

Control number	1 Wages, tips, other compensation	2 Federal income tax withheld
	3 Social security wages	4 Social security tax withheld
	5 Medicare wages and tips	6 Medicare tax withheld

a Employer's name, address, and ZIP code

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7 Social security tips	8 Allocated tips	9 Advance EIC payment
10 Dependent care benefits	11 Nonqualified plan	12a See instructions for box 12
12b	12c	12d

b Employer identification number	d Employee's social security number
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13 Statutory employees	Retirement plan	Third-party sick pay	14 Other
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c Employee's name, address, and ZIP code

Form W-2 Wage and Tax Statement	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

1) My annual salary was \$42,000. But Box 1 says my salary was \$38,000. Why the discrepancy?

There are several reasons why this employee's 'annual' salary may be different than the amount appearing in Box 1. School system salaries are based upon a fiscal year that starts July 1, and ends the following June 30th. W2s are based upon a calendar year, not a fiscal year. Second, the amount appearing in Box 1 is the employee's taxable wage. Many employees have deductions which are exempt from federal and/or state income tax. The amount of these tax exempt deductions is subtracted from the calendar year earnings appearing in Box 1.

2) My last paystub of the calendar year has a different 'year-to-date' amount than appears in Box 1. Why? The year-to-date amount appearing on the last pay check of the calendar year is the employee's 'gross' compensation for the year; the total amount earned. The amount appearing in Box 1 is the federal taxable wage; the amount earned which is subject to federal income tax. Tax exempt deductions, such as health care premiums, have been subtracted from the gross wage.

3) How is the social security tax and medicare tax calculated? The social security tax is 6.2% and is applied only to wages up to the 'wage base,' an amount set and updated annually by the federal government. The medicare tax rate is 1.45%. There is no medicare wage limit.

4) Why is the amount in Box 16, State wages, different than the amount in Box 1? Many school system employees contribute to the Maryland State Retirement system. Contributions are exempt from federal income tax thus reducing the federal taxable wage. However, contributions are NOT exempt from state income tax so the amounts in the two boxes will be different. Employees who contribute to the State Retirement System will see "STPICKUP" in Box 14, Other. This refers to a "state pick up," and it is the employee's contribution to State Retirement. Note: the sum of Box 1 and STPICKUP is equal to the amount appearing in Box 16, State wages. It is the employee's responsibility to include the state pickup when filing his/her state return.