UNDERSTANDING YOUR 2016 W-2

WHAT DO THE BOXES ON THE W-2 MEAN?

BOX 1 – WAGES, TIPS, OTHER COMPENSATION
This is the amount that you report on your federal return as taxable income. This is your total wages for the year less amounts that you paid into: (1) Retirement: PERS (Public Employees Retirement System), TRS (Teachers Retirement System), TIAA, GWP (Game Wardens Peace Officers); (2) Annuities: Empower, TIAA, Deferred Compensation, MetLife, etc.; (3) Medical premiums above and beyond the state contribution; (4) Amounts deferred into Flexible spending plans for medical care and dependent care, and (5) Parking decals deducted through payroll deduction.
**BOX 2 – FEDERAL INCOME TAX WITHHELD**
This is the total amount withheld from your wages for the payment of federal income taxes. Report this amount on your federal tax return.

**BOX 3 – SOCIAL SECURITY WAGES**
This is the dollar amount that social security taxes are assessed at a rate of 6.2% for the employee. Your employer also contributes to the social security system on your behalf at the rate of 6.2%. The amount in this box is based on your total wages less any amounts that were contributed to (1) medical premiums above and beyond the state contribution; (2) amounts deferred into flexible spending plans for medical care and dependent care; and, (3) parking decals deducted through payroll deduction.

**BOX 4 – SOCIAL SECURITY TAX WITHHELD**
This is the tax on the amount in Box 3 at a rate of 6.2%.

**BOX 5 – MEDICARE WAGES AND TIPS**
This is the dollar amount that Medicare taxes are assessed at a rate of 1.45% for the employee. Your employer also contributes to the Medicare system on your behalf at the rate of 1.45%. The amount in this box is based on your total wages less any amounts that were contributed to: (1) medical premiums above and beyond the state contribution; (2) amounts deferred into flexible spending plans for medical care and dependent care; and, (3) parking decals deducted through payroll deduction.

**BOX 6 – MEDICARE TAX WITHHELD**
This is the tax on the amount in Box 5 at a rate of 1.45%.

**BOXES 7, 8 AND BOX 9 WILL BE EMPTY.**

**BOX 10 – DEPENDENT CARE BENEFITS**
This is the amount that was deducted from your paycheck as a pre-tax item and made available to you through the flexible spending plan for paying your childcare expenses. You may treat up to $5,000 as a pre-tax amount for this purpose. If the amount in this box is over $5,000, then the excess has been added to your applicable gross income in boxes 1, 3, 5, and 16 so that you are taxed correctly.

**BOX 11 WILL BE EMPTY.**

**BOX 12 – ANNUITY AMOUNTS, HEALTH INSURANCE VALUE REPORTING**
There are various codes that may appear in this section along with a dollar amount. The dollar amount is what was deducted from your paycheck and contributed to the annuity plan that you have signed up with.
- Code D – elective deferrals to 401(k) plans
- Code DD – value of employer provided health insurance
- Code E – elective deferrals to 403(b) plans
- Code F – elective deferrals to 408(k) (6) plans
- Code G – elective deferrals to 457(b) plans
- Code P – Excludable moving expense reimbursements paid directly to the employee
BOX 13 – STATUTORY EMPLOYEE (NO ONE WILL HAVE A CHECKED BOX HERE)
- Retirement – if you are in PERS (Public Employees Retirement System), TRS (Teachers Retirement System), GWP (Game Wardens Peace Officers) or TIAA, you will have a check mark in the box.
- Third party sick pay – if you had third party sick pay, you will receive a W-2 from the vendor.

BOX 15 – STATE CODE AND ID NUMBER

BOX 16 – STATE WAGES, TIPS, ETC.
This is the amount that you report on your state return as taxable income. This is your total wages for the year less amounts that you paid into: (1) Retirement: PERS (Public Employee Retirement System), TRS (Teachers Retirement System), TIAA, GWP (Game Wardens Peace Officers); (2) Annuities: Empower, TIAA, Deferred Compensation, MetLife, etc.; (3) Medical premiums above and beyond the state contribution; (4) Amounts deferred into flexible spending plans for medical care and dependent care, and (5) Parking decals deducted through payroll deduction.

BOX 17 – STATE INCOME TAX
This is the total amount withheld from your wages for the payment of state income taxes. Report this amount on your state tax return.

BOXES 18, 19 AND 20 WILL BE BLANK.

IMPORTANT NOTE: WHEN FILING YOUR FEDERAL AND STATE TAX RETURNS.
The amounts that are deducted from your paycheck to cover the costs of the medical plan you chose (those that are over and above the amount that the State of Montana contributes to your health care plan) are deducted on a “pre-tax” basis. What this means is that you cannot include these amounts as part of your itemized deductions on your tax return. You have already received the tax benefit of these amounts NOT being included in your taxable gross in either Box 1 or Box 16. The same applies to medical bills that you pay with money that you have deferred through the medical flexible spending plan. You cannot include these medical bills as part of your itemized deductions.