

FORM W-2

Form W-2 is an Internal Revenue Service (IRS) tax form used in the United States to report wages paid to employees and the taxes withheld from them. Employers must complete a Form W-2 for each employee to whom they pay a salary, wage, or other compensation as part of the employment relationship.

- An individual's report of the total amount of wages paid and taxes withheld for the calendar year (January 1-December 31).
- Shared with the Social Security Administration (SSA) so an individual's Social Security account can be credited.
 - The SSA shares the detail with the IRS.
- Used to complete federal income tax returns, as well as state or local tax returns that may be required.
- A six-part form, with Copies B, C, and 2 provided to employees.
 - **Copy B** is filed with the individual's personal federal tax return.
 - **Copy C** is for the individual's personal records.
 - **Copy 2** is filed with the individual's personal state or local tax return.
- Includes only those wages paid in the specific year, regardless of when earned.
 - Example: An individual works December 25-31 but is not paid for the time until January. These wages **will not** be part of the W-2 for the year just ended.
- **Box 12** contains information that may be needed during the preparation of individual tax returns.
 - Employer-Sponsored Health Coverage is labelled with Code DD – this represents the total cost of insurance (employer + employee) and is not taxable.

FORM W-2 EMPLOYER REQUIREMENTS BY THE IRS

Employers must complete, file electronically or by mail with the Social Security Administration (SSA), and furnish to their employees Form W-2, Wage and Tax Statement PDF showing the wages paid and taxes withheld for the year for each employee.

- Must provide a W-2 form for each employee that worked during the calendar year (January 1-December 31), even if it was for only one day worked.
- Must provide a W-2 form to employees or postmarked by January 31 of the year after the year to which the form applies.

EARNED INCOME TAX CREDIT (EITC)

The United States federal earned income tax credit or earned income credit is a refundable tax credit for low- to moderate-income working individuals and couples, particularly those with children. The amount of EITC benefit depends on a recipient's income and number of children.

- EITC is a refundable tax credit for workers meeting certain criteria.
- The EITC requires a tax return to be filed to receive the credit.
- When filing a personal federal tax return, the EITC must be claimed – it is not automatic.