

2016 Employee W-2 Instructions

Notice to Employee (W-2 Forms) 2016

Do you have to file? - Refer to the Form 1040 Instructions to determine if you are required to file a tax return. 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 are eligible for any credit

Earned income credit (EIC) - You may be able to take the EIC for 2016 if your adjusted gross income (AGI) is less than a certain amount. The amount of the credit is based on income and family size. Workers without children could qualify for a smaller credit. You and any qualifying children must have valid social security numbers (SSNs). You cannot take the EIC if your investment income is more than the specified amount for 2016 or if income is earned for services provided while you were an inmate at a penal institution. For 2016 income limits and more information, visit www.irs.gov/eitc. Also see Pub. 506, Earned Income Credit. **Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return.**

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. Be sure to get your copies of Form W-2c from your employer for all corrections made so you may file them with your tax return. If your name and SSN are correct but are not the same as shown on your social security card that displays your correct name at any SSA office or by calling 1-800-772-1213. You also may visit the SSA at www.socialsecurity.gov.

Cost of employer-sponsored health coverage (if such cost is provided by the employer) - The reporting in Box 12, using Code DD, of the cost of employer-sponsored health coverage is for your information only. **The amount reported with Code DD is not taxable.**

Credit for excess taxes - If you had more than one employer in 2016 and more than \$7,347.00 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 \$4321.80 in Tier II RRRTA 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.

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 5 - This amount may be required to be entered on Form 8959. See Form 1040 Instructions to determine if you are required to complete Form 8959.

Box 6 - This amount includes the 1.45% Medicare Tax withheld on all Medicare wages and tips shown in Box 5, as well as the 0.9% Additional Medicare Tax on any of those Medicare wages and tips above \$200,000.

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.

You must file Form 4137, Social Security and Medicare Tax on Unreported Tip Income, with your income tax return to report at least the allocated tip amount unless you can prove a smaller amount with adequate records. If you have records that show the actual amount of the tips you received, report this amount even if it is more or less than the allocated tips. On Form 4137 you will figure the social security and Medicare tax owed on the allocated tips shown on your Form(s) W-2 that you must report as income and on other tips you did not report to your employer. By filing Form 4137, your social security tips will be credited to your social security record (used to figure your benefits).

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 A, BB, and EE) under all plans are generally limited to a total of \$17,500 (\$12,000 if you only have SIMPLE plans; \$20,500 for section 403(b) plans if you qualify for the 15-year rule explained in Pub. 571). Deferrals under code G are limited to \$17,500. Deferrals under code H are limited to \$7,000.

However, if you were at least age 50 in 2016, your employer may have allowed an additional deferral of up to \$6,000 (\$3,000 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 no year follows code D through H, S, Y, A, BB, or EE, the contributions are for the current year.

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

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

G - Elective deferrals and employer contributions (including non-elective 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)

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

V - Income from exercise of non-statutory stock option(s) (included in boxes 1, 3 (up to social security wage base), and 5). See Pub. 525 and instructions for Schedule D (Form 1040) for reporting requirements.

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

DD - Cost of employer-sponsored health coverage. The amount reported with Code DD is not taxable.

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

Box 14 - Employers may use this box to report information such as 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.

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.