



Biz Hippo

Roadmap to a W-2

A W-2 is issued by your employer for wages > \$600. It will be distributed to you on or before January 31. It is used by the Internal Revenue Service to verify your taxable wages and by the Social Security Administration to credit you with earnings towards your Social Security Benefits.

Your SSN and Name. Your name should match what is on your Social Security card to avoid any refund delays.

a Employee's social security number 123-45-6789		Safe, accurate, FAST! Use Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 12-3456789		1 Wages, tips, other compensation 123,500	2 Federal income tax withheld 10,312
c Employee's name, address, and ZIP code Biz Hippo 2500 Citywest Blvd Suite 300 Houston, TX 77042		3 Social security wages 118,500	4 Social security tax withheld 7,347
		5 Medicare wages and tips 130,500	6 Medicare tax withheld 1,892
		7 Social security tips	8 Allocated tips
d Control number 123457896		9	10 Dependent care benefits 5,000
e Employee's first name and initial Last name Suff. Jane H. Doe 1200 Main Street Houston, TX 77002		11 Nonqualified plans	
		12a See instructions for box 12 C 500	
		12b D 7,000	
		12c W 2,500	
f Employee's address and ZIP code		12d DD 8,400	
15 State TX	Employer's state ID number N/A	16 State wages, tips, etc. 123,500	17 State income tax 0
		18 Local wages, tips, etc.	19 Local income tax 0
		20 Locality name	

Your Wages in Box 1 will often NOT match the year-to-date gross wages shown on your pay stub. See bar at bottom to see how it is computed.

Box 2 is the amount of tax withheld based on the W-4 you provided your employer. It has no effect on your tax liability (though it goes toward payment of your tax liability).

Box 4 Social security tax withheld is 6.2% of Box 3 Wages (which is limited to \$118,500 in 2016).

Box 6 Medicare tax is 1.45% of Box 5 Wages.

Box 10 Dependent Care benefits paid pre-tax.

Box 12a - d
There are 26 codes for these boxes, but these are the most common:
C Employer-provided life insurance coverage greater than \$50,000
D Employee 401k contributions
W Employer contribution to Health Savings Account
DD Employer provided health insurance

Form W-2 Wage and Tax Statement 2016
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.

Computation for Boxes 1, 3, & 5

Gross Wages	\$140,000	Box 1 Wages	\$123,500
Less Employee 401k contribution	7,000	Add Back 401k contribution *	7,000
Less Dependent Care Assistance	5,000		
Less Employee Health Savings Account contribution	5,000	Box 5 Medicare Wages	\$130,500
Add Employer-Provided Life Insurance over \$50,000	500	Box 3 Social Security Wages will match Medicare, but capped at \$118,500 for 2016.	
Box 1 Wages	\$123,500		

* 401k contributions are considered tax-deferred, not tax-free. Therefore, they are subject to Social Security and Medicare just like regular wages.