

Explanation of 2016 Wage and Tax Statement (IRS Form W-2)

Overview

The Internal Revenue Service (IRS) "Form W-2, Wage and Tax Statement" reports to the IRS the total taxable wages and other compensation the General Services Administration (GSA), Payroll Services Branch (PSB), paid to you on behalf of your employing agency during the tax year 2016. The payroll time period covered for the 2016 tax year began on December 27, 2015, and ended December 24, 2016.

The IRS Form W-2 is a standardized form, which is required to be submitted with your 2016 federal, state and local tax returns. The parts of this form and their uses are:

- Copy B is to be filed with your federal tax return,
- Copy 2 is to be filed with your state or local tax return, and
- Copy C is to be kept for your records.

It is important to keep these forms in a safe place to avoid possible loss or destruction.

This information is merely intended to provide you with helpful information in dealing with your individual tax situations. It is not the final authority by any means. Your final authority in tax matters should always be the IRS, the state and local taxing authorities, your tax consultant, or your financial advisor, as appropriate. We prepare these notices using the best information available to us at the time of publication. We believe this information is accurate and correct, but tax laws do change, and we do not want to be your only source of information. You may want to give this notice to your tax preparer in order to answer any questions that may arise regarding information on your IRS Form W-2.

IRS Form W-2 Details

The form is divided into separate data boxes. These boxes are numbered and the following is an explanation of each of those boxes:

Box a - Employee's social security number

Box b - Employer identification number (EIN)

Box c - Employer's name, address and zip code

Box d - Control number

Box e and f - Employee's name and address

Box 1 - This is your total wages and other compensation for federal tax purposes. The following items are **included** in total wages and other compensation:

- Any fringe benefits earned, such as the use of parking benefits due to the use of a government-provided vehicle,
- Taxable moving allowance or relocation income tax payments,
- Student loan repayments made by the employer on behalf of the employee,
- Thrift Savings Plan (TSP) prior year refunds,
- Roth TSP contributions,
- Awards,

- Agency paid life insurance valued over \$50,000 and
- Child care subsidy over \$5,000 is taxable wages and will be included in this box (the total child care subsidy is reflected in Box 10).

The following are items **excluded** from your total wages and other compensation:

- TSP employee's contribution or other qualified plans (403(b) and 457b) reflected in Box 12,
- Federal Employee Health Benefits (FEHB) premiums (unless you opted out of the pretax benefit),
- Foreign or non-foreign cost-of-living allowance payments,
- Education allowance payments,
- Living quarters allowance payments,
- Health Savings Account (HSA),
- Repayments of terminal leave,
- Flexible Spending Accounts (FSA) for Health Care (HC) or Dependent Care (DC) and
- Transit Benefit – GSA Transit Pass Subsidy and/or Pretax Transportation Fringe Benefits (TEA-21).

When comparing your final Earnings and Leave Statement (for pay period ending Dec. 24, 2016) to Box 1, these items must be taken into consideration. Please see the discussion of TSP and TEA-21 below.

Box 2 - This is the amount of federal income tax withheld.

Box 3 - This is the amount of your wages subject to Old Age, Survivors and Disability Insurance (OASDI), known as Social Security, which should not exceed \$118,500.00 for 2016. The following deductions are excluded from your social security wages:

- FEHB premiums, unless you opted out,
- FSA for HC or DC and
- Transit Benefits –TEA-21.

Box 4 - This is the amount of Social Security tax withheld and should not exceed \$7,347.00 for 2016 ($\$118,500 \times 6.2\%$). The Social Security tax is 6.2% of social security wages. If this amount exceeds the \$7,347.00 maximum, please advise the PSB.

Box 5 - This is the amount of wages subject to Medicare taxes. There was no limitation on Medicare wages for 2016. The following deductions are excluded from your Medicare wages:

- FEHB Premiums, unless you opted out,
- FSA for HC or DC and
- Transit Benefit – GSA TEA-21.

Box 6 - This is the amount of Medicare tax withheld. The Medicare tax rate is 1.45% on the first \$200,000.00 of Medicare wages and 2.35% on any Medicare wages in excess of \$200,000.00. If this amount exceeds these rates, please advise the PSB.

Box 10 - This is the total for child care subsidy benefits paid by your agency, if applicable, on behalf of the employee and/or employee contributions to a FSA-DC.

Box 12(a-d) - Amounts in this box are designated by letter codes to define the items and may include the following:

- Deferred compensation (regular TSP, 403(b) and 457) plan contributions,
- TSP Roth contributions,
- Employer sponsored health insurance,
- Employer sponsored life insurance valued over \$50,000.00 and
- Non-Taxable Moving Allowances.

Box 13 - An "X" in the retirement plan box indicates you are covered by a "qualified" pension plan. The following retirement plans are qualified pension plans: Civil Service Retirement System, (retirement codes 1, 6, C, E or R), Federal Employees Retirement System, (retirement codes K, KR, KF or M), or other qualified retirement plans (403(b) or 457(b)). An "X" in the retirement plan box may affect your ability to deduct a 2016 individual retirement account contribution.

Box 14 - The following items, and their respective amounts, will be shown in this box:

- **FEHB Premium Conversion**– This reflects the amount of FEHB Premiums (this amount is not included in Boxes 1, 3, and 5, unless you opted out),
- **FSA** – This reflects the amount of FSA withholdings for FSA-DC and/or FSA-HC (this amount is not included in Boxes 1, 3, and 5),
- **Transit Benefit** - This reflects the dollar amount of qualified transportation fringe benefit provided while participating in the TEA-21 pretax transportation fringe benefit programs (this amount is not included in Boxes 1, 3 and 5),
- **TSP Prior Year Refund** – This reflects TSP contributions refunded in 2016 which were excludable from wages in a previous year and added to this year's wages,
- **Other Allowances** - This reflects the amount of foreign and non-foreign allowance payments, education allowance payments, living quarters allowance payments, repayments of terminal leave (this amount is not included in Boxes 1, 3 and 5) and
- **Health Savings Account** – This reflects the amount of HSA withholdings (this amount is not included in Boxes 1, 3, and 5).

Box 15-20 - These boxes are used to report state and local income tax information.

Additional Notes

The TSP, both regular and Roth TSP combined, contribution limit for calendar year 2016 is \$18,000 and the over age 50 TSP catch up contribution limit is \$6,000.

Regular TSP contributions are deferred compensation for federal income tax purposes. ROTH TSP contributions are not deferred compensation and are included in Boxes 1, 3, and 5. The treatment of TSP for state and local income tax purposes varies by state or local taxing authority. If you are in doubt, please consult your taxing authority, tax advisor, or financial consultant.

Important Reminder! It is the responsibility of every employee to pay his or her appropriate taxes. The GSA reports IRS Form W-2 information for all employees to the IRS and all applicable state and local taxing authorities. Employees are strongly encouraged to follow through with their responsibilities in this area and seek competent tax advice if in doubt.

If you have any questions concerning the 2016 IRS Form W-2, please contact the GSA PSB, Customer Service Representatives via email at kc-payroll.finance@gsa.gov, or via phone at 844-303-6515 or write to:

GSA Payroll Services Branch (BGC)
Attn: Customer Service
2300 Main Street 2NW
Kansas City, MO 64108