

## 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.