

EXPLANATION OF W-2

State Payroll Services

A Brief Description of NYS Form W-2 Statements

As you review your Form W-2 Statement for 2008, consider the following:

1. Comparing your Form W-2 and your final paycheck:

The **Federal Taxable Wages** reported in Box 1 (**Wages, Tips, and Other Compensation**) on the Form W-2 are generally the same amount that is reported as the Federal Taxable Gross on your final pay stub for calendar year 2008.

There are a few exceptions to this. The most common is the reporting of payments for Taxable Expenses (e.g. non-overnight meals) that are not reported on the pay stub. This is reported as EXP in Box 14 of the Form W-2 statement. Other exceptions are the reporting of third party sick pay, imputed income, personal use of State-provided vehicle, and Certification and Licensure Exam Fee Reimbursement. These additions to the Federal Taxable Gross are reported as TPS/TPE, IMP and FRB respectively, in Box 14 of the Form W-2 statement.

2. Explaining Form W-2 wage reporting differences:

Social Security Wages (Box 3) and **Medicare Wages** (Box 5) are in many instances different from the amount reported for **Federal Taxable Wages** in Box 1. These differences, for the most part, are created by deductions taken for 414(h) ERS Retirement Before Tax, 403(b) Tax Deferred Annuities, or the NYS Deferred Compensation Program. Also, because the maximum Social Security Wage is \$102,000.00, the Box 3 amount will be capped at this amount.

3. Reporting deductions for non-taxable health insurance:

The total amount deducted for non-taxable health insurance is reported as a year-to-date amount on your final pay stub for the calendar year. Non-taxable health insurance is not reported in the Form W-2 boxes for Federal Taxable Wages, Social Security Wages and Medicare Wages.

Retain your last paycheck stub/advice statement of 2008 for a record of the Non-taxable Health Insurance paid in 2008.

4. Reporting deductions for charitable contributions through SEFA:

The total amount deducted for SEFA is reported as a year-to-date amount on your final pay stub for the calendar year. Your total charitable contributions through SEFA are not reported in the Form W-2.

Retain your last paycheck stub/advice statement of 2008 for a record of the SEFA amount for tax purposes.

5. Reporting deductions for the health care spending account:

The total amount deducted for the health care spending account is reported as a year-to-date amount on your final pay stub for the calendar year. This deduction is not reported in the Form W-2 boxes for Federal Taxable Wages, Social Security Wages and Medicare Wages.

6. Reporting of the NYS-Ride Transportation Benefit Program and the CUNY Transit Benefit Transportation Spending Account Program:

Employees participating in these programs should retain their last paycheck stub/advice statement for 2008 for a record of their pre-tax and after-tax transit benefit amounts. Although the pre-tax amount is deducted in Boxes 1, 3 and 5 to calculate the taxable salary for Federal income tax and Social Security and Medicare taxes, the amount paid for the pre-tax transit benefit and the after-tax transit benefit in 2008 do not appear on the Form W-2.

7. Employees who are members of the New York State organized militia and are paid in Agencies 01071 and/or 01072 and whose military pay is exempt from NYS income tax as provided by New York Tax Law will see this exempt amount in Box 14 of the Form W-2 with a code MNA.

A sample Form W-2 and an explanation of what the individual boxes contain follow:

| | | | | | | | |
|--|------------------------------|---|------------------------------|---|---------------------|---|--|
| DEPT. ID 70010 | | EMPLOYEE'S SOCIAL SECURITY # 123-45-6789 | | 1. WAGES, TIPS, OTHER COMP. 51,907.37 | | 2. FEDERAL INCOME TAX WITHHELD 8,208.80 | |
| W-2 WAGE AND TAX STATEMENT 2008 Copy C for EMPLOYEE'S RECORDS Department of the Treasury - Internal Revenue Service <small>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. CRAB No. 1543-0008</small> | | | | 3. SOCIAL SECURITY WAGES 58,407.37 | | 4. SOCIAL SECURITY TAX WITHHELD 3,621.25 | |
| | | | | 5. MEDICARE WAGES 58,407.37 | | 6. MEDICARE TAX WITHHELD 846.90 | |
| | | | | 7. ADVANCE RCF PAYMENT | | 8. DEPENDENT CARE BENEFITS 5,000.00 | |
| EMPLOYEE'S NAME, ADDRESS AND ZIP CODE PETER PAUL MARY 110 STATE STREET ALBANY, NY 12236 | | | | 12. See EMPLOYEE NUMBER E 1,500.00 G 5,000.00 | | 14. OTHER IRC 125 207.48 TXP 250.00 | |
| EMPLOYER'S NAME, ADDRESS AND ZIP CODE CITY UNIVERSITY OF NEW YORK 535 EAST 80TH ST NEW YORK NY 10075 Fed. Id. No. 13-3893536 | | | | 13. RETIREMENT PLAN <input checked="" type="checkbox"/> THIRD PARTY SICK <input type="checkbox"/> | | | |
| 15. STATE NY | 16. STATE WAGES 51,907.37 | 17. STATE INCOME TAX 2,468.64 | 18. LOCAL WAGES 51,907.37 | 19. LOCAL INCOME TAX 287.19 | 20. LOCALITY NYC | | |

2008 Form W-2 Description of Boxes

Box 1 Wages, Tips and Other Compensation

Federal taxable wages are reported in this box.

Box 2 Federal Income Tax Withheld

The total Federal income tax withheld from your pay is reported in this box.

Box 3 Social Security Wages

The wages subject to Social Security taxes, not to exceed \$102,000.00.

Box 4 Social Security Tax Withheld

The Social Security Tax deducted, not to exceed \$6,324.00.

Box 5 Medicare Wages

All wages subject to Medicare taxes. There is no salary cap on Medicare wages.

Box 6 Medicare Tax Withheld

The Medicare tax deducted from your pay.

Box 9 Advance EIC Payments

The total Earned Income Credit paid to an employee.

Box 10 Dependent Care Benefits

The total dependent care deductions.

Box 12 Codes

E - Section 403(b) contributions

G - Section 457(b) deferred compensation plan

P - Excludable moving expense reimbursements (not included in Boxes 1, 3 or 5)

Box 13 Check Boxes

Retirement Plan - This box is checked if you are eligible to participate in a NYS retirement plan.

Third Party Sick Pay – This box is checked if you received third party sick pay benefits.

Box 14 Other

Amounts to be reported:

414(h) All non-taxable Tier 3 and Tier 4 contributions made to New York State or City retirement systems or to TIAA-CREF must be reported for State and Local taxes. If there is a minus sign (-) with this amount, it can be disregarded for State and Local taxes since the taxes have already been paid.

UTA Uniform/Tool Allowance

EXP Taxable Expense – This code is used for payments of "lieu of expenses," non-overnight meal allowances, excess per diem reimbursements or personal car mileage.

FRB Taxable Fringe Benefit – Lease value of employer provided vehicle and/or Certification and Licensure Exam Fee Reimbursement.

EDA Educational Assistance Payments

TXP Taxable transportation fringe benefits (parking) in excess of IRS excludable amounts.

PPL Pre-paid Legal Expense

IMP Imputed Income – The value of the employer's contributions for employees with Domestic Partner Health Insurance.

WCX Workers' Compensation excluded amount. This is the amount awarded by NYS Workers' Compensation Board, which is excluded from the gross pay for the current year for a work related injury.

IRC125 City University of New York (CUNY) employees only. This amount includes Dependent Care, Flexible Spending Account, and Non-Taxable Health Insurance and is excludable for Federal income tax only and is not included in Box 1. This amount must be reported for State and Local taxes.

MNA The amount of military pay exempt from NYS income tax as provided by New York Tax Law.

Note: This is applicable to members of the New York State organized militia only and paid in Agencies 01071 and/or 01072.

TPS The amount of sick pay paid by a third party.

CPA Chaplain's Parsonage Allowance

Box 15 State

Employer's state ID number; a two-letter code from the list below indicating which State income taxes were withheld.

NY - New York

IL - Illinois

DC - District of Columbia

VA - Virginia

Box 16 State Wages

The State wages reported for NYS are the same as the amount of Federal wages required to be reported in Box 1 – Wages, Tips and Other Compensation.

Box 17 State Income Tax

The total State tax withheld is reported in this box.

Box 18 Local Wages

The total Local wages are reported in this box. New York City wages are on the top line and Yonkers wages are directly below in the same box. For a part-year New York City resident, the amount reported is for the period that the employee was a New York City resident. The Yonkers wages are the same amount as the State wages.

Box 19 Local Income Tax

The total Local taxes withheld are reported in this box. If applicable, New York City tax withheld is on the top line and Yonkers tax withheld is directly below in the same box.

Box 20 Name of Locality

Name of locality if Local income tax was withheld for New York City and/or City of Yonkers.