

The W-2 is an important tax form that everyone needs to understand. The W-2 is a wage and tax statement, since it shows income and taxes paid during the year. The W-2 lists the taxes withheld by your employer. Each employee must receive this form by their employers at the beginning of the year. For each employer you worked for, you will receive a W-2 statement.

Important information on the W-2 include:

Box 1- Wages, tips, other compensation: This is the amount that will be entered on the wages line of your tax return.

Box 2 - Federal income tax withheld by your employer.

Box 3 = Social security tax withheld

Box 6 - Medicare tax withheld.

Box 17 - State income tax.

Other information on the W-2:

Box 8 - Allocated tips.

Box 10 - Dependent care benefits. Total dependent care benefits that were paid to you by your employer or incurred on your behalf.

a Control number		OMB No. 1545-0008		This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.			
b Employer identification number				1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld	
				5 Medicare wages and tips		6 Medicare tax withheld	
				7 Social security tips		8 Allocated tips	
d Employee's social security number				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name				11 Nonqualified plans		12a See instructions for box 12	
				13 <input type="checkbox"/> Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay		12b	
				14 Other		12c	
						12d	
f Employee's address and ZIP code				15 State Employer's state ID number		16 State wages, tips, etc.	
				17 State income tax		18 Local wages, tips, etc.	
						19 Local income tax	
						20 Locality name	

Form **W-2** Wage and Tax Statement

Department of the Treasury—Internal Revenue Service

Terms to Understand:

Gross Income - this is income before all taxes, and may be found in box 1.

Net Income - this is income after tax. It may be computed by taking box 1 and subtracting all taxes.

Federal Income Tax - Taxes paid to the Federal government.

State Income Tax - Taxes paid to state governments.