.

### **Box 20 - Locality Name**

- Intentionally left blank – Not used when reporting Maryland taxes.

## Common W-2 Questions

### **Why do the year-to-date gross wages on my last December paycheck not match the Box 1 wages on my W-2?**

- Gross year-to-date wages on your paycheck include all compensation paid to you. Box 1 on your W-2 reports taxable federal withholding wages, including:

|          |                                      |
|----------|--------------------------------------|
|          | Total Compensation                   |
| Plus (+) | Imputed Income                       |
| Less (-) | 403(b) deductions [see below]        |
| Less (-) | Other pre-tax deductions [see below] |

### **What is included in Total Compensation?**

- Total Compensation is your base pay plus any additional income amounts paid during the tax year.

### **What is imputed income and how does it apply to me?**

- The IRS requires that certain benefits provided by MICA be reported as taxable compensation – such as taxable tuition remission, certain types of moving expenses, and the value of employer-paid group term life insurance in excess of \$50,000. The IRS requires that some types of imputed income are also to be reported in Box 12. For example, the taxable value of your MICA-paid group life insurance (also known as a type of “Imputed Income”) is reported in Box 12 as code C. Taxable tuition (one type of imputed income included in Box 1 wages) is not reported separately in Box 12.

### **How are my 403(b) Retirement Plan contributions reported on the W-2?**

- Under IRS section 403(b), certain employee retirement deductions can be excluded from federal taxable wages. Pre-tax contributions to the MICA 403(b) Retirement Plan are excluded from federal and state taxable wages (Box 1 and 16) but are included in Social Security and Medicare Wages (Box 3 and 5). They are listed under box 12 of your W2 with an “E” code. Elective after-tax 403(b) contributions (**Roth**) are included in federal and state taxable wages, as well as Social Security and Medicare wages (Boxes 1, 3, 5 and 16). After-tax contributions are listed under box 12 with a “BB” code. Employer contributions are not reported on the Form W-2.

### **What are “other pre-tax deductions?”**

- Under IRS regulations, certain types of employee deductions can be made on a pre-tax basis. At MICA, these deductions include:
  - Medical, dental, vision
  - Flexible spending account contributions (both Health Care and Dependent Care)
  - Commuter Choice (transportation)
  - Parking

**Why does the amount in Box 1 (federal taxable wages) of my W-2 form not match Box 3 (Social security taxable wages) and/or Box 5 (Medicare taxable wages)?**

- Each type of tax has a different definition for taxable wages:  
Box 1 = Total Compensation + imputed income – 403(b) deductions – other pre-tax deductions. (No maximum)  
Box 3 = Total Compensation + imputed income – other pre-tax deductions. (The 2017 maximum is \$127,200)  
Box 5 = Total Compensation + imputed income – other pre-tax deductions. (No maximum)

**Where are my Dependent Care FSA contributions shown on my W-2?**

- If you contributed to a Dependent Care FSA via payroll deductions, your contributions are reported in Box 10.

**How do I request a W-2 Form from prior years?**

- For tax years 2009 and forward, active employees can log into MICA portal and print a copy of their W-2 forms.