



How to Read Your W-2

Ever had an employee ask you a question about amounts reported on their annual W-2 form?

Years ago W-2 forms were fairly straight-forward, reporting wages paid to your employees along with tax withholdings. The days of simple W-2's are long gone! Wages reported in boxes 1, 3 and 5 for income, social security and Medicare tax withholdings are frequently 3 different amounts - and confusing to your employees. The number of IRS required alphabetical "codes" in Box 12 range from "A to Z", and are now on "round 2" of the alphabet with "codes" AA- CC. Code "CC" in Box 12 is new for 2010, and surely will invite questions from employees. Newly added Box 12, Code "CC" reports wages paid to your "new hires" during 2010 which qualified for the employer FICA tax exemption - which is totally irrelevant to your employees but is required reported on their personal W-2 form.

AccuPay has prepared a memo titled "How To Read Your W-2", and we have added this memo to our "AccuPay Forms", which you can download from our website, at www.accupay.com/forms-downloads.htm. Feel free to download copies and provide them to your employees and colleagues.

Our recommendations to employers about their 2010 employee W-2's are as follows:

- ✓ Download the "How to Read Your W-2" and read it before you provide 2010 W-2's to your employees. This memo will answer many of your employees' questions about their W-2 forms; and
- ✓ Box 14 on the W-2 form provides employers with an opportunity to report "non-required" payroll information to employees. We have included examples of Box 14 reporting on our downloaded memo.

Contact AccuPay at 885-7600 or email payroll@accupay.com to discuss information you would like to report in Box 14 to your employees.

While you are at AccuPay's "Forms & Downloads" link on our website, we encourage you to check out the "IRS Withholding Calculator", which is an excellent tool to help your employees complete accurate W-4 exemption forms for 2011.

We have a passion for "payroll excellence". We love ideas from our clients on how we can improve our services - Call us at 885-7600 or email payroll@accupay.com with your ideas and input! Happy New Year!

PayDay is an email communication of payroll news, legal updates and tax considerations intended to inform clients and colleagues of AccuPay about current payroll issues and planning techniques. You should consult with your CPA or tax advisor before implementing any ideas, comments or planning techniques.