TSOP NO: 3.03

SUBJECT: Calculating Box Totals on Form W-2

SOURCE: University Tax Services

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RATIONALE: To provide employees at Indiana University a how-to guide on recalculating the amounts appearing on the Form W-2 and specifically, Box 1 of the Form W-2.

BACKGROUND

Every year during tax season, employees at Indiana University receive a W-2. The numbers appearing on your W-2 can be recalculated by looking at payroll year-to-date (YTD) totals for the full calendar year. The W-2 below can be used as an example for following the step-by-step instructions on how to recalculate the boxes found on the W-2.

PROCEDURES:

<table>
<thead>
<tr>
<th>Employee's social security number</th>
<th>Wages, tips, other compensation</th>
<th>Federal income tax withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer identification number (EIN)</td>
<td>Social security wages</td>
<td>Social security tax withheld</td>
</tr>
<tr>
<td>Employer's name, address, and ZIP code</td>
<td>Medicare wages and tips</td>
<td>Medicare tax withheld</td>
</tr>
<tr>
<td>Control number</td>
<td>Social security tips</td>
<td>Allocated tips</td>
</tr>
<tr>
<td>Employee's first name and initial</td>
<td>6 Dependent care benefits</td>
<td></td>
</tr>
<tr>
<td>Last name</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee's address and ZIP code</td>
<td>State Employer's state ID number</td>
<td>State income tax</td>
</tr>
<tr>
<td></td>
<td>State wages, tips, etc.</td>
<td>Local income tax</td>
</tr>
</tbody>
</table>

IN 45,839.33 1,482.46 45,839.33 5,188.39
The amount in Box 1 of your W-2 represents your federal taxable wages for the year. In general, the equation below is used to calculate federal taxable wages:

**Box 1 on W-2 = Earnings – Before Tax Deductions + Noncash Taxable Fringe Benefits**

The following steps are an example of how to recalculate Box 1 of your W-2:

1. Go to [https://one.iu.edu/](https://one.iu.edu/).
2. Find and click on the Employee Center application.
3. Once in the Employee Center application, click on the Payroll and Tax box.
4. Click on View Payroll YTD Totals on the left hand side of the screen.
5. Once on the Payroll YTD Totals screen, change the As-of Date to 12/31/xxxx (current W-2 year) and click Go.
6. Find the YTD Taxable Gross amount. This number should match Box 1 of your W-2.

![YTD Summary Table]

7. To calculate the YTD Taxable Gross amount, first find the YTD Gross amount.
   - YTD Gross is calculated by adding up each line item in the Earnings section, except any line item labeled NO PAY (660.00 + 2,492.55 + 56,088.25 = 59,240.80). Earnings are all wages, cash and non-cash, paid in the calendar year.

9. Add any taxable noncash fringe benefits. Noncash fringe benefits are another form of pay for services. Add any of the following appearing in the Earnings section:
   - NO PAY-Tuition Benefit (the first $5,250 of this benefit is nontaxable. This will not show up in your Earnings box until you are over $5,250).

There are no taxable noncash fringe benefits in this example, however, an example of what one would look like is below (Note that in the example below, this person has received a total of $15,955.76 in tuition benefit but they are only being taxed on the portion above the $5,250 threshold).

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO PAY-Tuition Benefit</td>
<td>10,705.76</td>
</tr>
</tbody>
</table>

10. Subtract any of the following nontaxable payments (48,331.88 – 2,492.55 = 45,839.33). This is the final step in recalculating Box 1 of your W-2.
   - Overpayment Check Rec’d
- Box 2 represents the total amount of federal income tax withheld from your pay during the year.

The following steps are an example of how to recalculate Box 2 of your W-2:

1. Go to the Payroll YTD Totals screen.
2. Find the line item called Fed Withholding found under the Taxes section. This amount should be equal to the amount shown on your W-2. For more information on how to calculate the federal withholding amount please see **TSOP 3.01**.
FORM W-2, BOX 3

- Box 3 represents the amount of social security wages that are subject to social security tax. In general, Box 3 is calculated the same as Box 1 with a few exceptions.

The following steps are an example of how to recalculate Box 3 of your W-2:

1. Go to the Payroll YTD Totals screen.
2. Add any contributions you (do not add employer contributions) made to a tax deferred retirement account (45,839.33 + 2,795.62 = 48,634.95). These can be found by looking for the following in Before-Tax Deductions:
   - IU 457(b)
   - TD Account
   - TDA – Age – CU
3. Social security wages have a maximum taxable amount. Please visit the Social Security Administration website for the latest annual limit. Any amount above the annual limit is not subject to social security tax.

FORM W-2, BOX 4

- Box 4 represents the social security tax being withheld on social security wages (Box 3).

The following steps are an example of how to recalculate Box 4 of your W-2:

1. Go to the Payroll YTD Totals screen.
2. Find the line item called Fed OASDI/Disability – EE found under the Taxes section. This amount should be equal to the amount shown on your W-2.

3. This number can be recalculated by taking the amount found in Box 3 of your W-2 and multiplying by 6.2% (48,634.95 * .062 = 3,015.37).

**FORM W-2, BOX 5**

- Box 5 represents the amount of Medicare wages that are subject to Medicare tax. In general, Box 5 is calculated the same as Box 3. The main difference stems from there being no limit on Medicare taxable wages.

The following steps are an example of how to recalculate Box 5 of your W-2:

1. Go to the Payroll YTD Totals screen.
2. Add any contributions you (do not add employer contributions) made to a tax deferred retirement account (45,839.33 + 2,795.62 = 48,634.95).

**FORM W-2, BOX 6**

- Box 6 represents the Medicare tax being withheld on Medicare wages (Box 5).

The following steps are an example of how to recalculate Box 6 of your W-2:

1. Go to the Payroll YTD Totals screen.
2. Find the line item called Fed FICA Med Hospital Ins / E found under the Taxes section. This amount should be equal to the amount shown on your W-2.
3. This number can be recalculated by taking the amount found in Box 5 of your W-2 and multiplying by 1.45% (48,634.95 * .0145 = 705.21). Any amount over 200,000 is subject to an additional 0.9% tax. (Note that if you have an amount over 200,000 then this will be a different line item in the Taxes section).

**FORM W-2, BOX 10**

- Box 10 represents before tax dependent care benefits.

The following steps are an example of how to recalculate some of the codes in Box 10 of your W-2:

1. Go to the Payroll YTD Totals screen.
2. There are two line items that can be included in the Box 10 calculation (5,000 in this example):
   - TSB Dep-GD
   - TSB Depend

**FORM W-2, BOX 12**

- Box 12 provides various information. Codes are used on the W-2 to represent the different types of information presented.

The following steps are an example of how to recalculate some of the codes in Box 12 of your W-2:

1. Go to the Payroll YTD Totals screen.
2. More than one line item found on the Payroll YTD can go into each W-2 Box 12 code. Potential Box 12 codes include:
   - Code C – Group Term Life
     - NO PAY-Additional Life Ins
   - Code DD – Cost of Employer-Sponsored Health (1,671.91 + 9,153.60 = 10,825.51)
     - Health Eng Addl Prm-After Tax
ii. Health Eng Addl Prm-Nontaxable  
iii. Health Eng Addl Prm-Pre Tax  
iv. Health Eng Addl Prm-Taxable  
v. Medical After Tax  
vi. EE Paid Medical Billing  
vii. Medical Plan (GD)  
viii. Medicl Pln  
ix. Taxable Medical

- Code E – 403(b) (2,795.62 in this example)
  i. Tax Deferred Account (GD)  
  ii. 403(b) age 50 & over CU (GD)  
  iii. Tax Deferred Account  
  iv. 403(b) age 50 & over Catch-Up

- Code G – 457(b)
  i. IU Retirement Savings Plan-GD

- Code P – Excludable moving expenses
  i. NO PAY-Moving Expenses

- Code W – Health Savings Account (3,100.00 in this example)
  i. Health Savings Account – EE  
  ii. Health Savings Account

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### FORM W-2, BOX 14

- Box 14 lists other information including noncash fringe benefits. There are no box 14 items in this example.

The following steps are an example of how to recalculate some of the codes in Box 14 of your W-2:

1. Go to the Payroll YTD Totals screen.
2. More than one line item found on the Payroll YTD can go into each W-2 Box 14 code. Potential Box 14 codes include:
• Code O – Other Fringes
  I. Moving Supplemental
  II. NO PAY-Moving Taxable
  III. NO PAY-Taxable Ins Benefit
  IV. NO PAY-Taxable Travel Reimb
• Code P – Personal Use Vehicle
  I. NO PAY-Pers use of vehicle
  II. NO PAY-Pers use of vehicle-tax
• Code Q – Tuition Benefit
  I. NO PAY-Tuition Benefit

FORM W-2, BOX 16

• Box 16 represents state taxable wages. In general, this should be the same as Box 1.

FORM W-2, BOX 17

• Box 17 represents the total state income tax withheld from your pay during the year.
The following steps are an example of how to recalculate Box 17 of your W-2:

  1. Go to the Payroll YTD Totals screen.
  2. Find the line item called IN Withholding. This should match the amount found in Box 17.

FORM W-2, BOX 18

• Box 18 represents the local wages subject to local income tax. This amount, in general, should be equal to the State Wages found in Box 16.
Box 19 represents the total local income tax withheld from your pay during the year. The percentage amounts withheld will vary from county to county.

The following steps are an example of how to recalculate Box 19 of your W-2:

1. Go to the Payroll YTD Totals screen.
2. Find the line item called IN (County Name) Withholding. This should match the amount found in Box 19.

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**DEFINITIONS:**

**CROSS REFERENCES:**

- W-2 Instructions.pdf
- TSOP 3.1 – Federal Income Tax Withholding Calculation