

## **W-2 Wage and Tax Statement Explanation**

### **Box 1: Wages, tips, other compensation**

These are your taxable wages during the year. You need it for filing federal and state and local tax returns.

The taxable wages consist of the gross wages and other compensation paid to you during the year, including the following taxable fringe benefits:

- Union Legal Service Benefit
- Motor Vehicle Use Fringe Benefit
- Parking Fringe Benefit
- Health Buy-Out Waiver Payment
- Commuter Benefits Administrative Fringe Fee
- Domestic Partner Health Insurance Premiums
- Health and Fitness Reimbursement
- Wellness Program

Your taxable wages are reduced by contributions to deferred compensation and/or tax deferred annuity accounts, pension plan, commuter benefits, and other programs that are not subject to federal taxes. (These amounts are shown in Boxes 12 and 14.)

The above listed taxable fringe benefits are shown in Box 14.

### **Box 2: Federal income tax withheld**

This is the total federal income tax withheld from the employee's pay.

### **Box 3, 5: Social Security wages / Medicare wages and tips**

These are the total wages paid that are subject to Social Security and Medicare.

Please note that the value of the following non-cash fringe benefits is included in the Social Security / Medicare wages and subject to Social Security Administration / Medicare tax withholding:

- Weight Watchers Fringe Benefits
- Group Term Life Insurance
- Auto / Parking Fringe
- Group Legal Services
- Housing
- Domestic Partner Health Insurance and applicable Welfare Fund Fringe Benefit
- Administrative Fee for participants in the Transit and Wage Works benefits programs

NOTE: NYC Health + Hospitals advanced and paid on behalf of the employee any Social Security and / or Medicare withholding tax which may be due on the value of the non-cash fringe benefits listed above. Employees for whom taxes were paid on these fringe

benefits will be notified in the near future regarding the recoupment of the taxes advanced on the fringe benefit.

Social Security wages (Box 3) should not be more than the maximum Social Security wage base for that tax year. Social Security wages are reduced for health insurance premiums, Commuter Benefits, and some flexible spending program contributions.

Wages subject to Medicare tax (Box 5) are the same as those subject to Social Security tax, except there is **no wage base limit** for Medicare tax. Medicare wages are reduced for health insurance premiums, Commuter Benefits, DeCAP, and HCFSA contributions.

Social Security and Medicare wages are not affected by deferred compensation or pension contributions.

#### **Box 4, 6: Social Security tax withheld / Medicare tax withheld**

This is the total of Social Security and Medicare taxes withheld from an employee's pay during the year.

- Most employees pay 6.2% of covered wages in Social Security taxes, up to the maximum Social Security wage base which is adjusted each year. If more than 6.2% of that amount was withheld, NYC Health + Hospitals Payroll will issue a refund in February.
- Most employees pay 1.45% of covered wages for Medicare tax. There is no maximum Medicare wage base for the Medicare portion of FICA. (FICA is comprised of Medicare and Social Security.) Employees with earned income of more than \$200,000 (\$250,000 for married couples filing jointly) pay an additional 0.9 percent in Medicare taxes.

NOTE: If the employee does not receive a refund that is owed to them, ask them to contact the Payroll Shared Services (PRSS) Call Center for assistance. (646) 694-7777

#### **Box 10: Dependent care benefits**

These are contributions to the Dependent Care Assistance Program (DeCAP) made through payroll deductions.

Contributions to DeCAP are not subject to federal, Social Security, and Medicare taxes. The amounts in Box 1 (for taxable wages) and Boxes 3 and 5 (Social Security and Medicare wages) are reduced by the amount of the contribution.

NOTE: DeCAP contributions are subject to New York State and City taxes and must be added back into income when filing New York State and City tax returns. Amounts for DeCAP are also shown in Box 14.

#### **Box 12:**

**Tax deferred annuities (TDA)**

If you participate in a TDA plan, your contributions are shown in Box 12 with the following codes:

- Code AA = Contributions to ROTH 401(k) Plan
- Code C = Group Term Life (Box 12 A)
- Code D = Contributions to 401(k) Plan (Box 12 C)
- Code E = Contributions to 403(b) Plan (Box 12 B)
- Code G = Contributions to 457 Plan (Box 12 D)
- Code DD = Employer Sponsored Health Insurance (Box 12 D)
- Code EE = Contributions to ROTH 457 Plan

TDA pre-tax plan contributions are not subject to income taxes. Post-tax plan (Roth plans) contributions are subject. Your taxable wages (Box 1) and your state and City wages (Boxes 16 and 18) are reduced because of your pre-tax TDA plan contributions. You file your federal, state, and city tax returns on the lower reported wage amount.

Although TDA pre-tax plan contributions are not subject to income tax, they are subject to FICA taxes. Your wages for Social Security and Medicare are NOT reduced due to your pre-tax plan contributions and therefore (Boxes 3 and 5) may be greater than the wages recorded for income tax purposes (Boxes 1, 16, and 18).

### **Cost of employer-sponsored health coverage.**

This is the combined cost (employer's and employee/retiree's) of employer-sponsored group health plans.

As part of the Patient Protection and Affordable Care Act of 2010, employers are required to report this cost to each employee. The amount is shown in Box 12 with the code DD. It is for informational purposes only and is not taxable.

### **Box 13: Statutory employee / Retirement plan / Third-party sick pay**

#### **Statutory employee**

Not applicable for NYC Health + Hospitals. (Left blank.)

#### **Retirement plan**

Indicates employee's eligibility for pension plan membership. The IRS defines an employee as belonging to a pension plan if that employee is eligible to join a pension plan regardless of whether the plan is joined.

This box is checked for all active and leave employees.

Terminated employees are not eligible. (Leave blank.)

#### **Third-Party Sick Pay**

Not applicable for NYC Health + Hospitals. (Left blank.)

### **Box 14: Other**

Includes detailed amounts employees may need to file their income taxes:

- Uniform Allowance / Housing
- Auto / Parking Fringe
- IRC 125 (Dependent Care, Pre-Tax Health, Pre-Tax Health 2, Pre-Tax Health Arrears, Flexible Spending (HCFSA)
- NYCERS 414 (H) Contribution
- Group Legal / Meal Allowance
- Transit Benefit Deductions
- Transit Benefit Administrative Fee

### **Box 16: State wages, tips, etc.**

This box contains the wages reported in Box 1. The following are not subject to NY state tax:

- Tax Deferred Annuity and Deferred Compensation Plan (Box 12)
- IRC132 for Commuter Benefits (Box 14)

The following are subject to NY state tax and included in Box 16:

- Union Legal Service Benefit
- Motor Vehicle Use Fringe Benefit
- Parking Fringe Benefit
- Health Buyout Waiver Payment
- Domestic Partner Health Insurance Premiums
- Health and Fitness Reimbursement
- Wellness Program

The following are subject to NY state tax and must be added to state wages on your individual tax return:

- Pension Deductions (Box 14)
- Health Insurance Premiums (Box 14)
- Dependent Care Assistance Program (DeCAP) Deductions (Boxes 14 and 10)
- Health Care Flexible Spending Account (HCFSA) Deductions (Box 14)

NOTE: The above list details what is included in NY state income. Since rules may vary according to the state, employees should be advised to check with their tax advisor or state regarding what income that should be included.

### **Box 17: State income tax**

This is the total state income tax withheld from the employee's pay during the year.

## **Box 18: Local wages, tips, etc.**

Box 18 this box includes all local wages reported in Box 1.

### **New York City Resident Wages**

Refers to New York City Resident wages paid and taxable fringe benefits earned (while in residency status "S").

### **Yonkers Wages**

Refers to all wages paid and taxable fringe benefits earned while a resident of Yonkers (residency status "C" or "M"). It is based on the combined federal withholding gross of all payroll checks and deposit advices issued while a resident of Yonkers.

### **Section 1127**

Employees subject to 1127 taxes.

## **New York City Resident Wages**

NYC Resident Wages are calculated as follows:

- All employees coded as a NYC resident for **all** of Calendar year 2019 have their full year's federal taxable gross wages and their taxable fringe benefits reported in this box.
- All employees coded as a NYC non-resident for **all** of Calendar year 2019 have \$0 reported in this box.
- For employees who were a City resident and City non-resident during Calendar year 2019, Box 18 reflects any wages paid while coded as a City resident AND any taxable fringe benefits earned while coded as a City resident.

NOTE: Most taxable fringe benefits are computed at Calendar Year-End and, therefore, considered earned at Calendar Year-End. As a result, your taxable fringe benefits are added to Local Wages based on the employee's residency status at the end of the Calendar year.

## **Yonkers Wages**

See Box 1 for a description of how the federal withholding gross for each paycheck is calculated.

NOTE: Please advise employees to follow the instructions on their state and local tax returns for adding the IRC 125 total (pre-health, etc.) and 414(h) total (tax exempt pension contributions) back to their state and local gross wages, as applicable.

## **Box 19: Local income tax**

Box 19 this box includes all local income tax withholdings for New York City ,Yonkers (Yonkers residents only) and withholdings for Section 1127

**New York City Taxes**

Reflects the total New York City residency taxes deducted from the employee's payroll checks and deposit advices.

**Yonkers Taxes**

This box is for Yonkers residents only. It reflects the total Yonkers residency taxes deducted from the employee's payroll checks and deposit advices.

**Section 1127**

Employees subject to 1127 taxes.

**Box 20: Locality name**

Box 20 is box reports the name of the local tax entity.

**New York City**

New York City residents identify their locality as New York City in the top box.

**Yonkers**

Yonkers residents identify their locality as Yonkers in the bottom section.

**Section 1127**

Employees subject to 1127 taxes.

**Additional Information**

**Union Disability (3rd Party Sick Pay)**

The amount(s) included in the W2 have been supplied by the employee's union. Employees must direct any questions regarding the amounts included to their union. NYC Health + Hospitals will only change the disability amounts included upon receipt of a written request from the union which submitted the original data to NYC Health + Hospitals.

**Group Term Life**

The amount(s) included in the W-2s has been supplied by the CIR (Committee of Interns and Residents). Employees must direct any questions regarding the amounts included to the CIR. NYC Health + Hospitals will only change Group Term Life amount(s) included upon written request from the CIR which submitted the data to NYC Health + Hospitals.

**Group Legal Services Amount**

The information included in Box 14 has been supplied directly by the unions or produced based upon union specifications and rates. Employees must direct any questions regarding the amount to their union. NYC Health + Hospitals will only change a group legal services amount upon the written request of the union which submitted the original data or specifications to NYC Health + Hospitals.