2019

Department of the Treasury
Internal Revenue Service

General Instructions for Forms W-2 and W-3

(Including Forms W-2AS, W-2CM, W-2GU, W-2VI, W-3SS, W-2c, and W-3c)

Section references are to the Internal Revenue Code unless otherwise noted.

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Future Developments

For the latest information about developments related to Forms W-2 and W-3 and their instructions, such as legislation enacted after they were published, go to *IRS.gov/FormW2*.

What's New

Employee stock options are not subject to Railroad Retirement Tax. In Wisconsin Central Ltd. v. U.S., 138 S. Ct. 2067, the U. S. Supreme Court ruled that employee stock options are not "money remuneration" subject to the Railroad Retirement Tax Act (RRTA). If you are a railroad employer, do not withhold Tier 1 and Tier 2 taxes when employees covered by the RRTA exercise stock options. You still must withhold federal income tax on taxable compensation from railroad employees exercising their options. See *For employees covered by RRTA tax*.

Box 9 Verification code. The Verification code pilot program has ended. Box 9 is no longer in use.

Disaster tax relief. Disaster tax relief is available for those affected by recent disasters. For more information about disaster relief, go to *IRS.gov/DisasterTaxRelief*.

Penalties increased. Failure to file and failure to furnish penalties and penalties for intentional disregard of filing and payee statement requirements have increased due to adjustments for inflation. The higher penalty amounts apply to returns required to be filed after December 31, 2019. See *Penalties* for more information.

Reminders

Due date for filing with SSA. The due date for filing 2019 Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, W-3, and W-3SS with the SSA is January 31, 2020, whether you file using paper forms or electronically.

Extensions of time to file. Extensions of time to file Form W-2 with the SSA are not automatic. You may request one 30-day extension to file Form W-2 by submitting a complete application on Form 8809, Application for Extension of Time To File Information Returns, indicating that at least one of the criteria on the form and instructions for granting an extension applies and signing under penalties of perjury. The IRS will only grant the extension in extraordinary circumstances or catastrophe. See *Extension of time to file Forms W-2 with the SSA* for more information. This does not affect extensions of time to furnish Forms W-2 to employees. See *Extension of time to furnish Forms W-2 to employees* for more information.

TIP ***Get it done faster...***
E-file your Forms W-2 and W-2c with the SSA.
See E-filing.

Rejected wage reports from the Social Security Administration (SSA). The SSA will reject Form W-2 electronic and paper wage reports under the following conditions:

- Medicare wages and tips are less than the sum of social security wages and social security tips,
- Social security tax is greater than zero; social security wages and social security tips are equal to zero, and
- Medicare tax is greater than zero; Medicare wages and tips are equal to zero.

Additionally, Forms W-2 and W-2c electronic and paper wage reports for household employers will be rejected under the following conditions:

- The sum of social security wages and social security tips is less than the minimum yearly earnings subject to social security and Medicare tax withholding for a household employee, and
- The Medicare wages and tips are less than the minimum yearly earnings subject to social security and Medicare tax withholding for a household employee.

Exhibit P-448

If the above conditions occur in an electronic wage report, the SSA will notify the submitter by email or postal mail to correct the report and resubmit it to the SSA. If the above conditions occur in a paper wage report, the SSA will notify the employer by email or postal mail to correct the report and resubmit it to the SSA.

Note. Do not write "corrected" or "amended" on any resubmitted reports.

Household employers, see Pub. 926, Household Employer's Tax Guide.

Social security numbers. Do not truncate social security numbers shown on Forms W-2, W-2AS, W-2GU, and W-2VI. Social security numbers are required on Forms W-2. See *Taxpayer identification numbers (TINs)*, later. Also see Regulations section 301.6109-4(b)(2).

Filers of other forms, such as certain Forms 1099/1098, may truncate the taxpayer identification number (XX-XXX1234) of the payee on the payee statement to combat identity theft.

Limit on health flexible spending arrangement (FSA). For 2019, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of $2,700. The salary reduction contribution limitation of $2,700 does not include any amount (up to $500) carried over from a previous year. For more information, see *Health flexible spending arrangement (FSA)*.

Additional Medicare Tax. In addition to withholding Medicare tax at 1.45%, an employer is required to withhold a 0.9% Additional Medicare Tax on any Federal Insurance Contributions Act (FICA) wages or Railroad Retirement Tax Act (RRTA) compensation it pays to an employee in excess of $200,000 in a calendar year. An employer is required to begin withholding Additional Medicare Tax in the pay period in which it pays wages or compensation in excess of $200,000 to an employee and continue to withhold it until the end of the calendar year. Additional Medicare Tax is imposed only on the employee. There is no employer share of Additional Medicare Tax. All wages and compensation that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the $200,000 withholding threshold.

For more information on Additional Medicare Tax, go to *IRS.gov/ADMT*.

Unless otherwise noted, references to Medicare tax include Additional Medicare Tax.

Medicaid waiver payments. Notice 2014-7 provides that certain Medicaid waiver payments are excludable from income for federal income tax purposes. See Notice 2014-7, 2014-4 I.R.B. 445, available at *IRS.gov/irb/2014-4_IRB#NOT-2014-7*. Also, see *IRS.gov/MedicaidWaiverPayments* for questions and answers on the notice.

Business Services Online (BSO). The SSA has enhanced its secure BSO website to make it easier to register and navigate. Use BSO's online fill-in forms to create, save, and submit Forms W-2 and W-2c to the SSA electronically. BSO lets you print copies of these forms to file with state or local governments, distribute to your employees, and keep for your records. BSO generates Form W-3 automatically based on your Forms W-2. You also can use BSO to upload wage files to the SSA, check on the status of previously submitted wage reports, and take advantage of other convenient services for employers and businesses. Visit the SSA's Employer W-2 Filing Instructions & Information website at *SSA.gov/employer* for more information about using BSO to save time for your organization. Here you also will find forms and publications used for wage reporting, information about verifying employee social security numbers online, how to reach an SSA employer services representative for your region, and more.

TIP *Preview BSO by viewing a brief online tutorial. Go to SSA.gov/employer/bsotut.htm.*

Correcting wage reports. You can use BSO to create, save, print, and submit Forms W-2c, Corrected Wage and Tax Statement, online for the current year as well as for prior years. After logging into BSO, navigate to the Electronic Wage Reporting home page and click on the "Forms W-2c/W-3c Online" tab. Also, see *E-filing* and *E-filing Forms W-2c and W-3c*.

Tax relief for victims of terrorist attacks. Disability payments for injuries incurred as a direct result of a terrorist attack directed against the United States (or its allies) are not included in income. Because federal income tax withholding is required only when a payment is includable in income, no federal income tax should be withheld from these payments.

Distributions from governmental section 457(b) plans of state and local agencies. Generally, report distributions from section 457(b) plans of state and local agencies on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See Notice 2003-20 on page 894 of Internal Revenue Bulletin 2003-19 at *IRS.gov/pub/irs-irbs/irb03-19.pdf*.

Earned income credit (EIC) notice (not applicable to Forms W-2AS, W-2CM, W-2GU, and W-2VI). You must notify employees who have no income tax withheld that they may be able to claim an income tax refund because of the EIC. You can do this by using the official Internal Revenue Service (IRS) Form W-2 with the EIC notice on the back of Copy B or a substitute Form W-2 with the same statement. You must give your employee Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or your own statement that contains the same wording if (a) you use a substitute Form W-2 that does not contain the EIC notice, (b) you are not required to furnish Form W-2, or (c) you do not furnish a timely Form W-2 to your employee. For more information, see section 10 in Pub. 15 (Circular E), Employer's Tax Guide.

Electronic statements for employees. Furnishing Copies B, C, and 2 of Forms W-2 to your employees electronically may save you time and effort. See Pub. 15-A, Employer's Supplemental Tax Guide, *Furnishing Form W-2 to employees electronically,* for additional information.

E-filing. The SSA encourages all employers to *e-file*. E-filing can save you time and effort and helps ensure accuracy. You must *e-file* if you are required to file 250 or more Forms W-2 or W-2c. If you are required to *e-file* but fail to do so, you may incur a penalty.

The SSA's BSO website makes e-filing easy by providing two ways to submit your Forms W-2 or W-2c Copy A and Forms W-3 or W-3c information.

- If you need to file 50 or fewer Forms W-2 or 25 or fewer Forms W-2c at a time, you can use BSO to create them online. BSO guides you through the process of creating Forms W-2 or W-2c, saving and printing them, and submitting them to the SSA when you are ready. You do not have to wait until you have submitted Forms W-2 or W-2c to the SSA before printing copies for your employees. BSO generates Form W-3 or W-3c automatically based on your Forms W-2 or W-2c.
- If you need to file more than 50 Forms W-2 or more than 25 Forms W-2c, BSO's "file upload" feature might be the best e-filing method for your business or organization. To obtain file format specifications, visit the SSA's website at *SSA.gov/employer/EFW2&EFW2C.htm*, and select the appropriate document. This information also is available by calling the SSA's Employer Reporting Service Center at 800-772-6270 (toll free).

CAUTION ***If you* e-file*, do not file the same returns using paper forms.***

For more information about e-filing Forms W-2 or W-2c and a link to the BSO website, visit the SSA's Employer W-2 Filing Instructions & Information website at *SSA.gov/employer*.

In a few situations, reporting instructions vary depending on the filing method you choose. For example, you can include every type of box 12 amount in one employee wage record if you upload an electronic file. If you file on paper or create Forms W-2 online, you can include only four box 12 amounts per Form W-2. See the *TIP* for *Box 12—Codes* under *Specific Instructions for Form W-2*.

Waiver from e-filing. You can request a waiver from this requirement by filing Form 8508, Request for Waiver From Filing Information Returns Electronically. Submit Form 8508 to the IRS at least 45 days before the due date of Form W-2, or 45 days before you file your first Form W-2c. See Form 8508 for information about filing this form.

Form 944. Use the "944" checkbox in box b of Form W-3 or Form W-3SS if you filed Form 944, Employer's ANNUAL Federal Tax Return. Also use the "944" checkbox if you filed Formulario 944(SP), the Spanish-language version of Form 944.

Forms W-2 for U.S. possessions. In these instructions, reference to Forms W-2 and W-3 includes Forms W-2AS, W-2CM, W-2GU, W-2VI, and W-3SS, unless otherwise noted. These instructions are not applicable to wage and tax statements for Puerto Rico. Form W-2AS is used to report American Samoa wages paid by American Samoa employers, Form W-2CM is used to report the Commonwealth of the Northern Mariana Islands (CNMI) wages paid by CNMI employers, Form W-2GU is used to report Guam wages paid by Guam employers, and Form W-2VI is used to report U.S. Virgin Islands (USVI) wages paid by USVI employers. Do not use these forms to report wages subject to U.S. income tax withholding. Instead, use Form W-2 to show U.S. income tax withheld.

Military Spouses Residency Relief Act (MSRRA). You may be required to report wages and taxes on a form different from the form you generally use if an employee claims residence or domicile under MSRRA in a different jurisdiction in one of the 50 states, the District of Columbia, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, or the U.S. Virgin Islands.

Under MSRRA, the spouse of an active duty servicemember (civilian spouse) may keep his or her prior residence or domicile for tax purposes (tax residence) when accompanying the servicemember spouse, who is relocating under military orders, to a new military duty station in one of the 50 states, the District of Columbia, or a U.S. possession. Before relocating, both spouses must have had the same tax residence.

For example, if a civilian spouse is working in Guam but properly claims tax residence in one of the 50 states under MSRRA, his or her income from services would not be taxable income for Guam tax purposes. Federal income taxes should be withheld and remitted to the IRS. State and local income taxes may need to be withheld and remitted to state and local tax authorities. You should consult with state, local, or U.S. possession tax authorities regarding your withholding obligations under MSRRA.

Nonqualified deferred compensation plans. You are not required to complete box 12 with code Y (Deferrals under a section 409A nonqualified deferred compensation plan). Section 409A provides that all amounts deferred under a nonqualified deferred compensation (NQDC) plan for all tax years are includible in gross income unless certain requirements are satisfied. See *Nonqualified deferred compensation plans* under *Special Reporting Situations for Form W-2* and the *Nonqualified Deferred Compensation Reporting Example Chart*.

Reporting the cost of group health insurance coverage. You must report the cost of employer-sponsored health coverage in box 12 using code DD. However, transitional relief applies to certain employers and certain types of plans. For more information, see *Box 12—Codes* for *Code DD—Cost of employer-sponsored health coverage*.

Severance payments. Severance payments are wages subject to social security and Medicare taxes. As noted in section 15 of Pub. 15 (Circular E), severance payments also are subject to income tax withholding and FUTA tax.

Substitute forms. You may use an acceptable substitute form instead of an official IRS form.

Form W-2. If you are not using the official IRS form to furnish Form W-2 to employees or to file with the SSA, you may use an acceptable substitute form that complies with the rules in Pub. 1141, General Rules and Specifications for Substitute Forms W-2 and W-3. Pub. 1141 is a revenue procedure that explains the requirements for format and content of substitute Forms

W-2 and W-3. Your substitute forms must comply with the requirements in Pub. 1141.

Pub. 1141 prohibits advertising on Form W-2. You must not include advertising on any copy of Form W-2, including coupons providing discounts on tax preparation services attached to the employee copies. See Pub. 1141 for further information.

Form W-2c. If you are not using the official IRS form to furnish Form W-2c to employees or to file with the SSA, you may use an acceptable substitute form that complies with the rules in Pub. 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c. Pub. 1223 is a revenue procedure that explains the requirements for format and content of substitute Forms W-2c and W-3c. Your substitute forms must comply with the requirements in Pub. 1223.

Pub. 1223 prohibits advertising on Form W-2c. You must not include advertising on any copy of Form W-2c, including coupons providing discounts on tax preparation services attached to the employee copies. See Pub. 1223 for further information.

Need Help?

Help with e-filing. If you have questions about how to register or use BSO, call 800-772-6270 (toll free) to speak with an employer reporting technician at the SSA. The hours of operation are Monday through Friday from 7:00 a.m. to 7:00 p.m. Eastern time. If you experience problems using any of the services within BSO, call 888-772-2970 (toll free) to speak with a systems operator in technical support at the SSA. To speak with the SSA's Employer Services Liaison Officer (ESLO) for the U.S. Virgin Islands, call 212-264-1462 (not a toll-free number). For Guam, the Commonwealth of the Northern Mariana Islands, or American Samoa, call 510-970-8247 (not a toll-free number). For all other employers, contact the ESLO that services your region. For a complete telephone listing, visit the SSA's Employer W-2 Filing Instructions & Information website at *SSA.gov/employer/wage_reporting_specialists.htm*.

Information reporting customer service site. The IRS operates a centralized customer service site to answer questions about reporting on Forms W-2, W-3, 1099, and other information returns. If you have questions about reporting on these forms, call 866-455-7438 (toll free).

TTY/TDD equipment. Telephone help is available using TTY/TDD equipment for persons who are deaf, hard of hearing, or have a speech disability. If you have questions about reporting on information returns (Forms 1096, 1097, 1098, 1099, 3921, 3922, 5498, W-2, W-2G, and W-3), call 304-579-4827.

Employment tax information. Detailed employment tax information is given in:
- Pub. 15 (Circular E), Employer's Tax Guide,
- Pub. 15-A, Employer's Supplemental Tax Guide,
- Pub. 15-B, Employer's Tax Guide to Fringe Benefits,
- Pub. 51 (Circular A), Agricultural Employer's Tax Guide, and
- Pub. 80 (Circular SS), Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

You also can call the IRS with your employment tax questions at 800-829-4933 or go to *IRS.gov/Businesses/Small-Businesses-Self-Employed/Understanding-Employment-Taxes*.

How To Get Forms and Publications

Internet. You can access IRS.gov 24 hours a day, 7 days a week to:
- Download, view, and order tax forms, instructions, and publications.
- Access commercial tax preparation and *e-file* services.
- Research your tax questions online.
- See answers to frequently asked tax questions.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins published in the last few years.
- Sign up to receive local and national tax news by email.

You can order forms, instructions, and publications at *IRS.gov/OrderForms*. For any other tax information, go to *IRS.gov/Help/Tax-Law-Questions*.

CAUTION *Do not print Copy A of Forms W-2, W-3, W-2c, or W-3c from IRS.gov and then file them with the SSA. The SSA accepts only e-filed reports and the official red-ink versions (or approved substitute versions) of these forms. For more information about acceptable substitute versions, see* Substitute forms*. For information about e-filing, see* E-filing*.*

Mail. You can send your order for forms, instructions, and publications to the following address. You should receive a response within 10 days after your request is received.

Internal Revenue Service
1201 N. Mitsubishi Motorway
Bloomington, IL 61705-6613

Common Errors on Forms W-2

Forms W-2 provide information to your employees, the SSA, the IRS, and state and local governments. Avoid making the following errors, which cause processing delays.

Do not:
- Download Copy A of Forms W-2, W-2AS, W-2GU, W-2VI, W-3SS, or Form W-3 from IRS.gov and file with SSA.
- Omit the decimal point and cents from entries.
- Make entries using ink that is too light. Use only black ink.
- Make entries that are too small or too large. Use 12-point Courier font, if possible.
- Add dollar signs to the money-amount boxes. They have been removed from Copy A and are not required.
- Inappropriately check the "Retirement plan" checkbox in box 13. See *Retirement plan*.
- Misformat the employee's name in box e. Enter the employee's first name and middle initial in the first box, his or her surname in the second box, and his or her suffix (such as "Jr.") in the third box (optional).
- Enter the incorrect employer identification number (EIN) or the employee's SSN for the EIN.
- Cut, fold, or staple Copy A paper forms mailed to SSA.

• Mail any other copy other than Copy A of Form W-2 to the SSA.

General Instructions for Forms W-2 and W-3

Who must file Form W-2. You must file Form(s) W-2 if you have one or more employees to whom you made payments (including noncash payments) for the employees' services in your trade or business during 2019.

Complete and file Form W-2 for each employee for whom any of the following applies (even if the employee is related to you).

• You withheld any income, social security, or Medicare tax from wages regardless of the amount of wages; or

• You would have had to withhold income tax if the employee had claimed no more than one withholding allowance or had not claimed exemption from withholding on Form W-4; or

• You paid $600 or more in wages even if you did not withhold any income, social security, or Medicare tax.

Only in very limited situations will you not have to file Form W-2. This may occur if you were not required to withhold any income tax, social security tax, or Medicare tax and you paid the employee less than $600, such as for certain election workers and certain foreign agricultural workers. See *Election workers* and *Foreign agricultural workers*, later.

Unless otherwise noted, references to Medicare tax include Additional Medicare Tax.

If you are required to file 250 or more Forms W-2 or want to take advantage of the benefits of e-filing, see *E-filing*.

Who must file Form W-3. Anyone required to file Form W-2 must file Form W-3 to transmit Copy A of Forms W-2. Make a copy of Form W-3, keep it and Copy D (For Employer) of Forms W-2 with your records for 4 years. Be sure to use Form W-3 for the correct year. If you are filing Forms W-2 electronically, also see *E-filing*.

Household employers. Even employers with only one household employee must file Form W-3 to transmit Copy A of Form W-2. On Form W-3 check the "Hshld. emp." checkbox in box b. For more information, see Schedule H (Form 1040), Household Employment Taxes, and its separate instructions. You must have an employer identification number (EIN). See *Box b Employer identification number (EIN)*.

Who may sign Form W-3. A transmitter or sender (including a service bureau, reporting agent, paying agent, or disbursing agent) may sign Form W-3 (or use its PIN to *e-file*) for the employer or payer only if the sender satisfies both of the following.

• It is authorized to sign by an agency agreement (whether oral, written, or implied) that is valid under state law; and

• It writes "For (name of payer)" next to the signature (paper Form W-3 only).

CAUTION *Use of a reporting agent or other third-party payroll service provider does not relieve an employer of the responsibility to ensure that Forms W-2 are furnished to employees and that Forms W-2 and W-3 are filed with the SSA, correctly and on time. See* Penalties *for more information.*

Be sure that the payer's name and EIN on Forms W-2 and W-3 are the same as those used on the Form 941, Employer's QUARTERLY Federal Tax Return; Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; Form 944; Form CT-1, Employer's Annual Railroad Retirement Tax Return; or Schedule H (Form 1040) filed by or for the payer.

When to file. Mail or electronically file Copy A of Form(s) W-2 and Form W-3 with the SSA by January 31, 2020. You may owe a penalty for each Form W-2 that you file late. See *Penalties*. If you terminate your business, see *Terminating a business*.

Extension of time to file Forms W-2 with the SSA. You may request only one extension of time to file Form W-2 with the SSA by submitting a complete application on Form 8809, Application for Extension of Time To File Information Returns. When completing the Form 8809, indicate that at least one of the criteria on the form and instructions for granting an extension applies. You must sign the application under penalties of perjury. Send the application to the address shown on Form 8809. You must request the extension before the due date of Forms W-2. If the IRS grants your request for extension, you will have an additional 30 days to file. The IRS will grant extensions to file Forms W-2 only in limited cases for extraordinary circumstances or catastrophe, such as a natural disaster or fire destroying the books and records needed for filing the forms. No additional extension of time to file will be allowed. See Form 8809 for details.

CAUTION *Even if you request and are granted an extension of time to file Forms W-2, you still must furnish Forms W-2 to your employees by January 31, 2020. But see* Extension of time to furnish Forms W-2 to employees.

Where to file paper Forms W-2 and W-3. File Copy A of Form(s) W-2 with Form W-3 at the following address.

Social Security Administration
Direct Operations Center
Wilkes-Barre, PA 18769-0001

TIP *If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS-approved private delivery service, add "Attn: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." Go to IRS.gov/PDS for a list of IRS-approved private delivery services.*

CAUTION ***Do not send cash, checks, money orders, or other forms of payment with the Forms W-2 and W-3 that you submit to the SSA.*** *Employment tax forms (for example, Form 941 or Form 943), remittances, and Forms 1099 must be sent to the IRS.*

Copy 1. Send Copy 1 of Form W-2, if required, to your state, city, or local tax department. For more information concerning Copy 1 (including how to complete boxes 15 through 20), contact your state, city, or local tax department.

American Samoa. File Copy 1 of Form W-3SS and Forms W-2AS at the following address.

American Samoa Tax Office
Executive Office Building
First Floor
Pago Pago, AS 96799

Guam. File Copy 1 of Form W-3SS and Forms W-2GU at the following address.

Guam Department of Revenue and Taxation
P.O. Box 23607
GMF, GU 96921

For additional information about Form W-2GU, see *GuamTax.com*.

United States Virgin Islands. File Copy 1 of Form W-3SS and Forms W-2VI at the following address.

Virgin Islands Bureau of Internal Revenue
6115 Estate Smith Bay
Suite 225
St. Thomas, VI 00802

For additional information about Form W-2VI, see *BIR.VI.gov*.

Commonwealth of the Northern Mariana Islands. File Form OS-3710 and Copy 1 of Forms W-2CM at the following address.

Division of Revenue and Taxation
Commonwealth of the Northern Mariana Islands
P.O. Box 5234 CHRB
Saipan, MP 96950

Forms OS-3710 and W-2CM are not IRS forms. For additional information about Form W-2CM, see *CNMIDOF.net*.

Shipping and mailing. If you file more than one type of employment tax form, group Forms W-2 of the same type with a separate Form W-3 for each type, and send them in separate groups. See the specific instructions for *Box b—Kind of Payer* and *Box b—Kind of Employer* in *Specific Instructions for Form W-3.*

Prepare and file Forms W-2 either alphabetically by employees' last names or numerically by employees' social security numbers. Do not staple or tape Form W-3 to the related Forms W-2 or Forms W-2 to each other. These forms are machine read. Staple holes or tears interfere with machine reading. Also, do not fold Forms W-2 and W-3. Send the forms to the SSA in a flat mailing.

Furnishing Copies B, C, and 2 to employees. Generally, you must furnish Copies B, C, and 2 of Form W-2 to your employees by January 31, 2020. You will meet the "furnish" requirement if the form is properly addressed and mailed on or before the due date.

If employment ends before December 31, 2019, you may furnish copies to the employee at any time after employment ends, but no later than January 31, 2020. If an employee asks for Form W-2, give him or her the completed copies within 30 days of the request or within 30 days of the final wage payment, whichever is later. However, if you terminate your business, see *Terminating a business*.

You may furnish Forms W-2 to employees on IRS official forms or on acceptable substitute forms. See *Substitute forms*. Be sure the Forms W-2 you provide to employees are clear and legible and comply with the requirements in Pub. 1141.

Forms W-2 that include logos, slogans, and advertisements (including advertisements for tax preparation software) may be considered as suspicious or altered Forms W-2 (also known as "questionable Forms W-2"). An employee may not recognize the importance of the employee copy for tax reporting purposes due to the use of logos, slogans, and advertisements. Therefore, the IRS has determined that logos, slogans, and advertising will not be allowed on Forms W-3, Copy A of Forms W-2, or any employee copies reporting wages paid. Limited exceptions on this prohibition exist with respect to employee copies. See Pub. 1141 for more information.

Extension of time to furnish Forms W-2 to employees. You may request an extension of time to furnish Forms W-2 to employees by sending a letter to:

Internal Revenue Service
Attn: Extension of Time Coordinator
240 Murall Drive, Mail Stop 4360
Kearneysville, WV 25430

Mail your letter on or before the due date for furnishing Forms W-2 to employees. It must include:

- Your name and address,
- Your EIN,
- A statement that you are requesting an extension to furnish "Forms W-2" to employees,
- The reason for delay, and
- Your signature or that of your authorized agent.

CAUTION *Requests for an extension of time to furnish Forms W-2 to employees are not automatically granted. If approved, an extension generally will be granted for no more than 15 days from the due date, unless the need for up to a total of 30 days is clearly shown. See the 2019 General Instructions for Certain Information Returns.*

Undeliverable Forms W-2. Keep for 4 years any employee copies of Forms W-2 that you tried to but could not deliver. However, if the undelivered Form W-2 can be produced electronically through April 15th of the fourth year after the year at issue, you do not need to keep undeliverable employee copies. Do not send undeliverable employee copies of Forms W-2 to the Social Security Administration (SSA).

Taxpayer identification numbers (TINs). Employers use an employer identification number (EIN) (XX-XXXXXXX). Employees use a social security number

(SSN) (XXX-XX-XXXX). When you list a number, separate the nine digits properly to show the kind of number.

Do not accept an IRS individual taxpayer identification number (ITIN) in place of an SSN for employee identification or for Form W-2 reporting. An ITIN is available only to resident and nonresident aliens who are not eligible for U.S. employment and need identification for other tax purposes. An ITIN will expire if it is not used at least once on a federal tax return in the last three consecutive tax years, either as the filer or a dependent. ITINs issued before 2013 are scheduled to expire according to an annual schedule. For more information, see the Instructions for Form W-7 or visit *IRS.gov/ITIN*. You can identify an ITIN because it is a 9-digit number formatted like an SSN beginning with the number "9" and with a number in one of the following ranges in the fourth and fifth digit: 50–65, 70–88, 90–92, and 94–99 (for example, 9NN-70-NNNN). Do not auto populate an ITIN into box a, Employee's social security number, on Form W-2. See section 4 of Pub. 15 (Circular E).

CAUTION *An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN from the Social Security Administration.*

The IRS uses SSNs to check the payments that you report against the amounts shown on employees' tax returns. The SSA uses SSNs to record employees' earnings for future social security and Medicare benefits. When you prepare Form W-2, be sure to show the correct SSN for each employee. Do not truncate the employees' SSNs on Form W-2. For information about verifying SSNs, see section 4 of Pub. 15 (Circular E) or visit the SSA's Employer W-2 Filing Instructions & Information website at *SSA.gov/employer*.

CAUTION *Form W-2 e-filed with the SSA must contain the same TINs as shown on all copies of Form W-2 furnished to employees.*

Special Reporting Situations for Form W-2

Adoption benefits. Amounts paid or expenses incurred by an employer for qualified adoption expenses under an adoption assistance program are not subject to federal income tax withholding and are not reportable in box 1. However, these amounts (including adoption benefits paid from a section 125 (cafeteria) plan, but not including adoption benefits forfeited from a cafeteria plan) are subject to social security, Medicare, and railroad retirement taxes and must be reported in boxes 3 and 5. (Use box 14 if railroad retirement taxes apply.) Also, the total amount must be reported in box 12 with code T.

For more information on adoption benefits, see Notice 97-9, 1997-1 C.B. 365, which is on page 35 of Internal Revenue Bulletin 1997-2 at *IRS.gov/pub/irs-irbs/irb97-02.pdf*. Advise your employees to see the Instructions for Form 8839, Qualified Adoption Expenses.

Agent reporting. An agent who has an approved Form 2678, Employer/Payer Appointment of Agent, should enter the following in box c of Form W-2:

(Name of agent)
Agent for (name of employer)
Address of agent

Each Form W-2 should reflect the EIN of the agent in box b. An agent files one Form W-3 for all of the Forms W-2 and enters its own information in boxes e, f, and g of Form W-3 as it appears on the agent's related employment tax returns (for example, Form 941). Enter the client-employer's EIN in box h of Form W-3 if the Forms W-2 relate to only one employer (other than the agent); if not, leave box h blank.

If the agent (a) is acting as an agent for two or more employers or is an employer and is acting as an agent for another employer, and (b) pays social security wages to an individual on behalf of more than one employer, the agent should file separate Forms W-2 for the affected employee reflecting the wages paid by each employer.

See Rev. Proc. 2013-39, 2013-52 I.R.B. 830, available at *IRS.gov/irb/2013-52_IRB#RP-2013-39* and Form 2678 instructions for procedures to be followed in applying to be an agent.

TIP *Generally, an agent is not responsible for refunding excess social security or railroad retirement (RRTA) tax withheld from employees. If an employee worked for more than one employer during 2019 and had more than $8,239.80 in social security and Tier 1 RRTA tax withheld, he or she should claim the excess on the appropriate line of Form 1040 or Form 1040NR. If an employee had more than $4,836.30 in Tier 2 RRTA tax withheld from more than one employer, the employee should claim a refund on Form 843, Claim for Refund and Request for Abatement.*

Archer MSA. An employer's contribution to an employee's Archer MSA is not subject to federal income tax withholding or social security, Medicare, or railroad retirement taxes if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee's income. However, if it is not reasonable to believe at the time of payment that the contribution will be excludable from the employee's income, employer contributions are subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

You must report all employer contributions to an Archer MSA in box 12 of Form W-2 with code R. Employer contributions to an Archer MSA that are not excludable from the income of the employee also must be reported in boxes 1, 3, and 5 (box 14 if railroad retirement taxes apply).

An employee's contributions to an Archer MSA are includible in income as wages and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Employee contributions are deductible, within limits, on the employee's Form 1040.

For more information, see Pub. 969, Health Savings Accounts and Other Tax-Favored Health Plans, and Notice 96-53, which is found on page 5 of Internal Revenue Bulletin 1996-51 at *IRS.gov/pub/irs-irbs/irb96-51.pdf*.

Clergy and religious workers. For certain members of the clergy and religious workers who are not subject to social security and Medicare taxes as employees, boxes 3 and 5 of Form W-2 should be left blank. You may include a minister's parsonage and/or utilities allowance in box 14. For information on the rules that apply to ministers and certain other religious workers, see Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers, and section 4 in Pub. 15-A.

Deceased employee's wages. If an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. Also report wages that were available to the employee while he or she was alive, regardless of whether they actually were in the possession of the employee, as well as any other regular wage payment, even if you may have to reissue the payment in the name of the estate or beneficiary.

If you made the payment after the employee's death but in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report the payment on the employee's Form W-2 only as social security and Medicare wages to ensure proper social security and Medicare credit is received. On the employee's Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6. Do not show the payment in box 1.

If you made the payment after the year of death, do not report it on Form W-2, and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you also must report it in box 3 of Form 1099-MISC, Miscellaneous Income, for the payment to the estate or beneficiary. Use the name and taxpayer identification number (TIN) of the payment recipient on Form 1099-MISC. However, if the payment is a reissuance of wages that were constructively received by the deceased individual while he or she was still alive, do not report it on Form 1099-MISC.

Example. Before Employee A's death on June 15, 2019, A was employed by Employer X and received $10,000 in wages on which federal income tax of $1,500 was withheld. When A died, X owed A $2,000 in wages and $1,000 in accrued vacation pay. The total of $3,000 (less the social security and Medicare taxes withheld) was paid to A's estate on July 5, 2019. Because X made the payment during the year of death, X must withhold social security and Medicare taxes on the $3,000 payment and must complete Form W-2 as follows.

- Box a— Employee A's SSN
- Box e— Employee A's name
- Box f— Employee A's address
- Box 1— 10000.00 (does not include the $3,000 accrued wages and vacation pay)
- Box 2— 1500.00
- Box 3— 13000.00 (includes the $3,000 accrued wages and vacation pay)
- Box 4— 806.00 (6.2% of the amount in box 3)
- Box 5— 13000.00 (includes the $3,000 accrued wages and vacation pay)
- Box 6— 188.50 (1.45% of the amount in box 5)

CAUTION *Employer X also must complete Form 1099-MISC as follows.*

- *Boxes for recipient's name, address, and TIN—the estate's name, address, and TIN.*
- *Box 3: 3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)*

If Employer X made the payment after the year of death, the $3,000 would not be subject to social security and Medicare taxes and would not be shown on Form W-2. However, the employer would still file Form 1099-MISC.

Designated Roth contributions. Under section 402A, a participant in a section 401(k) plan, under a 403(b) salary reduction agreement, or in a governmental 457(b) plan that includes a qualified Roth contribution program, may elect to make designated Roth contributions to the plan or program in lieu of elective deferrals. Designated Roth contributions are subject to federal income tax withholding and social security and Medicare taxes (and railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

Section 402A requires separate reporting of the yearly designated Roth contributions. Designated Roth contributions to 401(k) plans will be reported using code AA in box 12; designated Roth contributions under 403(b) salary reduction agreements will be reported using code BB in box 12; and designated Roth contributions under a governmental section 457(b) plan will be reported using code EE in box 12. For reporting instructions, see the box 12 instructions for *Code AA—Designated Roth contributions under a section 401(k) plan*, *Code BB—Designated Roth contributions under a section 403(b) plan*, and *Code EE—Designated Roth contributions under a governmental section 457(b) plan*.

Educational assistance programs. Employer-provided educational assistance up to a maximum of $5,250 is excludable from an employee's wages only if assistance is provided under an educational assistance program under section 127. See Pub. 970, Tax Benefits for Education, and section 2 of Pub. 15-B for more information. Also see *Box 1—Wages, tips, other compensation*.

Election workers. Report on Form W-2 payments of $600 or more to election workers for services performed in state, county, and municipal elections. File Form W-2 for payments of less than $600 paid to election workers if social security and Medicare taxes were withheld under a section 218 (Social Security Act) agreement. Do not report election worker payments on Form 1099-MISC.

If the election worker is employed in another capacity with the same government entity, see Rev. Rul. 2000-6, which is on page 512 of Internal Revenue Bulletin 2000-6 at *IRS.gov/pub/irs-irbs/irb00-06.pdf*.

Employee business expense reimbursements. Reimbursements to employees for business expenses must be reported as follows.

- Generally, payments made under an accountable plan are excluded from the employee's gross income and are not reported on Form W-2. However, if you pay a per diem or mileage allowance and the amount paid for substantiated miles or days traveled exceeds the amount treated as substantiated under IRS rules, you must report as wages on Form W-2 the amount in excess of the amount treated as substantiated. The excess amount is subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Report the amount treated as substantiated (that is, the nontaxable portion) in box 12 using code L. See the box 12 instructions for *Code L—Substantiated employee business expense reimbursements*. (Use box 14 if railroad retirement taxes apply.)
- Payments made under a nonaccountable plan are reported as wages on Form W-2 and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). (Use box 14 if railroad retirement taxes apply.)

For more information on accountable plans, nonaccountable plans, amounts treated as substantiated under a per diem or mileage allowance, the standard mileage rate, the per diem substantiation method, and the high-low substantiation method, see Pub. 463, Travel, Gift, and Car Expenses; and section 5 of Pub. 15 (Circular E).

Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer. If you paid your employee's share of social security and Medicare taxes rather than deducting them from the employee's wages, you must include these payments as wages subject to federal (or American Samoa, CNMI, Guam, or U.S. Virgin Islands) income tax withholding and social security, Medicare, and federal unemployment (FUTA) taxes. If you paid your employee's share of railroad retirement taxes, you must include these amounts as compensation subject to railroad retirement taxes. The amount to include as wages and/or compensation is determined by using the formula contained in the discussion of *Employee's Portion of Taxes Paid by Employer* in section 7 of Pub. 15-A and in Rev. Proc. 83-43, 1983-24 I.R.B. 60.

CAUTION *This does not apply to household and agricultural employers. If you pay a household or agricultural employee's social security and Medicare taxes, you must include these payments in the employee's wages for income tax withholding purposes. However, the wage increase due to the tax payments is not subject to social security, Medicare, or FUTA taxes. For information on completing Forms W-2 and W-3 in this situation, see the Instructions for Schedule H (Form 1040) and section 4 of Pub. 51 (Circular A).*

Federal employers in the CNMI. The U.S. Treasury Department and the CNMI Division of Revenue and Taxation entered into an agreement under 5 U.S.C. 5517 ("5517 agreement") in December 2006. Under this agreement, all federal employers (including the Department of Defense) are required to withhold CNMI income taxes, rather than federal income taxes, and deposit the CNMI taxes with the CNMI Treasury for employees who are subject to CNMI taxes and whose regular place of federal employment is in the CNMI. Federal employers also are required to file quarterly and annual reports with the CNMI Division of Revenue and Taxation. For questions, contact the CNMI Division of Revenue and Taxation.

Federal employers may use Form W-2 (rather than Forms W-2CM or OS-3710) to report income taxes withheld and paid to CNMI, as well as to report social security and Medicare taxes. Use the state boxes 15, 16, and 17 for CNMI income tax reporting. See the instructions for boxes 15, 16, and 17 under *Boxes 15 through 20—State and local income tax information*, later. This rule applies only to income tax reporting. Federal employers should withhold and report social security and Medicare taxes for these employees in the same way as for other federal employees. For more information, go to *IRS.gov/Individuals/International-Taxpayers/Special-Withholding-Rules-for-US-Federal-Agency-Employers-With-Employees-in-CNMI-or-Puerto-Rico*.

Foreign agricultural workers. You must report compensation of $600 or more paid in a calendar year to an H-2A visa agricultural worker for agricultural labor. If the H-2A visa agricultural worker furnishes a valid taxpayer identification number, report these payments in box 1 of Form W-2. If the worker does not furnish a valid taxpayer identification number, report the payments on Form 1099-MISC. See *Form 1099-MISC* below.

On Form W-2, no amount should be reported in box 3 or 5. In most cases, you do not need to withhold federal income tax from compensation paid to H-2A visa agricultural workers. Employers should withhold federal income tax only if the H-2A visa agricultural worker and the employer agree to withhold. The H-2A visa agricultural worker must provide a completed Form W-4. If the employer withholds income tax, the employer must report the tax withheld in box 2 of Form W-2 and on line 8 of Form 943. See Pub. 51 (Circular A).

Form 1099-MISC. If the H-2A visa agricultural worker fails to furnish a taxpayer identification number to the employer, and the total annual payments made to the H-2A visa agricultural worker are $600 or more, the employer must begin backup withholding on the payments made until the H-2A visa agricultural worker furnishes a valid taxpayer identification number. Employers must report the compensation paid and any backup withholding on Forms 1099-MISC and Form 945, Annual Return of Withheld Federal Income Tax. See the 2019 Instructions for Form 1099-MISC and the 2019 Instructions for Form 945.

For more information, go to *IRS.gov/H2A*.

Fringe benefits. Include all taxable fringe benefits in box 1 of Form W-2 as wages, tips, and other compensation and, if applicable, in boxes 3 and 5 as social security and Medicare wages. Although not required, you may include the total value of fringe benefits in box 14 (or on a separate statement). However, if you provided your employee a vehicle, you must include the

value of any personal use in boxes 1, 3, and 5 of Form W-2. You must withhold social security and Medicare tax, but you have the option not to withhold federal income tax ***if*** you notify the employee and include the value of the benefit in boxes 1, 3, 5, and 14. See Pub. 15-B for more information.

Public Law 115-97, section 11045, does not permit employees to deduct unreimbursed employee business expenses for tax years 2018 through 2025. If you included 100% of the vehicle's annual lease value in the employee's income, the employee will not be able to deduct expenses attributable to the business use of an employer-provided vehicle. See Pub. 15-B.

Golden parachute payments (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Include any golden parachute payments in boxes 1, 3, and 5 of Form W-2. Withhold federal income, social security, and Medicare taxes (or railroad retirement taxes, if applicable) as usual and report them in boxes 2, 4, and 6, respectively. (Use box 14 if railroad retirement taxes apply.) Excess parachute payments also are subject to a 20% excise tax. If the excess payments are considered wages, withhold the 20% excise tax and include it in box 2 as income tax withheld. Also report the excise tax in box 12 with code K. For definitions and additional information, see Regulations section 1.280G-1 and Rev. Proc. 2003-68, 2003-34 I.R.B. 398, available at *IRS.gov/irb/2003-34_IRB#RP-2003-68*.

Government employers. Federal, state, and local governmental agencies have two options for reporting their employees' wages that are subject to only Medicare tax for part of the year and both social security and Medicare taxes for part of the year.

The first option (which the SSA prefers) is to file a single set of Forms W-2 per employee for the entire year, even if only part of the year's wages are subject to both social security and Medicare taxes. Check "941" (or "944") in box b of Form W-3 or check "941-SS" in box b of Form W-3SS. The wages in box 5 of Form W-2 must be equal to or greater than the wages in box 3 of Form W-2.

The second option is to file one set of Forms W-2 for wages subject only to Medicare tax and another set for wages subject to both social security and Medicare taxes. Use a separate Form W-3 to transmit each set of Forms W-2. For the Medicare-only Forms W-2, check "Medicare govt. emp." in box b of Form W-3. For the Forms W-2 showing wages subject to both social security and Medicare taxes, check "941" (or "944") in box b of Form W-3 or check "941-SS" in box b of Form W-3SS. The wages in box 5 of Form W-2 must be equal to or greater than the wages in box 3 of Form W-2.

Group-term life insurance. You must include in boxes 1, 3, and 5 (or 14, if railroad retirement taxes apply) the cost of group-term life insurance that is more than the cost of $50,000 of coverage, reduced by the amount the employee paid toward the insurance. Use Table 2-2 in Pub. 15-B to determine the cost of the insurance. Also, show the amount in box 12 with code C. For employees, you must withhold social security and Medicare taxes, but not federal income tax. For coverage provided to former employees, the former employees must pay the employee part of social security and Medicare taxes (or railroad retirement taxes, if applicable) on the taxable cost of group-term life insurance over $50,000 on Form 1040. You are not required to collect those taxes. However, you must report the uncollected social security tax (or railroad retirement taxes, if applicable) with code M and the uncollected Medicare tax (or RRTA Medicare tax, if applicable) with code N in box 12 of Form W-2. However, any uncollected Additional Medicare Tax (on the cost of group-term life insurance, which, in combination with other wages, is in excess of $200,000) is not reported with code N in box 12.

Health flexible spending arrangement (FSA). For plan year 2019, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of $2,700 (as indexed for inflation).

If a cafeteria plan timely complies with the written plan requirement limiting health FSA salary reduction contributions, but one or more employees are erroneously allowed to elect a salary reduction of more than $2,700 for the plan year, the cafeteria plan will continue to be a section 125 cafeteria plan for the plan year if:

- The terms of the plan apply uniformly to all participants,
- The error results from a reasonable mistake by the employer (or the employer's agent) and is not due to willful neglect by the employer (or the employer's agent), and
- Salary reduction contributions in excess of $2,700 are paid to the employee and reported as wages for income tax withholding and employment tax purposes on the employee's Form W-2 (or Form W-2c) for the employee's taxable year in which, or with which, ends the cafeteria plan year in which the correction is made.

The salary reduction contribution limit of $2,700 does not include any amount (up to $500) carried over from a previous year.

For more information, see Notice 2013-71, 2013-47 I.R.B. 532, available at *IRS.gov/irb/2013-47_IRB#NOT-2013-71*.

Health savings account (HSA). An employer's contribution (including an employee's contributions through a cafeteria plan) to an employee's HSA is not subject to federal income tax withholding or social security, Medicare, or railroad retirement taxes (or FUTA tax) if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee's income. However, if it is not reasonable to believe at the time of payment that the contribution will be excludable from the employee's income, employer contributions are subject to federal income tax withholding, social security and Medicare taxes (or railroad retirement taxes, if applicable), and FUTA tax, and must be reported in boxes 1, 3, and 5 (use box 14 if railroad retirement taxes apply), and on Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

You must report all employer contributions (including an employee's contributions through a cafeteria plan) to an HSA in box 12 of Form W-2 with code W. Employer contributions to an HSA that are not excludable from the

income of the employee also must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

An employee's contributions to an HSA (unless made through a cafeteria plan) are includible in income as wages and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Employee contributions are deductible, within limits, on the employee's Form 1040. For more information about HSAs, see Notice 2004-2, Notice 2004-50, and Notice 2008-52. Notice 2004-2, 2004-2 I.R.B. 269, is available at *IRS.gov/irb/2004-02_IRB#NOT-2004-2*. Notice 2004-50, 2004-33 I.R.B. 196, is available at *IRS.gov/irb/2004-33_IRB#NOT-2004-50*. Notice 2008-52, 2008-25 I.R.B. 1166, is available at *IRS.gov/irb/2008-25_IRB#NOT-2008-52*. Also see Form 8889, Health Savings Accounts (HSAs), and Pub. 969.

Lost Form W-2—Reissued statement. If an employee loses a Form W-2, write "REISSUED STATEMENT" on the new copy and furnish it to the employee. You do not have to add "REISSUED STATEMENT" on Forms W-2 provided to employees electronically. Do not send Copy A of the reissued Form W-2 to the SSA. Employers are not prohibited (by the Internal Revenue Code) from charging a fee for the issuance of a duplicate Form W-2.

Military differential pay. Employers paying their employees while they are on active duty in the United States uniformed services should treat these payments as wages. Differential wage payments made to an individual while on active duty for periods scheduled to exceed 30 days are subject to income tax withholding, but are not subject to social security, Medicare, and unemployment taxes. Report differential wage payments in box 1 and any federal income tax withholding in box 2. Differential wage payments made to an individual while on active duty for 30 days or less are subject to income tax withholding, social security, Medicare, and unemployment taxes, and are reported in boxes 1, 3, and 5. See Rev. Rul. 2009-11, 2009-18 I.R.B. 896, available at *IRS.gov/irb/2009-18_IRB#RR-2009-11*.

Moving expenses. Effective for tax years 2018 through 2025, the exclusion for qualified moving expense reimbursements applies **only** to members of the U.S. Armed Forces on active duty who move pursuant to a military order and incident to a permanent change of station. All other employees have only nonqualified moving expenses and expense reimbursements subject to tax and withholding.

Report qualified moving expenses for members of the Armed Forces as follows.

- Qualified moving expenses that an employer paid to a third party on behalf of the employee (for example, to a moving company) and services that an employer furnished in kind to an employee are not reported on Form W-2.
- Qualified moving expense reimbursements paid directly to an employee by an employer are reported only in box 12 of Form W-2 with code P.

Nonqualified moving expenses and expense reimbursements are reported in boxes 1, 3, and 5 (use box 14 if railroad retirement taxes apply) of Form W-2. These amounts are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable).

Nonqualified deferred compensation plans. Section 409A provides that all amounts deferred under a nonqualified deferred compensation (NQDC) plan for all tax years are currently includible in gross income to the extent not subject to a substantial risk of forfeiture and not previously included in gross income, unless certain requirements are met. Generally, section 409A is effective with respect to amounts deferred in tax years beginning after December 31, 2004, but deferrals made before that year may be subject to section 409A under some circumstances.

It is not necessary to show amounts deferred during the year under an NQDC plan subject to section 409A. If you report section 409A deferrals, show the amount in box 12 using code Y. For more information, see Notice 2008-115, 2008-52 I.R.B. 1367, available at *IRS.gov/irb/2008-52_IRB#NOT-2008-115*.

Income included under section 409A from an NQDC plan will be reported in box 1 and in box 12 using code Z. This income also is subject to an additional tax of 20% that is reported on Form 1040. For more information on amounts includible in gross income and reporting requirements, see Notice 2008-115 available at *IRS.gov/irb/2008-52_IRB#NOT-2008-115*. For information on correcting failures to comply with section 409A and related reporting, see Notice 2008-113, 2008-51 I.R.B. 1305, available at *IRS.gov/irb/2008-51_IRB#NOT-2008-113*; Notice 2010-6, 2010-3 I.R.B. 275, available at *IRS.gov/irb/2010-03_IRB#NOT-2010-6*; and Notice 2010-80, 2010-51 I.R.B. 853, available at *IRS.gov/irb/2010-51_IRB#NOT-2010-80*.

See the *Nonqualified Deferred Compensation Reporting Example Chart*.

Qualified equity grants under section 83(i). Report the amount includible in gross income from qualified equity grants under section 83(i)(1)(A) for the calendar year in box 12 using code GG. This amount is wages for box 1 and you must withhold income tax under section 3401(i) at the rate and manner prescribed in section 3401(t). You must withhold at the maximum rate of tax without regard to the employee's Form W-4. Social security and Medicare taxation of the deferral stock is not affected by these rules. See Notice 2018-97, 2018-52 I.R.B. 1062, at *IRS.gov/IRB/2018-52_IRB#NOT-2018-97*.

Qualified small employer health reimbursement arrangement. Use box 12, code FF to report the total amount of permitted benefits under a qualified small employer health reimbursement arrangement (QSEHRA). QSEHRAs allow eligible employers to pay or reimburse medical care expenses of eligible employees after the employees provide proof of coverage. The maximum reimbursement for an eligible employee under a QSEHRA for 2019 is $5,150 ($10,450 if it also provides reimbursements for family members). For more information about QSEHRAs, see Notice 2017-67, 2017-47 I.R.B. 517, at *IRS.gov/irb/2017-47_IRB#NOT-2017-67* and Pub. 15-B under

Accident and Health Benefits. For information on employer reporting requirements, see *Code FF—Permitted benefits under a qualified small employer health reimbursement*, later.

Railroad employers (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Railroad employers must file Form W-2 to report their employees' wages and income tax withholding in boxes 1 and 2. You must file a separate Form W-3 to transmit the Forms W-2 if you have employees covered under the Federal Insurance Contributions Act (FICA) (social security and Medicare) **and** the Railroad Retirement Tax Act (RRTA).

For employees covered by RRTA tax. Check the "CT-1" checkbox on Form W-3, box b, "Kind of Payer," to transmit Forms W-2 for employees with box 1 wages and box 2 tax withholding. Use Form W-2, box 14, to report total RRTA compensation, Tier 1, Tier 2, Medicare (excluding Additional Medicare Tax), and any Additional Medicare Tax withheld for each employee covered by RRTA tax. Label them "RRTA compensation," "Tier 1 tax," "Tier 2 tax," "Medicare tax," and "Additional Medicare Tax." Include tips reported by the employee to the employer in "RRTA compensation."

Employee stock options are not "money remuneration" subject to the RRTA. Railroad employers should not withhold Tier 1 and Tier 2 taxes when employees covered by the RRTA exercise stock options. Employers should still withhold federal income tax on taxable compensation from railroad employees exercising their stock options.

For employees covered by social security and Medicare. Check the "941" checkbox on Form W-3, box b, "Kind of Payer," to transmit Forms W-2 with box 1 wages and box 2 tax withholding for employees covered by social security and Medicare. Use Form W-2, boxes 3, 4, 5, 6, and 7 to report each employee's social security and Medicare wages and taxes, including Additional Medicare Tax. These boxes are **not** to be used to report railroad retirement compensation and taxes.

CAUTION *Railroad employers must withhold social security and Medicare taxes from taxable compensation of employees covered by social security and Medicare exercising their employee stock options.*

Repayments. If an employee repays you for wages received in error, do not offset the repayments against current year wages unless the repayments are for amounts received in error in the current year. Repayments made in the current year, but related to a prior year or years, must be repaid in gross, not net, and require special tax treatment by employees in some cases. You may advise the employee of the total repayments made during the current year and the amount (if any) related to prior years. This information will help the employee account for such repayments on his or her federal income tax return.

If the repayment was for a prior year, you must file Form W-2c with the SSA to correct only social security and Medicare wages and taxes, and furnish a copy to the employee. Do not correct "Wages, tips, other compensation" in box 1, or "Federal income tax withheld" in box 2, on Form W-2c. Also, do not correct any Additional Medicare Tax withheld on the repaid wages (reported with Medicare tax withheld in box 6) on Form W-2c. File the "X" return that is appropriate for the return on which the wages or compensation was originally reported (Forms 941-X, 943-X, 944-X, or CT-1X). Correct the social security and Medicare wages and taxes for the period during which the wages or compensation was originally paid. For information on reporting adjustments to Forms 941, 941-SS, 943, 944, or Form CT-1, see section 13 of Pub. 15 (Circular E), the Instructions for Form CT-1X, or section 9 of Pub. 51 (Circular A).

TIP *Tell your employee that the wages paid in error in a prior year remain taxable to him or her for that year. This is because the employee received and had use of those funds during that year. The employee is not entitled to file an amended return (Form 1040X) to recover the income tax on these wages. Instead, the employee may be entitled to a deduction (or a credit) for the repaid wages on his or her Form 1040 for the year of repayment. However, the employee is entitled to file an amended return (Form 1040X) to recover Additional Medicare Tax on these wages, if any. Refer your employee to* Repayments *in Pub. 525.*

Scholarship and fellowship grants. Give a Form W-2 to each recipient of a scholarship or fellowship grant only if you are reporting amounts includible in income under section 117(c) (relating to payments for teaching, research, or other services required as a condition for receiving the qualified scholarship). Also see Pub. 15-A and Pub. 970. These payments are subject to federal income tax withholding. However, their taxability for social security and Medicare taxes (or railroad retirement taxes, if applicable) depends on the nature of the employment and the status of the organization. See *Students, scholars, trainees, teachers, etc.,* in section 15 of Pub. 15 (Circular E).

Sick pay. If you had employees who received sick pay in 2019 from an insurance company or other third-party payer and the third party notified you of the amount of sick pay involved, you may be required to report the information on the employees' Forms W-2. If the insurance company or other third-party payer did not notify you in a timely manner about the sick pay payments, it must prepare Forms W-2 and W-3 for your employees showing the sick pay. For specific reporting instructions, see section 6 of Pub. 15-A.

SIMPLE retirement account. An employee's salary reduction contributions to a SIMPLE (savings incentive match plan for employees) retirement account are not subject to federal income tax withholding but are subject to social security, Medicare, and railroad retirement taxes. Do not include an employee's contribution in box 1, but do include it in boxes 3 and 5. (Use box 14 if railroad retirement taxes apply.) An employee's total contribution also must be included in box 12 with code D or S.

An employer's matching or nonelective contribution to an employee's SIMPLE retirement account is not subject to federal income tax withholding or social security, Medicare, or railroad retirement taxes, and is not to be shown on Form W-2.

For more information on SIMPLE retirement accounts, see Notice 98-4, 1998-1 C.B. 269. You can find Notice

98-4 on page 25 of Internal Revenue Bulletin 1998-2 at IRS.gov/pub/irs-irbs/irb98-02.pdf.

Successor/predecessor employers. If you buy or sell a business during the year, see Rev. Proc. 2004-53 for information on who must file Forms W-2 and employment tax returns. Rev. Proc. 2004-53, 2004-34 I.R.B. 320, is available at IRS.gov/irb/2004-34_IRB#RP-2004-53.

Terminating a business. If you terminate your business, you must provide Forms W-2 to your employees for the calendar year of termination by the due date of your final Form 941, 944, or 941-SS. You also must file Forms W-2 with the SSA by the due date of your final Form 941, 944, or 941-SS. If filing on paper, make sure you obtain Forms W-2 and W-3 preprinted with the correct year. If e-filing, make sure your software has been updated for the current tax year.

However, if any of your employees are immediately employed by a successor employer, see *Successor/predecessor employers* above. Also, for information on automatic extensions for furnishing Forms W-2 to employees and filing Forms W-2, see Rev. Proc. 96-57, which is on page 14 of Internal Revenue Bulletin 1996-53 at IRS.gov/pub/irs-irbs/irb96-53.pdf.

TIP *Get Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations, for information on reconciling wages and taxes reported on Forms W-2 with amounts reported on Forms 941, 941-SS, or 944.*

Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) makeup amounts to a pension plan. If an employee returned to your employment after military service and certain makeup amounts were contributed to a pension plan for a prior year(s) under the USERRA, report the prior year contributions separately in box 12. See the *TIP* above Code D in *Box 12—Codes.* You also may report certain makeup amounts in box 14. See *Box 14—Other* in *Specific Instructions for Form W-2.*

Instead of reporting in box 12 (or box 14), you may choose to provide a separate statement to your employee showing USERRA makeup contributions. The statement must identify the type of plan, the year(s) to which the contributions relate, and the amount contributed for each year.

Virtual currency. For federal tax purposes, virtual currency is treated as property. Bitcoin is an example of virtual currency. Transactions using virtual currency (such as Bitcoin) must be reported in U.S. dollars.

The fair market value of virtual currency (such as Bitcoin) paid as wages is subject to federal income tax withholding, FICA tax, and FUTA tax and must be reported on Form W-2. Notice 2014-21, 2014-16 I.R.B. 938 describes how virtual currency is treated for federal tax purposes and is available at IRS.gov/irb/2014-16_IRB#NOT-2014-21.

Penalties

The following penalties apply to the person or employer required to file Form W-2. The penalties apply to both paper filers and e-filers.

CAUTION *Employers are responsible for ensuring that Forms W-2 are furnished to employees and that Forms W-2 and W-3 are filed with the SSA correctly and on time, even if the employer contracts with a third party to perform these acts. The IRS strongly suggests that the employer's address, not the third party's address, be the address on record with the IRS. This will ensure that you remain informed of tax matters involving your business because the IRS will correspond to the employer's address of record if there are any issues with an account. If you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer, go to IRS.gov/OutsourcingPayrollDuties for helpful information on this topic.*

Failure to file correct information returns by the due date. If you fail to file a correct Form W-2 by the due date and cannot show reasonable cause, you may be subject to a penalty as provided under section 6721. The penalty applies if you:

- Fail to file timely,
- Fail to include all information required to be shown on Form W-2,
- Include incorrect information on Form W-2,
- File on paper forms when you are required to *e-file*,
- Report an incorrect TIN,
- Fail to report a TIN, or
- Fail to file paper Forms W-2 that are machine readable.

The amount of the penalty is based on when you file the correct Form W-2. Penalties are indexed for inflation. The penalty amounts shown below apply for filings due after December 31, 2019. The penalty is:

- $50 per Form W-2 if you correctly file within 30 days of the due date; the maximum penalty is $556,500 per year ($194,500 for small businesses, defined in *Small businesses*).
- $110 per Form W-2 if you correctly file more than 30 days after the due date but by August 1; the maximum penalty is $1,669,500 per year ($556,500 for small businesses).
- $270 per Form W-2 if you file after August 1, do not file corrections, or do not file required Forms W-2; the maximum penalty is $3,339,000 per year ($1,113,000 for small businesses).

CAUTION *If you do not file corrections and you do not meet any of the exceptions to the penalty, the penalty is $270 per information return. The maximum penalty is $3,339,000 per year ($1,113,000 for small businesses).*

Exceptions to the penalty. The following are exceptions to the failure to file correct information returns penalty.

1. The penalty will not apply to any failure that you can show was due to reasonable cause and not to willful neglect. In general, you must be able to show that your failure was due to an event beyond your control or due to significant mitigating factors. You also must be able to show that you acted in a responsible manner and took steps to avoid the failure.

2. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission is an error that does not prevent or hinder the SSA/IRS from processing the Form W-2, from correlating the information required to be shown on the form with the information shown on the payee's tax return, or from otherwise putting the form to its intended use. Errors and omissions that are never inconsequential are those relating to:

- A TIN,
- A payee's surname, and
- Any money amounts.

3. De minimis rule for corrections. Even though you cannot show reasonable cause, the penalty for failure to file correct Forms W-2 will not apply to a certain number of returns if you:

- Filed those Forms W-2 on or before the required filing date,
- Either failed to include all of the information required on the form or included incorrect information, and
- Filed corrections of these forms by August 1.

If you meet all of the de minimis rule conditions, the penalty for filing incorrect information returns (including Form W-2) will not apply to the greater of 10 information returns (including Form W-2) or one-half of 1% of the total number of information returns (including Form W-2) that you are required to file for the calendar year.

4. Forms W-2 issued with incorrect dollar amounts may fall under a safe harbor for certain de minimis errors. The safe harbor generally applies if no single amount in error differs from the correct amount by more than $100 and no single amount reported for tax withheld differs from the correct amount by more than $25.

If the safe harbor applies, you will not have to correct the Form W-2 to avoid penalties. However, if the payee elects for the safe harbor not to apply, you may have to issue a corrected return to avoid penalties. For more information, see Notice 2017-9, 2017-4 I.R.B. 542, available at *IRS.gov/irb/2017-04_IRB#NOT-2017-09*.

Small businesses. For purposes of the lower maximum penalties shown in *Failure to file correct information returns by the due date*, you are a small business if your average annual gross receipts for the 3 most recent tax years (or for the period that you were in existence, if shorter) ending before the calendar year in which the Forms W-2 were due are $5 million or less.

Intentional disregard of filing requirements. If any failure to timely file a correct Form W-2 is due to intentional disregard of the filing or correct information requirements, the penalty is at least $550 per Form W-2 with no maximum penalty.

Failure to furnish correct payee statements. If you fail to provide correct payee statements (Forms W-2) to your employees and cannot show reasonable cause, you may be subject to a penalty as provided under section 6722. The penalty applies if you fail to provide the statement by January 31, 2020, if you fail to include all information required to be shown on the statement, or if you include incorrect information on the statement.

The amount of the penalty is based on when you furnish the correct payee statement. This penalty is an additional penalty and is applied in the same manner, and with the same amounts, as in *Failure to file correct information returns by the due date*.

Exceptions to the penalty. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission is an error that cannot reasonably be expected to prevent or hinder the payee from timely receiving correct information and reporting it on his or her income tax return or from otherwise putting the statement to its intended use. Errors and omissions that are never inconsequential are those relating to:

- A dollar amount,
- A significant item in a payee's address, and
- The appropriate form for the information provided, such as whether the form is an acceptable substitute for the official IRS form.

See *Exceptions to the penalty* in *Failure to file correct information returns by the due date*, for additional exceptions to the penalty for failure to furnish correct payee statements.

Intentional disregard of payee statement requirements. If any failure to provide a correct payee statement (Form W-2) to an employee is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is $550 per Form W-2 with no maximum penalty.

Civil damages for fraudulent filing of Forms W-2. If you willfully file a fraudulent Form W-2 for payments that you claim you made to another person, that person may be able to sue you for damages. If you are found liable, you may have to pay $5,000 or more in damages. You also may be subject to criminal sanctions.

Specific Instructions for Form W-2

How to complete Form W-2. Form W-2 is a multi-part form. Ensure all copies are legible. Send Copy A to the SSA; Copy 1, if required, to your state, city, or local tax department; and Copies B, C, and 2 to your employee. Keep Copy D, and a copy of Form W-3, with your records for 4 years.

Enter the information on Form W-2 using black ink in 12-point Courier font. Copy A is read by machine and must be typed clearly with no corrections made to the entries and with no entries exceeding the size of the boxes. Entries completed by hand, in script or italic fonts, or in colors other than black cannot be read by the machines. Make all dollar entries on Copy A without the dollar sign and comma but with the decimal point (00000.00). Show the cents portion of the money amounts. If a box does not apply, leave it blank.

Send the whole Copy A page of Form W-2 with Form W-3 to the SSA even if one of the Forms W-2 on the page is blank or void. Do not staple Forms W-2 together or to Form W-3. File Forms W-2 either alphabetically by employees' last names or numerically by employees' SSNs.

Also see the *Caution* in *How To Get Forms and Publications*.

Calendar year basis. The entries on Form W-2 must be based on wages paid during the calendar year. Use Form W-2 for the correct tax year. For example, if the employee worked from December 22, 2019, through January 4, 2020, and the wages for that period were paid on January 7, 2020, include those wages on the 2020 Form W-2.

Multiple forms. If necessary, you can issue more than one Form W-2 to an employee. For example, you may need to report more than four coded items in box 12 or you may want to report other compensation on a second form. If you issue a second Form W-2, complete boxes a, b, c, d, e, and f with the same information as on the first Form W-2. Show any items that were not included on the first Form W-2 in the appropriate boxes.

Do not report the same federal, American Samoa, CNMI, Guam, or U.S. Virgin Islands tax data to the SSA on more than one Copy A.

TIP *For each Form W-2 showing an amount in box 3 or box 7, make certain that box 5 equals or exceeds the sum of boxes 3 and 7.*

Void. Check this box when an error is made on Form W-2 and you are voiding it because you are going to complete a new Form W-2. Do not include any amounts shown on "Void" forms in the totals you enter on Form W-3. See *Corrections*.

Box a—Employee's social security number. Enter the number shown on the employee's social security card.

If the employee does not have a card, he or she should apply for one by completing Form SS-5, Application for a Social Security Card. The SSA lets you verify employee names and SSNs online. For information about these free services, visit the Employer W-2 Filing Instructions & Information website at *SSA.gov/employer*. If you have questions about using these services, call 800-772-6270 (toll free) to speak with an employer reporting technician at the SSA.

If the employee has applied for a card but the number is not received in time for filing, enter "Applied For" in box a on paper Forms W-2 filed with the SSA. If e-filing, enter zeros (000-00-0000 if creating forms online or 000000000 if uploading a file).

Ask the employee to inform you of the number and name as they are shown on the social security card when it is received. Then correct your previous report by filing Form W-2c showing the employee's SSN. If the employee needs to change his or her name from that shown on the card, the employee should call the SSA at 800-772-1213.

If you do not provide the correct employee name and SSN on Form W-2, you may owe a penalty unless you have reasonable cause. For more information, see Pub. 1586, Reasonable Cause Regulations & Requirements for Missing and Incorrect Name/TINs.

ITINs for aliens. Do not accept an ITIN in place of an SSN for employee identification or for work. An ITIN is only available to resident and nonresident aliens who are not eligible for U.S. employment and need identification for other tax purposes. You can identify an ITIN because it is a 9-digit number formatted like an SSN beginning with the number "9" and with a number in one of the following ranges in the fourth and fifth digit: 50–65, 70–88, 90–92, and 94–99 (for example, 9NN-70-NNNN). An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN.

CAUTION *Do not auto-populate an ITIN into box a.*

Box b—Employer identification number (EIN). Show the EIN assigned to you by the IRS (00-0000000). This should be the same number that you used on your federal employment tax returns (Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040)). Do not use a prior owner's EIN. If you do not have an EIN when filing Forms W-2, enter "Applied For" in box b; do not use your SSN. You can get an EIN by applying online at *IRS.gov/Businesses/Small-Businesses-Self-Employed/Apply-for-an-Employer-Identification-Number-EIN-Online*, or by filing Form SS-4, Application for Employer Identification Number. Also see *Agent reporting*.

Box c—Employer's name, address, and ZIP code. This entry should be the same as shown on your Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040). The U.S. Postal Service recommends that no commas or periods be used in return addresses. Also see *Agent reporting*.

Box d—Control number. You may use this box to identify individual Forms W-2. You do not have to use this box.

Boxes e and f—Employee's name and address. Enter the name as shown on your employee's social security card (first name, middle initial, last name). If the name does not fit in the space allowed on the form, you may show the first and middle name initials and the full last name. It is especially important to report the exact last name of the employee. If you are unable to determine the correct last name, use of the SSA's Social Security Number Verification System may be helpful.

Separate parts of a compound name with either a hyphen or a blank. Do not join them into a single word. Include all parts of a compound name in the appropriate name field. For example, for the name "John R Smith-Jones," enter "Smith-Jones" or "Smith Jones" in the last name field.

If the name has changed, the employee must get a corrected social security card from any SSA office. Use the name on the original card until you see the corrected card.

Do not show titles or academic degrees, such as "Dr.," "RN," or "Esq.," at the beginning or end of the employee's name. Generally, do not enter "Jr.," "Sr.," or other suffix in the "Suff." box on Copy A unless the suffix appears on the card. However, the SSA still prefers that you do not enter the suffix on Copy A.

Include in the address the number, street, and apartment or suite number (or P.O. box number if mail is not delivered to a street address). The U.S. Postal Service recommends that no commas or periods be used in delivery addresses. For a foreign address, give the information in the following order: city, province or state,

and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

Box 1—Wages, tips, other compensation. Show the total taxable wages, tips, and other compensation that you paid to your employee during the year. However, do not include elective deferrals (such as employee contributions to a section 401(k) or 403(b) plan) except section 501(c)(18) contributions. Include the following.

1. Total wages, bonuses (including signing bonuses), prizes, and awards paid to employees during the year. See *Calendar year basis*.

2. Total noncash payments, including certain fringe benefits. See *Fringe benefits*.

3. Total tips reported by the employee to the employer (not allocated tips).

4. Certain employee business expense reimbursements. See *Employee business expense reimbursements*.

5. The cost of accident and health insurance premiums for 2%-or-more shareholder-employees paid by an S corporation.

6. Taxable benefits from a section 125 (cafeteria) plan if the employee chooses cash.

7. Employee contributions to an Archer MSA.

8. Employer contributions to an Archer MSA if includible in the income of the employee. See *Archer MSA*.

9. Employer contributions for qualified long-term care services to the extent that such coverage is provided through a flexible spending or similar arrangement.

10. Taxable cost of group-term life insurance in excess of $50,000. See *Group-term life insurance*.

11. Unless excludable under *Educational assistance programs*, payments for non-job-related education expenses or for payments under a nonaccountable plan. See Pub. 970.

12. The amount includible as wages because you paid your employee's share of social security and Medicare taxes (or railroad retirement taxes, if applicable). See *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*. If you also paid your employee's income tax withholding, treat the grossed-up amount of that withholding as supplemental wages and report those wages in boxes 1, 3, 5, and 7. (Use box 14 if railroad retirement taxes apply.) No exceptions to this treatment apply to household or agricultural wages.

13. Designated Roth contributions made under a section 401(k) plan, a section 403(b) salary reduction agreement, or a governmental section 457(b) plan. See *Designated Roth contributions*.

14. Distributions to an employee or former employee from an NQDC plan (including a rabbi trust) or a nongovernmental section 457(b) plan.

15. Amounts includible in income under section 457(f) because the amounts are no longer subject to a substantial risk of forfeiture.

16. Payments to statutory employees who are subject to social security and Medicare taxes but not subject to federal income tax withholding must be shown in box 1 as other compensation. See *Statutory employee*.

17. Cost of current insurance protection under a compensatory split-dollar life insurance arrangement.

18. Employee contributions to a health savings account (HSA).

19. Employer contributions to an HSA if includible in the income of the employee. See *Health savings account (HSA)*.

20. Amounts includible in income under an NQDC plan because of section 409A. See *Nonqualified deferred compensation plans* under *Special Reporting Situations for Form W-2*.

21. Nonqualified moving expenses and expense reimbursements. See *Moving expenses.*

22. Payments made to former employees while they are on active duty in the Armed Forces or other uniformed services.

23. All other compensation, including certain scholarship and fellowship grants. See *Scholarship and fellowship grants*. Other compensation includes taxable amounts that you paid to your employee from which federal income tax was not withheld. You may show other compensation on a separate Form W-2. See *Multiple forms*.

Box 2—Federal income tax withheld. Show the total federal income tax withheld from the employee's wages for the year. Include the 20% excise tax withheld on excess parachute payments. See *Golden parachute payments*.

For Forms W-2AS, W-2CM, W-2GU, or W-2VI, show the total American Samoa, CNMI, Guam, or U.S. Virgin Islands income tax withheld.

Box 3—Social security wages. Show the total wages paid (before payroll deductions) subject to employee social security tax but not including social security tips and allocated tips. If reporting these amounts in a subsequent year (due to lapse of risk of forfeiture), the amount must be adjusted by any gain or loss. See *Box 7—Social security tips* and *Box 8—Allocated tips*. Generally, noncash payments are considered to be wages. Include employee business expense reimbursements and moving expenses reported in box 1. If you paid the employee's share of social security and Medicare taxes rather than deducting them from wages, see *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*. The total of boxes 3 and 7 cannot exceed $132,900 (2019 maximum social security wage base).

Report in box 3 elective deferrals to certain qualified cash or deferred compensation arrangements and to retirement plans described in box 12 (codes D, E, F, G, and S) even though the deferrals are not includible in box 1. Also report in box 3 designated Roth contributions made under a section 401(k) plan, under a section 403(b) salary reduction agreement, or under a governmental section 457(b) plan described in box 12 (codes AA, BB, and EE).

Amounts deferred (plus earnings or less losses) under a section 457(f) or nonqualified plan or nongovernmental section 457(b) plan must be included in boxes 3 and/or 5 as social security and/or Medicare wages as of the later of when the services giving rise to the deferral are performed or when there is no substantial forfeiture risk of the rights to the deferred amount. Include both elective and nonelective deferrals for purposes of nongovernmental section 457(b) plans.

Wages reported in box 3 also include:

- Signing bonuses an employer pays for signing or ratifying an employment contract. See Rev. Rul. 2004-109, 2004-50 I.R.B. 958, available at *IRS.gov/irb/2004-50_IRB#RR-2004-109*.
- Taxable cost of group-term life insurance over $50,000 included in box 1. See *Group-term life insurance*.
- Cost of accident and health insurance premiums for 2%-or-more shareholder-employees paid by an S corporation, but only if not excludable under section 3121(a)(2)(B).
- Employee and nonexcludable employer contributions to an MSA or HSA. However, do not include employee contributions to an HSA that were made through a cafeteria plan. See *Archer MSA* and *Health savings account (HSA)*.
- Employee contributions to a SIMPLE retirement account. See *SIMPLE retirement account*.
- Adoption benefits. See *Adoption benefits*.

Box 4—Social security tax withheld. Show the total employee social security tax (not your share) withheld, including social security tax on tips. For 2019, the amount should not exceed $8,239.80 ($132,900 × 6.2%). Include only taxes withheld (or paid by you for the employee) for 2019 wages and tips. If you paid your employee's share, see *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*.

Box 5—Medicare wages and tips. The wages and tips subject to Medicare tax are the same as those subject to social security tax (boxes 3 and 7) except that there is no wage base limit for Medicare tax. Enter the total Medicare wages and tips in box 5. Be sure to enter tips that the employee reported even if you did not have enough employee funds to collect the Medicare tax for those tips. See *Box 3—Social security wages*, for payments to report in this box. If you paid your employee's share of taxes, see *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*.

If you are a federal, state, or local governmental agency with employees paying only Medicare tax, enter the Medicare wages in this box. See *Government employers*.

Example of how to report social security and Medicare wages. You paid your employee $140,000 in wages. Enter in box 3 (social security wages) 132900.00 but enter in box 5 (Medicare wages and tips) 140000.00. There is no limit on the amount reported in box 5. If the amount of wages paid was $132,900 or less, the amounts entered in boxes 3 and 5 will be the same.

Box 6—Medicare tax withheld. Enter the total employee Medicare tax (including any Additional Medicare Tax) withheld. Do not include your share. Include only tax withheld for 2019 wages and tips. If you paid your employee's share of the taxes, see *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*.

For more information on Additional Medicare Tax, go to *IRS.gov/ADMT*.

Box 7—Social security tips. Show the tips that the employee reported to you even if you did not have enough employee funds to collect the social security tax for the tips. The total of boxes 3 and 7 should not be more than $132,900 (the maximum social security wage base for 2019). Report all tips in box 1 along with wages and other compensation. Include any tips reported in box 7 in box 5 also.

Box 8—Allocated tips (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). If you operate a large food or beverage establishment, show the tips allocated to the employee. See the Instructions for Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips. Do not include this amount in box 1, 3, 5, or 7.

Box 10—Dependent care benefits (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Show the total dependent care benefits under a dependent care assistance program (section 129) paid or incurred by you for your employee. Include the fair market value (FMV) of care in a daycare facility provided or sponsored by you for your employee and amounts paid or incurred for dependent care assistance in a section 125 (cafeteria) plan. Report all amounts paid or incurred (regardless of any employee forfeitures), including those in excess of the $5,000 exclusion. This may include (a) the FMV of benefits provided in kind by the employer, (b) an amount paid directly to a daycare facility by the employer or reimbursed to the employee to subsidize the benefit, or (c) benefits from the pre-tax contributions made by the employee under a section 125 dependent care flexible spending account. Include any amounts over $5,000 in boxes 1, 3, and 5. For more information, see Pub. 15-B.

TIP *An employer that amends its cafeteria plan to provide a grace period for dependent care assistance may continue to rely on Notice 89-111 by reporting in box 10 the salary reduction amount elected by the employee for the year for dependent care assistance (plus any employer matching contributions attributable to dependent care). Also see Notice 2005-42, 2005-23 I.R.B. 1204, available at IRS.gov/irb/2005-23_IRB#NOT-2005-42 and Notice 2005-61, 2005-39 I.R.B. 607, available at IRS.gov/node/51071#NOT-2005-61.*

Box 11—Nonqualified plans. The purpose of box 11 is for the SSA to determine if any part of the amount reported in box 1 or boxes 3 and/or 5 was earned in a prior year. The SSA uses this information to verify that they have properly applied the social security earnings test and paid the correct amount of benefits.

Report distributions to an employee from a nonqualified plan or nongovernmental section 457(b) plan in box 11. Also report these distributions in box 1. Make only one entry in this box. Distributions from governmental section

457(b) plans must be reported on Form 1099-R, not in box 1 of Form W-2.

Under nonqualified plans or nongovernmental 457(b) plans, deferred amounts that are no longer subject to a substantial risk of forfeiture are taxable even if not distributed. Report these amounts in boxes 3 (up to the social security wage base) and 5. Do not report in box 11 deferrals included in boxes 3 and/or 5 and deferrals for current year services (such as those with no risk of forfeiture).

If you made distributions and also are reporting any deferrals in boxes 3 and/or 5, do not complete box 11. See Pub. 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration, and Form SSA-131, Employer Report of Special Wage Payments, for instructions on reporting these and other kinds of compensation earned in prior years. However, ***do not file Form SSA-131 if this situation applies and the employee was not 61 years old or more during the tax year for which you are filing Form W-2.***

Unlike qualified plans, NQDC plans do not meet the qualification requirements for tax-favored status for this purpose. NQDC plans include those arrangements traditionally viewed as deferring the receipt of current compensation. Accordingly, welfare benefit plans, stock option plans, and plans providing dismissal pay, termination pay, or early retirement pay generally are not NQDC plans.

Report distributions from NQDC or section 457 plans to beneficiaries of deceased employees on Form 1099-MISC, not on Form W-2.

Military employers must report military retirement payments on Form 1099-R.

Do not report special wage payments, such as accumulated sick pay or vacation pay, in box 11. For more information on reporting special wage payments, see Pub. 957.

Box 12—Codes. Complete and code this box for all items described below. Note that the codes do not relate to where they should be entered in boxes 12a through 12d on Form W-2. For example, if you are only required to report code D in box 12, you can enter code D and the amount in box 12a of Form W-2. Report in box 12 any items that are listed as codes A through HH. Do not report in box 12 section 414(h)(2) contributions (relating to certain state or local government plans). Instead, use box 14 for these items and any other information that you wish to give to your employee. For example, union dues and uniform payments may be reported in box 14.

On Copy A (Form W-2), do not enter more than four items in box 12. *If more than four items need to be reported in box 12, use a separate Form W-2 to report the additional items (but enter no more than four items on each Copy A (Form W-2)). On all other copies of Form W-2 (Copies B, C, etc.), you may enter more than four items in box 12 when using an approved substitute Form W-2. See* Multiple forms.

Use the IRS code designated below for the item you are entering, followed by the dollar amount for that item. Even if only one item is entered, you must use the IRS code designated for that item. Enter the code using a capital letter(s). Use decimal points but not dollar signs or commas. For example, if you are reporting $5,300.00 in elective deferrals under a section 401(k) plan, the entry would be D 5300.00 (not A 5300.00 even though it is the first or only entry in this box). Report the IRS code to the left of the vertical line in boxes 12a through 12d and the money amount to the right of the vertical line.

See the *Form W-2 Reference Guide for Box 12 Codes*.

The detailed instructions for each code are next.

Code A—Uncollected social security or RRTA tax on tips. Show the employee social security or Railroad Retirement Tax Act (RRTA) tax on all of the employee's tips that you could not collect because the employee did not have enough funds from which to deduct it. Do not include this amount in box 4.

Code B—Uncollected Medicare tax on tips. Show the employee Medicare tax or RRTA Medicare tax on tips that you could not collect because the employee did not have enough funds from which to deduct it. Do not show any uncollected Additional Medicare Tax. Do not include this amount in box 6.

Code C—Taxable cost of group-term life insurance over $50,000. Show the taxable cost of group-term life insurance coverage over $50,000 provided to your employee (including a former employee). See *Group-term life insurance*. Also include this amount in boxes 1, 3 (up to the social security wage base), and 5. Include the amount in box 14 if you are a railroad employer.

Codes D through H, S, Y, AA, BB, and EE. Use these codes to show elective deferrals and designated Roth contributions made to the plans listed. Do not report amounts for other types of plans. See the example for reporting elective deferrals under a section 401(k) plan, later.

The amount reported as elective deferrals and designated Roth contributions is only the part of the employee's salary (or other compensation) that he or she did not receive because of the deferrals or designated Roth contributions. Only elective deferrals and designated Roth contributions should be reported in box 12 for all coded plans; except, when using code G for section 457(b) plans, include both elective and nonelective deferrals.

For employees who were 50 years of age or older at any time during the year and made elective deferral and/or designated Roth “catch-up” contributions, report the elective deferrals and the elective deferral “catch-up” contributions as a single sum in box 12 using the appropriate code, and the designated Roth contributions and designated Roth “catch-up” contributions as a single sum in box 12 using the appropriate code.

If any elective deferrals, salary reduction amounts, or nonelective contributions under a section 457(b) plan during the year are makeup amounts under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) for a prior year, you must enter the prior year contributions

separately. Beginning with the earliest year, enter the code, the year, and the amount. For example, elective deferrals of $2,250 for 2017 and $1,250 for 2018 under USERRA under a section 401(k) plan are reported in box 12 as follows:

D 17 2250.00, D 18 1250.00. A 2019 contribution of $7,000 does not require a year designation; enter it as D 7000.00. Report the code (and year for prior year USERRA contributions) to the left of the vertical line in boxes 12a through 12d.

The following are not elective deferrals and may be reported in box 14, but not in box 12.

- Nonelective employer contributions made on behalf of an employee.
- After-tax contributions that are not designated Roth contributions, such as voluntary contributions to a pension plan that are deducted from an employee's pay. See the box 12 instructions for *Code AA—Designated Roth contributions under a section 401(k) plan*, *Code BB—Designated Roth contributions under a section 403(b) plan*, and *Code EE—Designated Roth contributions under a governmental section 457(b) plan* for reporting designated Roth contributions.
- Required employee contributions.
- Employer matching contributions.

Code D—Elective deferrals under a section 401(k) cash or deferred arrangement (plan). Also show deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

Example of reporting excess elective deferrals and designated Roth contributions under a section 401(k) plan. For 2019, Employee A (age 45) elected to defer $21,500 under a section 401(k) plan. The employee also made a designated Roth contribution to the plan of $1,000, and made a voluntary (non-Roth) after-tax contribution of $600. In addition, the employer, on A's behalf, made a qualified nonelective contribution of $2,000 to the plan and a nonelective profit-sharing employer contribution of $3,000.

Even though the 2019 limit for elective deferrals and designated Roth contributions is $19,000, the employee's total elective deferral amount of $21,500 is reported in box 12 with code D (D 21500.00). The designated Roth contribution is reported in box 12 with code AA (AA 1000.00). The employer must separately report the actual amounts of $21,500 and $1,000 in box 12 with the appropriate codes. The amount deferred in excess of the limit is not reported in box 1. The return of excess elective deferrals and excess designated Roth contributions, including earnings on both, is reported on Form 1099-R.

The $600 voluntary after-tax contribution may be reported in box 14 (this is optional) but not in box 12. The $2,000 qualified nonelective contribution and the $3,000 nonelective profit-sharing employer contribution are not required to be reported on Form W-2, but may be reported in box 14.

Check the “Retirement plan” box in box 13.

Code E—Elective deferrals under a section 403(b) salary reduction agreement.

Code F—Elective deferrals under a section 408(k)(6) salary reduction SEP.

Code G—Elective deferrals and employer contributions (including nonelective deferrals) to any governmental or nongovernmental section 457(b) deferred compensation plan. Do not report either section 457(b) or section 457(f) amounts that are subject to a substantial risk of forfeiture.

Code H—Elective deferrals under section 501(c)(18)(D) tax-exempt organization plan. Be sure to include this amount in box 1 as wages. The employee will deduct the amount on his or her Form 1040.

Code J—Nontaxable sick pay. Show any sick pay that was paid by a third party and was not includible in income (and not shown in boxes 1, 3, and 5) because the employee contributed to the sick pay plan. Do not include nontaxable disability payments made directly by a state.

Code K—20% excise tax on excess golden parachute payments (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). If you made excess golden parachute payments to certain key corporate employees, report the 20% excise tax on these payments. If the excess payments are considered to be wages, report the 20% excise tax withheld as income tax withheld in box 2.

Code L—Substantiated employee business expense reimbursements. Use this code only if you reimbursed your employee for employee business expenses using a per diem or mileage allowance and the amount that you reimbursed exceeds the amount treated as substantiated under IRS rules. See *Employee business expense reimbursements*.

Report in box 12 only the amount treated as substantiated (such as the nontaxable part). Include in boxes 1, 3 (up to the social security wage base), and 5 the part of the reimbursement that is more than the amount treated as substantiated. Report the unsubstantiated amounts in box 14 if you are a railroad employer.

Code M—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over $50,000 (for former employees). If you provided your former employees (including retirees) more than $50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected social security or RRTA tax on the coverage in box 12. Do not include this amount in box 4. Also see *Group-term life insurance*.

Code N—Uncollected Medicare tax on taxable cost of group-term life insurance over $50,000 (for former employees). If you provided your former employees (including retirees) more than $50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected Medicare tax or RRTA Medicare tax on the coverage in box 12. Do not show any uncollected Additional Medicare Tax. Do not include this amount in box 6. Also see *Group-term life insurance*.

Code P—Excludable moving expense reimbursements paid directly to a member of the U.S. Armed Forces. The exclusion for qualified moving expense reimbursements applies only to members of the U.S. Armed Forces on active duty who move pursuant to a military order and incident to a permanent change of station.

Show the total moving expense reimbursements that you paid directly to your employee for qualified (allowable) moving expenses. See *Moving expenses*.

Code Q—Nontaxable combat pay. If you are a military employer, report any nontaxable combat pay in box 12.

Code R—Employer contributions to an Archer MSA. Show any employer contributions to an Archer MSA. See *Archer MSA*.

Code S—Employee salary reduction contributions under a section 408(p) SIMPLE plan. Show deferrals under a section 408(p) salary reduction SIMPLE retirement account. However, if the SIMPLE plan is part of a section 401(k) arrangement, use code D. If you are reporting prior year contributions under USERRA, see the *TIP* above Code D in *Box 12—Codes*.

Code T—Adoption benefits. Show the total that you paid or reimbursed for qualified adoption expenses furnished to your employee under an adoption assistance program. Also include adoption benefits paid or reimbursed from the pre-tax contributions made by the employee under a section 125 (cafeteria) plan. However, do not include adoption benefits forfeited from a section 125 (cafeteria) plan. Report all amounts including those in excess of the $14,080 exclusion. For more information, see *Adoption benefits*.

Code V—Income from the exercise of nonstatutory stock option(s). Show the spread (that is, the fair market value of stock over the exercise price of option(s) granted to your employee with respect to that stock) from your employee's (or former employee's) exercise of nonstatutory stock option(s). Include this amount in boxes 1, 3 (up to the social security wage base), and 5. If you are a railroad employer, do not include this amount in box 14 for railroad employees covered by RRTA. See *For employees covered by RRTA tax*, above.

This reporting requirement does not apply to the exercise of a statutory stock option, or the sale or disposition of stock acquired pursuant to the exercise of a statutory stock option. For more information about the taxability of employee stock options, see Pub. 15-B.

Code W—Employer contributions to a health savings account (HSA). Show any employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria) plan) to an HSA. See *Health savings account (HSA)*.

Code Y—Deferrals under a section 409A nonqualified deferred compensation plan. It is not necessary to show deferrals in box 12 with code Y. For more information, see Notice 2008-115. However, if you report these deferrals, show current year deferrals, including earnings during the year on current year and prior year deferrals. See *Nonqualified deferred compensation plans* under *Special Reporting Situations for Form W-2*.

Code Z—Income under a nonqualified deferred compensation plan that fails to satisfy section 409A. Enter all amounts deferred (including earnings on amounts deferred) that are includible in income under section 409A because the NQDC plan fails to satisfy the requirements of section 409A. Do not include amounts properly reported on a Form 1099-MISC, corrected Form 1099-MISC, Form W-2, or Form W-2c for a prior year. Also, do not include amounts that are considered to be subject to a substantial risk of forfeiture for purposes of section 409A. For more information, see Regulations sections 1.409A-1, -2, -3, and -6; and Notice 2008-115.

The amount reported in box 12 using code Z also is reported in box 1 and is subject to an additional tax reported on the employee's Form 1040. See *Nonqualified deferred compensation plans* under *Special Reporting Situations for Form W-2*.

For information regarding correcting section 409A errors and related reporting, see Notice 2008-113, Notice 2010-6, and Notice 2010-80.

Code AA—Designated Roth contributions under a section 401(k) plan. Use this code to report designated Roth contributions under a section 401(k) plan. Do not use this code to report elective deferrals under code D. See *Designated Roth contributions*.

Code BB—Designated Roth contributions under a section 403(b) plan. Use this code to report designated Roth contributions under a section 403(b) plan. Do not use this code to report elective deferrals under code E. See *Designated Roth contributions*.

Code DD—Cost of employer-sponsored health coverage. Use this code to report the cost of employer-sponsored health coverage. **The amount reported with code DD is not taxable.** Additional reporting guidance, including information about the transitional reporting rules that apply, is available on IRS.gov at *Affordable Care Act (ACA) Tax Provisions*.

Code EE—Designated Roth contributions under a governmental section 457(b) plan. Use this code to report designated Roth contributions under a governmental section 457(b) plan. Do not use this code to report elective deferrals under code G. See *Designated Roth contributions*.

Code FF—Permitted benefits under a qualified small employer health reimbursement arrangement. Use this code to report the total amount of permitted benefits under a QSEHRA. The maximum reimbursement for an eligible employee under a QSEHRA for 2019 is $5,150 ($10,450 if it also provides reimbursements for family members).

Report the amount of payments and reimbursements the employee is entitled to receive under the QSEHRA for the calendar year, not the amount the employee actually receives. For example, a QSEHRA provides a permitted benefit of $3,000. If the employee receives reimbursements of $2,000, report a permitted benefit of $3,000 in box 12 with code FF.

If your QSEHRA provides benefits that vary based on the number of family members covered under the arrangement or their ages and an eligible employee receives no payments or reimbursements and provides no proof of minimum essential coverage (MEC), report the highest value permitted benefits that the QSEHRA provides. If the employee later provides proof of MEC establishing eligibility for a lesser value permitted benefit, report this lesser value permitted benefit on Form W-2.

Do not include carryover amounts from prior years in the permitted benefit.

You may need to calculate a prorated permitted benefit under some circumstances.

- If your QSEHRA provides a permitted benefit prorated by month for employees not eligible for the full year, report the prorated permitted benefit. For example, a QSEHRA provides a permitted benefit of $3,000 prorated by the number of months the employee is eligible. If an employee becomes eligible on May 1, the employee's permitted benefit is $2,000 ($3,000 x 8/12) for the calendar year. The employer reports the permitted benefit of $2,000 for that employee in box 12 using code FF.
- If your QSEHRA is not based on a calendar year, prorate the permitted benefit for each part of the QSEHRA's plan year that falls within the calendar year. Report the sum of the prorated permitted benefits for the two portions of the calendar year. For example, a non-calendar year QSEHRA has a plan year that begins on April 1 and ends on March 31 of the following year. From April 1, 2018 through March 31, 2019, the QSEHRA provides a permitted benefit of $2,000. From April 1, 2019 through March 31, 2020, the QSEHRA provides a permitted benefit of $3,000. The employer reports a permitted benefit of $2,750 (($2,000 x 3/12) + ($3,000 x 9/12)) for calendar year 2019.

You also may have to follow special reporting rules for certain taxable reimbursements.

- If an employee who failed to have MEC for one or more months during the year mistakenly received reimbursements for expenses incurred in one of those months, those reimbursements are taxable to the employee. Report the taxable reimbursement as other compensation in box 1, but not in boxes 3 or 5. The taxable reimbursements are not wages for income, social security, or Medicare tax, so do not withhold these taxes. Report the permitted benefit that you would have reported for the employee as though there was no failure to have MEC. If you discover the lapse in MEC after filing with the SSA, furnish the employee a correction on Form W-2c and file the Form W-2c with the SSA.
- If your QSEHRA provides for taxable reimbursements of either (a) over-the-counter drugs bought without a prescription, or (b) premiums paid on a pre-tax basis for coverage under a group health plan sponsored by the employer of the employee's spouse, include the amount of the taxable reimbursements in boxes 1, 3, and 5 and treat as wages for purposes of income, social security, and Medicare taxes. Report the permitted benefit the employee is entitled to receive under the QSEHRA for the calendar year in box 12 using code FF. Although a part of the permitted benefit is a taxable reimbursement, that does not change the amount you report in box 12 with code FF.

For more details on reporting the total amount of QSEHRA permitted benefits, see Notice 2017-67, Q and A 57 through 63, 2017-47 I.R.B. 517 at *IRS.gov/irb/2017-47_IRB#NOT-2017-67*.

Code GG—Income from qualified equity grants under section 83(i). Report the amount includible in gross income from qualified equity grants under section 83(i)(1)(A) for the calendar year. See *Qualified equity grants under section 83(i)* for more information.

Code HH—Aggregate deferrals under section 83(i) elections as of the close of the calendar year. Report the aggregate amount of income deferred under section 83(i) elections as of the close of the calendar year.

Box 13—Checkboxes. Check all boxes that apply.

Statutory employee. Check this box for statutory employees whose earnings are subject to social security and Medicare taxes but not subject to federal income tax withholding. Do not check this box for common-law employees. There are workers who are independent contractors under the common-law rules but are treated by statute as employees. They are called statutory employees.

1. A driver who distributes beverages (other than milk) or meat, vegetable, fruit, or bakery products; or who picks up and delivers laundry or dry cleaning, if the driver is your agent or is paid on commission.
2. A full-time life insurance sales agent whose principal business activity is selling life insurance or annuity contracts, or both, primarily for one life insurance company.
3. An individual who works at home on materials or goods that you supply and that must be returned to you or to a person you name, if you also furnish specifications for the work to be done.
4. A full-time traveling or city salesperson who works on your behalf and turns in orders to you from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer's business operation. The work performed for you must be the salesperson's principal business activity.

For details on statutory employees and common-law employees, see section 1 in Pub. 15-A.

Retirement plan. Check this box if the employee was an "active participant" (for any part of the year) in any of the following.

1. A qualified pension, profit-sharing, or stock-bonus plan described in section 401(a) (including a 401(k) plan).
2. An annuity plan described in section 403(a).
3. An annuity contract or custodial account described in section 403(b).
4. A simplified employee pension (SEP) plan described in section 408(k).
5. A SIMPLE retirement account described in section 408(p).
6. A trust described in section 501(c)(18).
7. A plan for federal, state, or local government employees or by an agency or instrumentality thereof (other than a section 457(b) plan).

Generally, an employee is an active participant if covered by (a) a defined benefit plan for any tax year that he or she is eligible to participate in or (b) a defined contribution plan (for example, a section 401(k) plan) for any tax year that employer or employee contributions (or forfeitures) are added to his or her account. For additional information on employees who are eligible to participate in a plan, contact your plan administrator. For details on the active participant rules, see Notice 87-16, 1987-1 C.B. 446; Notice 98-49, 1998-2 C.B. 365; section 219(g)(5); and Pub. 590-A, Contributions to Individual Retirement

Arrangements (IRAs). You can find Notice 98-49 on page 5 of Internal Revenue Bulletin 1998-38 at *IRS.gov/pub/irs-irbs/irb98-38.pdf*.

TIP *Do not check this box for contributions made to a nonqualified or section 457(b) plan.*

See the *Form W-2 Box 13 Retirement Plan Checkbox Decision Chart*.

Third-party sick pay. Check this box only if you are a third-party sick pay payer filing a Form W-2 for an insured's employee or are an employer reporting sick pay payments made by a third party. See section 6 of Pub. 15-A.

Box 14—Other. If you included 100% of a vehicle's annual lease value in the employee's income, it also must be reported here or on a separate statement to your employee.

You also may use this box for any other information that you want to give to your employee. Label each item. Examples include state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a minister's parsonage allowance and utilities. In addition, you may enter the following contributions to a pension plan: (a) nonelective employer contributions made on behalf of an employee, (b) voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay, (c) required employee contributions, and (d) employer matching contributions.

If you are reporting prior year contributions under USERRA (see the *TIP* above Code D in *Box 12—Codes* and *Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) makeup amounts to a pension plan*), you may report in box 14 makeup amounts for nonelective employer contributions, voluntary after-tax contributions, required employee contributions, and employer matching contributions. Report such amounts separately for each year.

Railroad employers, see *Railroad employers* for amounts reportable in box 14.

Boxes 15 through 20—State and local income tax information (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Use these boxes to report state and local income tax information. Enter the two-letter abbreviation for the name of the state. The employer's state ID numbers are assigned by the individual states. The state and local information boxes can be used to report wages and taxes for two states and two localities. Keep each state's and locality's information separated by the broken line. If you need to report information for more than two states or localities, prepare a second Form W-2. See *Multiple forms*. Contact your state or locality for specific reporting information.

Federal employers reporting income taxes paid to the CNMI under the 5517 agreement, enter the employer's identification number in box 15. Enter the employee's CNMI wages in box 16. Enter the income taxes paid to the CNMI in box 17. See *Federal employers in the CNMI*, earlier, for more information.

Specific Instructions for Form W-3

How to complete Form W-3. The instructions under *How to complete Form W-2* generally apply to Form W-3. Use black ink for all entries. Scanners cannot read entries if the type is too light. Be sure to send the entire page of the Form W-3.

TIP *Amounts reported on related employment tax forms (for example, Forms W-2, 941, 941-SS, 943, or 944) should agree with the amounts reported on Form W-3. If there are differences, you may be contacted by the IRS and SSA. Retain your reconciliation information for future reference. See* Reconciling Forms W-2, W-3, 941, 941-SS, 943, 944, CT-1, and Schedule H (Form 1040).

Box a—Control number. This is an optional box that you may use for numbering the whole transmittal.

Box b—Kind of Payer. Check the box that applies to you. Check only one box. If you have more than one type of Form W-2, send each type with a separate Form W-3. **Note.** The "Third-party sick pay" indicator box does not designate a separate kind of payer.

941. Check this box if you file Forms 941 or 941-SS and no other category applies. A church or church organization should check this box even if it is not required to file Forms 941, 941-SS, or 944. If you are a railroad employer sending Forms W-2 for employees covered under the Railroad Retirement Tax Act (RRTA), check the "CT-1" box.

Military. Check this box if you are a military employer sending Forms W-2 for members of the uniformed services.

943. Check this box if you are an agricultural employer and file Form 943 and you are sending Forms W-2 for agricultural employees. For nonagricultural employees, send their Forms W-2 with a separate Form W-3, checking the appropriate box.

944. Check this box if you file Form 944 (or Formulario 944(SP), its Spanish-language version), and no other category applies.

CT-1. Check this box if you are a railroad employer sending Forms W-2 for employees covered under the RRTA. Do not show employee RRTA tax in boxes 3 through 7. These boxes are only for social security and Medicare information. If you also have employees who are subject to social security and Medicare taxes, send that group's Forms W-2 with a separate Form W-3 and check the "941" checkbox on that Form W-3.

Hshld. emp. Check this box if you are a household employer sending Forms W-2 for household employees and you did not include the household employee's taxes on Forms 941, 941-SS, 943, or 944.

Medicare govt. emp. Check this box if you are a U.S., state, or local agency filing Forms W-2 for employees subject only to Medicare tax. See *Government employers*.

Box b—Kind of Employer. Check the box that applies to you. Check only one box unless the second checked box is "Third-party sick pay." See Pub. 557, Tax-Exempt Status for Your Organization, for information about 501(c)(3) tax-exempt organizations.

None apply. Check this box if none of the checkboxes discussed next apply to you.

501c non-govt. Check this box if you are a non-governmental tax-exempt section 501(c) organization. Types of 501(c) non-governmental organizations include private foundations, public charities, social and recreation clubs, and veterans organizations. For additional examples of 501(c) non-governmental organizations, see chapters 3 and 4 of Pub. 557.

State/local non-501c. Check this box if you are a state or local government or instrumentality. This includes cities, townships, counties, special-purpose districts, public school districts, or other publicly owned entities with governmental authority.

State/local 501c. Check this box if you are a state or local government or instrumentality, and you have received a determination letter from the IRS indicating that you also are a tax-exempt organization under section 501(c)(3).

Federal govt. Check this box if you are a federal government entity or instrumentality.

Box b—Third-party sick pay. Check this box if you are a third-party sick pay payer (or are reporting sick pay payments made by a third party) filing Forms W-2 with the "Third-party sick pay" checkbox in box 13 checked. File a single Form W-3 for the regular and "Third-party sick pay" Forms W-2. See *941*.

Box c—Total number of Forms W-2. Show the number of completed individual Forms W-2 that you are transmitting with this Form W-3. Do not count "Void" Forms W-2.

Box d—Establishment number. You may use this box to identify separate establishments in your business. You may file a separate Form W-3, with Forms W-2, for each establishment even if they all have the same EIN; or you may use a single Form W-3 for all Forms W-2 of the same type.

Box e—Employer identification number (EIN). Enter the nine-digit EIN assigned to you by the IRS. The number should be the same as shown on your Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040) and in the following format: 00-0000000. Do not use a prior owner's EIN. See *Box h—Other EIN used this year*.

If you do not have an EIN when filing your Form W-3, enter "Applied For" in box e, not your social security number (SSN), and see *Box b—Employer identification number (EIN)*.

Box f—Employer's name. Enter the same name as shown on your Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040).

Box g—Employer's address and ZIP code. Enter your address.

Box h—Other EIN used this year. If you have used an EIN (including a prior owner's EIN) on Forms 941, 941-SS, 943, 944, or CT-1 submitted for 2019 that is different from the EIN reported on Form W-3 in box e, enter the other EIN used. Agents generally report the employer's EIN in box h. See *Agent reporting*.

Employer's contact person, Employer's telephone number, Employer's fax number, and Employer's email address. Include this information for use by the SSA if any questions arise during processing. SSA will notify the employer by email or postal mail to correct and resubmit reports from the information provided on Form W-3.

CAUTION *Payroll service providers enter your client's information for these fields.*

TIP *The amounts to enter in boxes 1 through 19, described next, are totals from only the Forms W-2 (excluding any Forms W-2 marked "Void") that you are sending with this Form W-3.*

Boxes 1 through 8. Enter the totals reported in boxes 1 through 8 on the Forms W-2.

Box 9. Do not enter an amount in box 9.

Box 10—Dependent care benefits (not applicable to Forms W-2AS, W-2CM, W-2GU, and W-2VI). Enter the total reported in box 10 on Forms W-2.

Box 11—Nonqualified plans. Enter the total reported in box 11 on Forms W-2.

Box 12a—Deferred compensation. Enter the total of all amounts reported with codes D through H, S, Y, AA, BB, and EE in box 12 on Forms W-2. Do not enter a code.

CAUTION *The total of Form W-2 box 12 amounts reported with codes A through C, J through R, T through W, Z, DD, FF, GG, and HH is not reported on Form W-3.*

Box 13—For third-party sick pay use only. Leave this box blank. See Form 8922.

Box 14—Income tax withheld by payer of third-party sick pay. Complete this box only if you are the employer and have employees who had federal income tax withheld on third-party payments of sick pay. Show the total income tax withheld by third-party payers on payments to all of your employees. Although this tax is included in the box 2 total, it must be separately shown here.

Box 15—State/Employer's state ID number (territorial ID number for Forms W-2AS, W-2CM, W-2GU, and W-2VI). Enter the two-letter abbreviation for the name of the state or territory being reported on Form(s) W-2. Also enter your state- or territory-assigned ID number. If the Forms W-2 being submitted with this Form W-3 contain wage and income tax information from more than one state or territory, enter an "X" under "State" and do not enter any state or territory ID number.

Federal employers reporting income taxes paid to the CNMI under the 5517 agreement, enter the employer's identification number in box 15. See *Federal employers in the CNMI*, earlier, for more information.

Boxes 16 through 19 (not applicable to Forms W-2AS, W-2CM, W-2GU, and W-2VI). Enter the total of state/local wages and income tax shown in their corresponding boxes on the Forms W-2 included with this Form W-3. If the Forms W-2 show amounts from more than one state or locality, report them as one sum in the

appropriate box on Form W-3. Verify that the amount reported in each box is an accurate total of the Forms W-2.

Federal employers reporting income taxes paid to the CNMI under the 5517 agreement, enter the total of CNMI wages on the Forms W-2 in box 16. Enter the total of income taxes shown on the Forms W-2 paid to the CNMI in box 17. See *Federal employers in the CNMI*, earlier, for more information.

Reconciling Forms W-2, W-3, 941, 941-SS, 943, 944, CT-1, and Schedule H (Form 1040)

Reconcile the amounts shown in boxes 2, 3, 5, and 7 from all 2019 Forms W-3 with their respective amounts from the 2019 yearly totals from the quarterly Forms 941 or 941-SS or annual Forms 943, 944, CT-1 (box 2 only), and Schedule H (Form 1040). When there are discrepancies between amounts reported on Forms W-2 and W-3 filed with the SSA and on Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040) filed with the IRS, you will be contacted to resolve the discrepancies.

To help reduce discrepancies on Forms W-2:

- Report bonuses as wages and as social security and Medicare wages on Form W-2, and on Forms 941, 941-SS, 943, 944, and Schedule H (Form 1040).
- Report both social security and Medicare wages and taxes separately on Forms W-2 and W-3, and on Forms 941, 941-SS, 943, 944, and Schedule H (Form 1040).
- Report social security taxes withheld on Form W-2 in box 4, not in box 3.
- Report Medicare taxes withheld on Form W-2 in box 6, not in box 5.
- Do not report a nonzero amount in box 4 if boxes 3 and 7 are both zero.
- Do not report a nonzero amount in box 6 if box 5 is zero.
- Do not report an amount in box 5 that is less than the sum of boxes 3 and 7.
- Make sure that the social security wage amount for each employee does not exceed the annual social security wage base limit ($132,900 for 2019).
- Do not report noncash wages that are not subject to social security or Medicare taxes as social security or Medicare wages.
- If you use an EIN on any quarterly Forms 941 or 941-SS for the year (or annual Forms 943, 944, CT-1, or Schedule H (Form 1040)) that is different from the EIN reported in box e on Form W-3, enter the other EIN in box h on Form W-3.

To reduce the discrepancies between amounts reported on Forms W-2 and W-3, and Forms 941, 941-SS, 943, 944, CT-1, and Schedule H (Form 1040):

- Be sure that the amounts on Form W-3 are the total amounts from Forms W-2.
- Reconcile Form W-3 with your four quarterly Forms 941 or 941-SS (or annual Forms 943, 944, CT-1, or Schedule H (Form 1040)) by comparing amounts reported for:

1. Income tax withholding (box 2).
2. Social security wages, Medicare wages and tips, and social security tips (boxes 3, 5, and 7). Form W-3 should include Forms 941 or 941-SS or Forms 943, 944, or Schedule H (Form 1040) adjustments only for the current year. If the Forms 941, 941-SS, 943, or 944 adjustments include amounts for a prior year, do not report those prior year adjustments on the current year Forms W-2 and W-3.
3. Social security and Medicare taxes (boxes 4 and 6). The amounts shown on the four quarterly Forms 941 or 941-SS (or annual Forms 943, 944, or Schedule H (Form 1040)), including current year adjustments, should be approximately twice the amounts shown on Form W-3.

Amounts reported on Forms W-2 and W-3, and Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040) may not match for valid reasons. If they do not match, you should determine that the reasons are valid. Retain your reconciliation information in case you receive inquiries from the IRS or the SSA.

General Instructions for Forms W-2c and W-3c

Applicable forms. Use with the current version of Form W-2c and the current version of Form W-3c.

Purpose of forms. Use Form W-2c to correct errors on Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, or W-2c filed with the SSA. Also use Form W-2c to provide corrected Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, or W-2c to employees.

Corrections reported on Form W-2c may require you to make corrections to your previously filed employment tax returns using the corresponding “X” form, such as Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund; Form 943-X, Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund; Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund; or Form CT-1X, Adjusted Employer's Annual Railroad Retirement Tax Return or Claim for Refund. See section 13 of Pub. 15 (Circular E) and the Instructions for Form CT-1X for more information. If you are making corrections to a previously filed Schedule H (Form 1040), see Pub. 926, Household Employer's Tax Guide. If an employee repaid you for wages received in a prior year, also see *Repayments*.

Do not use Form W-2c to report corrections to back pay. Instead, see Pub. 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration, and Form SSA-131, Employer Report of Special Wage Payments.

Do not use Form W-2c to correct Form W-2G, Certain Gambling Winnings. Instead, see the General Instructions for Certain Information Returns for the current reporting year.

Use Form W-3c to send Copy A of Form W-2c to the SSA. Always file Form W-3c when submitting one or more Forms W-2c.

E-filing Forms W-2c and W-3c. The SSA encourages all employers to *e-file* using its secure BSO website.

E-filing can save you effort and helps ensure accuracy. See *E-filing*.

Where to file paper Forms W-2c and W-3c. If you use the U.S. Postal Service, send Forms W-2c and W-3c to:

Social Security Administration
Direct Operations Center
P.O. Box 3333
Wilkes-Barre, PA 18767-3333

If you use a carrier other than the U.S. Postal Service, send Forms W-2c and W-3c to:

Social Security Administration
Direct Operations Center
Attn: W-2c Process
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997

Go to *IRS.gov/PDS* for a list of IRS-designated private delivery services.

TIP *Do not send Forms W-2, W-2AS, W-2CM, W-2GU, or W-2VI to either of these addresses. Instead, see* Where to file paper Forms W-2 and W-3.

When to file. File Forms W-2c and W-3c as soon as possible after you discover an error. Also provide Form W-2c to employees as soon as possible.

How to complete. If you file Forms W-2c and W-3c on paper, make all entries using dark or black ink in 12-point Courier font, if possible, and make sure all copies are legible. See *How to complete Form W-2*.

If any item shows a change in the dollar amount and one of the amounts is zero, enter "-0-." Do not leave the box blank.

Who may sign Form W-3c. Generally, employers must sign Form W-3c. See *Who may sign Form W-3*.

Special Situations for Forms W-2c and W-3c

Undeliverable Forms W-2c. See *Undeliverable Forms W-2*.

Correcting Forms W-2 and W-3

Corrections. Use the current version of Form W-2c to correct errors (such as incorrect name, SSN, or amount) on a previously filed Form W-2 or Form W-2c. File Copy A of Form W-2c with the SSA. To *e-file* your corrections, see *Correcting wage reports*.

If the SSA issues your employee a replacement card after a name change, or a new card with a different social security number after a change in alien work status, file a Form W-2c to correct the name/SSN reported on the most recently filed Form W-2. It is not necessary to correct the prior years if the previous name and number were used for the years prior to the most recently filed Form W-2.

File Form W-3c whenever you file a Form W-2c with the SSA, even if you are only filing a Form W-2c to correct an employee's name or SSN. However, see *Employee's incorrect address on Form W-2*, later, for information on correcting an employee's address. See *Correcting an incorrect tax year and/or EIN incorrectly reported on Form W-2 or Form W-3*, later, if an error was made on a previously filed Form W-3.

If you discover an error on Form W-2 after you issue it to your employee but before you send it to the SSA, check the "Void" box at the top of the incorrect Form W-2 on Copy A. Prepare a new Form W-2 with the correct information, and send Copy A to the SSA. Write "CORRECTED" on the employee's new copies (B, C, and 2), and furnish them to the employee. If the "Void" Form W-2 is on a page with a correct Form W-2, send the entire page to the SSA. The "Void" form will not be processed. Do not write "CORRECTED" on Copy A of Form W-2.

If you are making a correction for previously filed Forms 941, 941-SS, 943, 944, or CT-1, use the corresponding "X" forms, such as Forms 941-X, 943-X, 944-X, or CT-1X for the return period in which you found the error. See section 13 of Pub. 15 (Circular E) and the Instructions for Form CT-1X for more details. If you are making corrections to a previously filed Schedule H (Form 1040), see Pub. 926. Issue the employee a Form W-2c if the error discovered was for the prior year and Form W-2 was filed with the SSA.

Correcting an employee's name and/or SSN only. If you are correcting only an employee's name and/or SSN, complete Form W-2c boxes d through i. Do not complete boxes 1 through 20. Advise your employee to correct the SSN and/or name on his or her original Form W-2.

If your employee is given a new social security card following an adjustment to his or her resident status that shows a different name or SSN, file a Form W-2c for the most current year only.

Correcting an employee's name and SSN if the SSN was reported as blanks or zeros and the employee name was reported as blanks. If you need to correct an employee's name and SSN, and the SSN was reported as blanks or zeros and the employee's name was reported as blanks, do not use Form W-2c to report the corrections. You must contact the SSA at 800-772-6270 for instructions.

Correcting an incorrect tax year and/or EIN incorrectly reported on Form W-2 or Form W-3. To correct an incorrect tax year and/or EIN on a previously submitted Form W-2 or Form W-3, you must prepare two sets of Forms W-2c and W-3c.

- Prepare one Form W-3c along with a Form W-2c for each affected employee. On the Form W-3c, enter the incorrect tax year in box a, and the incorrect EIN originally reported in box h. Enter in the "Previously reported" boxes the money amounts that were on the original Form W-2. In the "Correct information" boxes, enter zeros.
- Prepare a second Form W-3c along with a second Form W-2c for each affected employee. On the Form W-3c, enter the correct tax year in box a and/or the correct EIN in box e. Enter zeros in the "Previously reported" boxes, and enter the correct money amounts in the "Correct information" boxes.

Correcting more than one Form W-2 for an employee. There are two ways to prepare a correction for an employee for whom more than one Form W-2 was filed under the same EIN for the tax year. You can (1) consider all the Forms W-2 when determining the amounts to enter on Form W-2c or (2) file a single Form W-2c to correct only the incorrect Form W-2.

However, state, local, and federal government employers who are preparing corrections for Medicare Qualified Government Employment (MQGE) employees also must follow the instructions in the *Caution* for state, local, and federal government employers in the *Specific Instructions for Form W-2c.*

Correcting more than one kind of form. You must use a separate Form W-3c for each type of Form W-2 (Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, or W-2c) being corrected. You also must use a separate Form W-3c for each kind of payer/employer combination in box c. If you are correcting more than one kind of form, please group forms of the same kind of payer/employer combination, and send them in separate groups.

Employee's incorrect address on Form W-2. If you filed a Form W-2 with the SSA that reported an incorrect address for the employee, but all other information on the Form W-2 was correct, do not file Form W-2c with the SSA merely to correct the address.

However, if the address was incorrect on the Form W-2 furnished to the employee, you must do one of the following.

- Issue a new, corrected Form W-2 to the employee that includes the new address. Indicate "REISSUED STATEMENT" on the new copies. Do not send Copy A of Form W-2 to the SSA.
- Issue a Form W-2c to the employee that shows the correct address in box i and all other correct information. Do not send Copy A of Form W-2c to the SSA.
- Reissue the Form W-2 with the incorrect address to the employee in an envelope showing the correct address or otherwise deliver it to the employee.

Two Forms W-2 were filed under the same EIN, but only one should have been filed.

Example. Two Forms W-2 were submitted for Mary Smith under the same EIN for the same tax year. One Form W-2 correctly reported social security wages of $20,000. The other Form W-2 incorrectly reported social security wages of $30,000. There are two ways to correct this situation.

- File a Form W-3c along with one Form W-2c, entering $50,000 in box 3 under "Previously reported" and $20,000 in box 3 under "Correct information," or
- File a Form W-3c along with one Form W-2c, entering $30,000 in box 3 under "Previously reported" and $0.00 in box 3 under "Correct information."

Two Forms W-2 were filed under the same EIN, but wages on one were incorrect.

Example. Two Forms W-2 were submitted for Mary Smith under the same EIN for the same tax year. One Form W-2 correctly reported social security wages of $20,000. The other Form W-2 incorrectly reported social security wages of $30,000, whereas $25,000 should have been reported. There are two ways to correct this situation.

- File a Form W-3c along with one Form W-2c, entering $50,000 in box 3 under "Previously reported" and $45,000 in box 3 under "Correct information," or
- File a Form W-3c along with one Form W-2c, entering $30,000 in box 3 under "Previously reported" and $25,000 in box 3 under "Correct information."

Specific Instructions for Form W-2c

Box a—Employer's name, address, and ZIP code. This entry should be the same as shown on your Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040).

Box b—Employer's Federal EIN. Show the correct nine digit EIN assigned to you by the IRS in the format 00-0000000.

Box c—Tax year/Form corrected. If you are correcting Form W-2, enter all four digits of the year of the form you are correcting. If you are correcting Form W-2AS, W-2CM, W-2GU, W-2VI, or W-2c, enter all four digits of the year you are correcting, and also enter "AS," "CM," "GU," "VI," or "c" to designate the form you are correcting. For example, "2017" and "GU" shows that you are correcting a 2017 Form W-2GU.

Box d—Employee's correct SSN. You must enter the employee's correct SSN even if it was correct on the original Form W-2. If you are correcting an employee's SSN, you also must complete boxes e through i.

Box e—Corrected SSN and/or name. Check this box only if you are correcting the employee's SSN, name, or both SSN and name. You also must complete boxes d and f through i.

Box f—Employee's previously reported SSN. Complete this box if you are correcting an employee's previously reported incorrect SSN and/or name. If the previous SSN was reported as blanks or not available, then box f should be all zeroes.

Box g—Employee's previously reported name. Complete this box if you are correcting an employee's previously reported incorrect SSN and/or name. You must enter the employee's previously reported full name in box g exactly as it was previously reported. If the previous reported name was reported as blanks or not available, then box g should be all blanks.

CAUTION *For boxes f and g, if both the previous SSN and the previous name were reported as blanks,* ***do not*** *use Form W-2c. Contact the SSA at 800-772-6270.*

Box h—Employee's first name and initial, Last name, Suff. Always enter the employee's correct name. See *Boxes e and f—Employee's name and address* for name formatting information.

Box i—Employee's address and ZIP code. Always enter the employee's correct address. See *Boxes e and f—Employee's name and address* for address formatting information.

You must enter the employee's full name in boxes g and h.

Boxes 1 through 20. For the items you are changing, enter under "Previously reported" the amount reported on the original Form W-2 or the amount reported on a previously filed Form W-2c. Enter the correct amount under "Correct information."

Do not make an entry in any of these boxes on Copy A unless you are making a change. However, see the *Caution* for state, local, or federal government employers below.

Box 2—Federal income tax withheld. Use this box only to make corrections because of an administrative error. (An administrative error occurs only if the amount you entered in box 2 of the incorrect Form W-2 was not the amount you actually withheld.) If you are correcting Forms W-2AS, W-2CM, W-2GU, or W-2VI, box 2 is for income tax withheld for the applicable U.S. possession.

Boxes 5 and 6. Complete these boxes to correct Medicare wages and tips and Medicare tax withheld. (Exception—do not correct Additional Medicare Tax withheld unless you need to correct an administrative error. An administrative error occurs only if the amount you entered in box 6 of the incorrect Form W-2 is not the amount you actually withheld.) State, local, or federal government employers also should use these boxes to correct MQGE wages. Box 5 must equal or exceed the sum of boxes 3 and 7.

A state, local, or federal government employer correcting only social security wages and/or social security tips (boxes 3 and/or 7) for an MQGE employee also must complete Medicare wages and tips in box 5. Enter the total Medicare wages and tips, including MQGE-only wages, even if there is no change to the total Medicare wages and tips previously reported.

Boxes 8, 10, and 11. Use these boxes to correct allocated tips, dependent care benefits, or deferrals and distributions relating to nonqualified plans.

Box 12—Codes. Complete these boxes to correct any of the coded items shown on Forms W-2. Examples include uncollected social security and/or Medicare taxes on tips, taxable cost of group-term life insurance coverage over $50,000, elective deferrals (codes D through H, S, Y, AA, BB, and EE), sick pay not includible as income, and employee business expenses. See *Box 12—Codes* in *Specific Instructions for Form W-2* for the proper format to use in reporting coded items from box 12 of Forms W-2.

Employers should enter both the code and dollar amount for both fields on Form W-2c.

If a single Form W-2c does not provide enough blank spaces for corrections, use additional Forms W-2c.

Box 13. Check the boxes in box 13, under "Previously reported," as they were checked on the original Form W-2. Under "Correct information," check them as they should have been checked. For example, if you checked the "Retirement plan" box on the original Form W-2 by mistake, check the "Retirement plan" checkbox in box 13 under "Previously reported," but do not check the "Retirement plan" checkbox in box 13 under "Correct information."

Box 14. Use this box to correct items reported in box 14 of the original Form W-2 or on a prior Form W-2c. If possible, complete box 14 on Copies B, C, 1, and 2 of Form W-2c only, not on Copy A.

Boxes 15 through 20—State/local taxes. If your only changes to the original Form W-2 are to state or local data, do not send Copy A of Form W-2c to the SSA. Instead, send Form W-2c to the appropriate state or local agency and furnish copies to your employees.

Correcting state information. Contact your state or locality for specific reporting information.

Specific Instructions for Form W-3c

Do not staple or tape the Forms W-2c to Form W-3c or to each other. File a separate Form W-3c for each tax year, for each type of form, and for each kind of payer/employer combination. (The "Third-party sick pay" indicator box does not designate a separate kind of payer or employer.) Make a copy of Form W-3c for your records.

In the money boxes of Form W-3c, total the amounts from each box and column on the Forms W-2c you are sending.

Box a—Tax year/Form corrected. Enter all four digits of the year of the form you are correcting and the type of form you are correcting. For the type of form, enter "2," "2AS," "2CM," "2GU," "2VI," "2c," "3," "3SS," or "3c." For example, entering "2017" and "2" indicates that all the forms being corrected are 2017 Forms W-2.

Box b—Employer's name, address, and ZIP code. This should be the same as shown on your Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040). Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and you use a P.O. box, show the P.O. box number instead of the street address.

The IRS will not use Form W-3c to update your address of record. If you wish to change your address, file Form 8822 or Form 8822-B.

Box c—Kind of Payer. Check the box that applies to you. Check only one box. If your previous Form W-3 or Form W-3SS was checked incorrectly, report your prior incorrect payer type in the "Explain decreases here" area below boxes 18 and 19.

941/941-SS. Check this box if you file Form 941 or Form 941-SS. If you are a railroad employer sending Forms W-2c for employees covered under the RRTA, check the "CT-1" checkbox.

Military. Check this box if you are a military employer correcting Forms W-2 for members of the uniformed services.

943. Check this box if you file Form 943 and you are correcting Forms W-2 for agricultural employees. For nonagricultural employees, send Forms W-2c with a separate Form W-3c, generally with the 941/941-SS box checked.

944. Check this box if you file Form 944.

CT-1. Check this box if you are a railroad employer correcting Forms W-2 for employees covered under the RRTA. If you also have to correct forms of employees who are subject to social security and Medicare taxes, complete a separate Form W-3c with the "941/941-SS" box or "944" box checked instead.

Hshld. emp. Check this box if you are a household employer correcting Forms W-2 for household employees and you file Schedule H (Form 1040). If you also have to correct forms of employees who are not household employees, complete a separate Form W-3c.

Medicare govt. emp. Check this box if you are a U.S., state, or local agency filing corrections for employees subject only to Medicare taxes.

Box c—Kind of Employer. Check the box that applies to you. Check only one box. If your previous Form W-3 or W-3SS was checked incorrectly, report your prior incorrect employer type in the "Explain decreases here" area below boxes 18 and 19.

None apply. Check this box if none of the checkboxes described next apply to you.

501c non-govt. Check this box if you are a non-governmental tax-exempt 501(c) organization. Types of 501(c) non-governmental organizations include private foundations, public charities, social and recreation clubs, and veterans organizations. For additional examples of 501(c) non-governmental organizations, see chapters 3 and 4 of Pub. 557, Tax-Exempt Status for Your Organization.

State/local non-501c. Check this box if you are a state or local government or instrumentality. This includes cities, townships, counties, special-purpose districts, public school districts, or other publicly owned entities with governmental authority.

State/local 501c. Check this box if you are a state or local government or instrumentality, and you have received a determination letter from the IRS indicating that you are also a tax-exempt organization under section 501(c)(3).

Federal govt. Check this box if you are a federal government entity or instrumentality.

Box c—Third-party sick pay. Check this box if you are a third-party sick pay payer (or are reporting sick pay payments made by a third party) correcting Forms W-2 with the "Third-party sick pay" checkbox in box 13 of Form W-2c under "Correct information" checked. File a separate Form W-3c for each payer/employer combination reporting "Third-party sick pay" on Form W-2c.

Box d—Number of Forms W-2c. Show the number of individual Forms W-2c filed with this Form W-3c or enter "-0-" if you are correcting only a previously filed Form W-3 or Form W-3SS.

Box e—Employer's Federal EIN. Enter the correct number assigned to you by the IRS in the following format: 00-0000000. If you are correcting your EIN, enter the originally reported federal EIN you used in box h.

Box f—Establishment number. You may use this box to identify separate establishments in your business. You may file a separate Form W-3c, with Forms W-2c, for each establishment or you may use a single Form W-3c for all Forms W-2c. You do not have to complete this item; it is optional.

Box g—Employer's state ID number. You are not required to complete this box. This number is assigned by the individual state where your business is located. However, you may want to complete this item if you use copies of this form for your state returns.

Box h—Employer's originally reported Federal EIN. Your correct number must appear in box e. Make an entry here only if the number on the original form was incorrect.

Box i—Incorrect establishment number. You may use this box to correct an establishment number.

Box j—Employer's incorrect state ID number. Use this box to make any corrections to your previously reported state ID number.

Boxes 1 through 8, 10, and 11. Enter the total of amounts reported in boxes 1 through 8, 10, and 11 as "Previously reported" and "Correct information" from Forms W-2c.

Box 12a—Deferred compensation. Enter the total of amounts reported with codes D through H, S, Y, AA, BB, and EE as "Previously reported" and "Correct information" from Forms W-2c.

CAUTION *The total of Form W-2c box 12 amounts reported with codes A through C, J through R, T through W, Z, DD, FF, GG, and HH is not reported on Form W-3c.*

Box 14—Inc. tax w/h by third-party sick pay payer. Enter the amount previously reported and the corrected amount of income tax withheld on third-party payments of sick pay. Although this tax is included in the box 2 amounts, it must be shown separately here.

Boxes 16 through 19. If your only changes to the Forms W-2c and W-3c are to the state and local data, do not send either Copy A of Form W-2c or Form W-3c to the SSA. Instead, send the forms to the appropriate state or local agency and furnish copies of Form W-2c to your employees.

Explain decreases here. Explain any decrease to amounts "Previously reported." Also report here any previous incorrect entry in box c, "Kind of Payer" or "Kind of Employer." Enclose (but do not attach) additional sheets explaining your decreases, if necessary. Include your name and EIN on any additional sheets.

Signature. Sign and date the form. Also enter your title and employer's contact person, employer's telephone number, employer's fax number, and employer's email address, if available. If you are not the employer, see *Who may sign Form W-3*.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Forms W-2 and W-3 to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Section 6051 and its regulations require you to furnish wage and tax statements to employees, the Social Security Administration, and the Internal Revenue

Service. Section 6109 requires you to provide your employer identification number (EIN). Failure to provide this information in a timely manner or providing false or fraudulent information may subject you to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and/or criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average times are: Form W-2—30 minutes; Form W-3—28 minutes; Form W-2c—40 minutes; Form W-3c—51 minutes. If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can send us comments from *IRS.gov/FormComments*. Or you can write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send Forms W-2 and W-3 to this address. Instead, see *Where to file paper Forms W-2 and W-3*.

Form W-2 Reference Guide for Box 12 Codes

A	Uncollected social security or RRTA tax on tips	**L**	Substantiated employee business expense reimbursements	**Y**	Deferrals under a section 409A nonqualified deferred compensation plan
B	Uncollected Medicare tax on tips (but not Additional Medicare Tax)	**M**	Uncollected social security or RRTA tax on taxable cost of group-term life insurance over $50,000 (former employees only)	**Z**	Income under a nonqualified deferred compensation plan that fails to satisfy section 409A
C	Taxable cost of group-term life insurance over $50,000	**N**	Uncollected Medicare tax on taxable cost of group-term life insurance over $50,000 (but not Additional Medicare Tax) (former employees only)	**AA**	Designated Roth contributions under a section 401(k) plan
D	Elective deferrals under a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement)	**P**	Excludable moving expense reimbursements paid directly to members of the Armed Forces	**BB**	Designated Roth contributions under a section 403(b) plan
E	Elective deferrals under a section 403(b) salary reduction agreement	**Q**	Nontaxable combat pay	**DD**	Cost of employer-sponsored health coverage
F	Elective deferrals under a section 408(k)(6) salary reduction SEP	**R**	Employer contributions to an Archer MSA	**EE**	Designated Roth contributions under a governmental section 457(b) plan
G	Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan	**S**	Employee salary reduction contributions under a section 408(p) SIMPLE plan	**FF**	Permitted benefits under a qualified small employer health reimbursement arrangement
H	Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan	**T**	Adoption benefits	**GG**	Income from qualified equity grants under section 83(i)
J	Nontaxable sick pay	**V**	Income from exercise of nonstatutory stock option(s)	**HH**	Aggregate deferrals under section 83(i) elections as of the close of the calendar year
K	20% excise tax on excess golden parachute payments	**W**	Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA)		

See *Box 12 Codes*.

Form W-2 Box 13 Retirement Plan Checkbox Decision Chart

Type of Plan	Conditions	Check Retirement Plan Box?
Defined benefit plan (for example, a traditional pension plan)	Employee qualifies for employer funding into the plan, due to age/years of service—even though the employee may not be vested or ever collect benefits	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute but does not elect to contribute any money in this tax year	No
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute and elects to contribute money in this tax year	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute but does not elect to contribute any money in this tax year, but the employer does contribute funds	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee contributed in past years but not during the current tax year under report	No (even if the account value grows due to gains in the investments)
Profit-sharing plan	Plan includes a grace period after the close of the plan year when profit sharing can be added to the participant's account	Yes, unless the employer contribution is purely discretionary and no contribution is made by end of plan year

See *Box 13 Checkboxes*.

Nonqualified Deferred Compensation Reporting Example Chart

Example	How to report on Form W-2
Example 1—Deferral, immediately vested (no risk of forfeiture). Regular wages: $200 Defer, vested: $20 Employer match, vested: $10	Box 1 = $180 ($200 – $20) Boxes 3 and 5 = $210 ($200 + $10) Box 11 = $0
Example 2—Deferral, delayed vesting (risk of forfeiture) of employee and employer portions. Regular wages: $200 Defer, not vested: $20 Employer match, not vested: $10	Box 1 = $180 ($200 – $20) Boxes 3 and 5 = $180 ($200 – $20) Box 11 = $0
Example 3—Deferral, immediately vested. Prior year deferrals and employer matches are now vesting. Regular wages: $200 Defer, vested: $20 Vesting of prior-year deferrals and employer matches: $100 + $15 (earnings on $100)	Box 1 = $180 ($200 – $20) Boxes 3 and 5 = $315 ($200 + $100 + $15) Box 11 = $115 ($100 + $15)
Example 4—No deferrals, but there are distributions. No vesting of prior year deferrals. Regular wages: $100 Distribution: $50	Box 1 = $150 ($100 + $50) Boxes 3 and 5 = $100 Box 11 = $50
Special Rule for W-2 Box 11: Distributions and Deferrals in the Same Year—Form SSA-131	If, in the same year, there are NQDC distributions and deferrals that are reportable in boxes 3 and/or 5 (current or prior year deferrals), do not complete box 11. Instead, report on Form SSA-131 the total amount the employee earned during the year. Generally, the amount earned by the employee during the tax year for purposes of item 6 of Form SSA-131 is the amount reported in box 1 of Form W-2 plus current year deferrals that are vested (employee and employer portions) less distributions. Do not consider prior-year deferrals that are vesting in the current year. If there was a plan failure, the box 1 amount in this calculation should be as if there were no plan failure. Submit the Form SSA-131 to the nearest SSA office or give it to the employee.
Example 5—Deferral, immediately vested, and distributions. No vesting of prior year deferrals. Regular wages: $200 Defer, vested: $20 Employer match, vested: $10 Distribution: $50	Box 1 = $230 ($200 – $20 + $50) Boxes 3 and 5 = $210 ($200 + $10) Box 11 = $0 Form SSA-131 = $210 ($230 (box 1) – $50 (distribution) + $30 (vested employee and employer deferrals))
Example 6—Deferral, delayed vesting, and distributions. No vesting of prior year deferrals. Regular wages: $200 Defer, not vested: $20 Distribution: $50	Box 1 = $230 ($200 – $20 + $50) Boxes 3 and 5 = $180 ($200 – $20) Box 11 = $50
Example 7—Deferral, immediately vested, and distributions. Prior-year deferrals and employer matches are now vesting. Regular wages: $200 Defer, vested: $20 Distribution: $50 Vesting of prior-year deferrals and employer matches: $100 + $15 (earnings on $100)	Box 1 = $230 ($200 – $20 + $50) Boxes 3 and 5 = $315 ($200 + $100 + $15) Box 11 = $0 Form SSA-131 = $200 ($230 (box 1) – $50 (distribution) + $20 (vested deferral))
Example 8—Deferral, delayed vesting, and distributions. Prior-year deferrals and employer matches are now vesting. Regular wages: $200 Defer, not vested: $20 Distribution: $50 Vesting of prior-year deferrals and employer matches: $100 + $15 (earnings on $100)	Box 1 = $230 ($200 – $20 + $50) Boxes 3 and 5 = $295 ($200 – $20 + $100 + $15) Box 11 = $0 Form SSA-131 = $180 ($230 (box 1) – $50 (distribution))

See *Nonqualified deferred compensation plans*.

Nonqualified Deferred Compensation Reporting Example Chart—*(Continued)*

Example	How to report on Form W-2
Special Rule for Payment of Social Security, Medicare, and Unemployment Taxes If the amount cannot be reasonably ascertained (the employer is unable to calculate an amount for a year by December 31), the employer can use two methods. For example, immediately vested employer contributions to NQDC made late in the year would have no effect on Form W-2, box 1, but they would affect FICA and FUTA taxes.	*Estimated Method* Under the estimated method, an employer may treat a reasonably estimated amount as wages paid on the last day of the calendar year (the "first year"). If the employer underestimates the amount deferred and, thereby, underdeposits social security, Medicare, or FUTA taxes, it can choose to treat the shortfall as wages either in the first year or the first quarter of the next year. The shortfall does not include income credited to the amount deferred after the first year. Conversely, if the amount deferred is overestimated, the employer can claim a refund or credit. If the employer chooses to treat the shortfall as wages in the first year, the employer must issue a Form W-2c. Also, the employer must correct the information on the Form 941 for the last quarter of the first year. In such a case, the shortfall will not be treated as a late deposit subject to penalty if it is deposited by the employer's first regular deposit date following the first quarter of the next year. *Lag Method* Under the lag method, an employer may calculate the end-of-the-year amount on any date in the first quarter of the next calendar year. The amount deferred will be treated as wages on that date, and the amount deferred that would otherwise have been taken into account on the last day of the first year must be increased by income earned on that amount through the date on which the amount is taken into account.
Section 409A NQDC Plan Failure Example 9—Deferral, immediately vested. No distributions. Plan failure. Plan balance on January 1, 2010: $325, vested Regular wages: $100 Defer, vested: $50 Employer match, vested: $25 Plan failure in 2010.	Box 12, code Z = $400 • Amount in the plan account on December 31, 2010, not subject to risk of forfeiture and not included in prior-year income: $400 ($325 + $50 + $25) • Current-year distribution: $0 • $400 ($0 + $400) Box 1 = $450 ($100 – $50 + $400) Boxes 3 and 5 = $125 ($100 + $25) Box 11 = $0 Form SSA-131 = not required
Section 409A NQDC Plan Failure Example 10—Deferral, some delayed vesting, and distributions. Plan failure. Plan balance on January 1, 2010: $250 vested; $75 not vested Regular wages: $100 Defer, vested: $50 Employer match, not vested: $25 Distribution: $200 Plan failure in 2010. Vesting of prior-year deferrals and employer matches: $0	Box 12, code Z = $300 • Amount in the plan account on December 31, 2010, not subject to risk of forfeiture and not included in prior-year income: $100 ($250 + $50 – $200) • Current-year distribution: $200 • $100 + $200 = $300 Box 1 = $350 ($100 – $50 + $300 (code Z amount, which already includes the distribution)) Boxes 3 and 5 = $100 Box 11 = $0 Form SSA-131 = $100 ($250 (what box 1 would have been without plan failure) – $200 (distribution) + $50 (vested deferral))

See *Nonqualified deferred compensation plans*.

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