

2003

Publication 393

Federal Employment Tax Forms

Federal Employment Tax Forms

- W-2
- W-3

Order Blank Form 7018

To get forms and publications, see **Quick and Easy Access to IRS Tax Help and Tax Products** on page 2. To order **2003** forms and publications by mail, see Form 7018 in this publication. An order blank for **2004** forms and information returns will be sent to you in **December 2003**, in either **Circular E (Pub. 15)**, Employer's Tax Guide, or **Circular A (Pub. 51)**, Agricultural Employer's Tax Guide.

2003 Wage Base and Tax Rates

	<u>Wage Base</u>	<u>Tax Rates</u>
Social Security —	First \$87,000	6.2% each for employers and employees
Medicare —	All Wages	1.45% each for employers and employees

We will send you either Circular E (Pub. 15) or Circular A (Pub. 51) in December. These circulars explain your tax responsibilities as an employer and will provide income tax withholding and advance earned income credit payment tables for 2004. You will also receive employment tax returns for each quarterly or annual return period:

- **Form 940** or **940-EZ**, Employer's Annual Federal Unemployment (FUTA) Tax Return
- **Form 941**, Employer's Quarterly Federal Tax Return
- **Form 943**, Employer's Annual Federal Return for Agricultural Employees

When you complete and file your **2003 Form W-2**, Wage and Tax Statement(s), and **2003 Form W-3**, Transmittal of Wage and Tax Statements:

- Show the correct social security numbers of all employees on Forms W-2 and be sure all copies are legible. If any employees' names changed during the year, encourage the employees to contact their local Social Security Administration (SSA) office and request a new card.

This action will allow the SSA to process the information correctly and properly credit employees' social security earnings. It will also help the employees to correctly report their wages on their income tax returns.

- Furnish Copies **B, C, and 2** of Form W-2 to your employees by **February 2, 2004**.
- Prepare and file Forms W-2 either alphabetically by employees' last names or numerically by employees' social security numbers.
- Use Form W-3 to send Copy A of **all** Forms W-2 to the SSA by March 1, 2004.

Note: Your name, address, and employer identification number (EIN) are imprinted on Form W-3 instead of providing this information on a peel-off label. If any of the imprinted information is incorrect, make corrections on the form.

Reminder: Electronic filing option for small businesses.

Small businesses and practitioners may be able to file a limited number of Forms W-2 electronically. Electronic filing is free, fast, and secure with a later filing deadline (March 31, 2004, versus March 1, 2004, for other filing methods). To register for electronic filing or to get more information, go to www.socialsecurity.gov/employer and click on **How To File**.

Information return questions. If you have questions about information returns (Forms 1096, 1098, 1099, 1042-S, 5498, W-2, W-2G, W-3, and W-4), call 1-866-455-7438 (toll free), Monday through Friday, 8:30 a.m. to 4:30 p.m., Eastern time.

Substitute forms. You may use substitute forms that meet IRS form specifications only. Get **Publication 1141**, General Rules and Specifications For Substitute Forms W-2 and W-3, by calling 1-800-TAX-FORM (1-800-829-3676) or by downloading it from the IRS website at www.irs.gov.

Recordkeeping. Keep copies of Forms W-2 and W-3 and all other employment tax records for at least four years.

Internal Revenue Service
WADC-9999
Rancho Cordova, CA 95743-9999

Official Business
Penalty for Private Use, \$300

Form W-3 has been imprinted with your name, address, and employer identification number (EIN). Make any corrections on the form. If you file additional Forms W-3, fill in your name, address, and EIN.

PRST STD

Postage and Fees Paid
Internal Revenue Service

Permit No. G-48

Quick and Easy Access to IRS Tax Help and Tax Products



Personal Computer

You can access the IRS website 24 hours a day, 7 days a week, at www.irs.gov to:

- Access commercial tax preparation and *e-file* services available for FREE to eligible taxpayers
- Find out the amount of advance child tax credit payments you received in 2003
- Check the status of your 2003 refund
- Download forms, instructions, and publications
- Order IRS products online
- See answers to frequently asked tax questions
- Search publications online by topic or keyword
- Figure your withholding allowances using our Withholding Calculator
- Send us comments or request help by email
- Sign up to receive local and national tax news by email



Mail

Send your order for tax products to the Distribution Center nearest you. You should receive your products within 10 days after we receive your order.

- **Western part of U.S.**
Western Area Distribution Center
Rancho Cordova, CA 95743-0001
- **Central part of U.S.**
Central Area Distribution Center
P.O. Box 8903
Bloomington, IL 61702-8903
- **Eastern part of U.S. and foreign addresses:**
Eastern Area Distribution Center
P.O. Box 85074
Richmond, VA 23261-5074



IRS TaxFax Service

Dial **703-368-9694** from your fax machine to get up to 3 items per call. Long-distance charges may apply. Follow the directions of the prompts and your items will be immediately

faxed back to you.

For help with transmission problems, call the FedWorld Help Desk at **(703) 487-4608**.



CD-ROM

Order IRS Publication 1796, Federal Tax Products on CD-ROM, and obtain:

- Current tax forms, instructions, and publications
- Prior-year tax forms and instructions
- Popular tax forms which may be filled-in electronically, printed out for submission, and saved for recordkeeping
- Internal Revenue Bulletin

Purchase the CD-ROM via Internet at <http://www.irs.gov/cdorders> from the National Technical Information Service (NTIS) for \$22 (no handling fee). Order by phone at 1-877-CDFORMS (1-877-233-6767) for \$22 (plus \$5 handling fee).

Availability: First release—early January
Final release—late February

Minimum System Requirements:

- Microsoft Windows 98SE, ME, NT, 2000 (Pentium class processor)
- 32 MB RAM (64 MB Recommended)
 - 115 MB of available hard disk space



Phone

Obtain forms, instructions, and publications 24 hours a day, 7 days a week, by calling:

1-800-829-3676 to order current year forms, instructions, and publications and prior year forms and instructions. You should receive your order within 10 days.



Walk-In

Pick up certain forms, instructions and publications at many post offices, libraries and IRS offices. Some grocery stores, copy centers, city and county government offices, credit unions and office supply stores have a collection of reproducible tax forms available to photocopy or print from a CD-ROM.



Federal Tax Forms Available Through IRS TaxFax

From Your Fax Machine Call (703) 368-9694

Enter the **Catalog No.** shown below for each item you want.

Name of Tax Product	Title	Catalog No.	No. of Pages	Name of Tax Product	Title	Catalog No.	No. of Pages
Form SS-4	Application for Employer Identification Number	16055	2	Form 941c	Supporting Statement To Correct Information	11242	4
Instr. SS-4		62736	6	Form 943	Employer's Annual Federal Tax Return for Agricultural Employees	11252	2
Form SS-8	Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding	16106	5	Instr. 943		25976	4
Form W-4	Employee's Withholding Allowance Certificate	10220	2	Form 943-A	Agricultural Employer's Record of Federal Tax Liability	17030	2
Form W-4P	Withholding Certificate for Pension or Annuity Payments	10225	4	Form 945	Annual Return of Withheld Federal Income Tax	14584	2
Form W-5	Earned Income Credit Advance Payment Certificate	10227	3	Instr. 945		20534	4
Form W-7	Application for IRS Individual Taxpayer Identification Number	10229	4	Form 945-A	Annual Record of Federal Tax Liability	14733	3
Form W-7A	Application for Taxpayer Identification Number for Pending U.S. Adoptions	24309	2	Form 990	Return of Organization Exempt From Income Tax	11282	6
Form W-7P	Application for Preparer Tax Identification Number	26781	1	Instr. 990 & 990-EZ		22386	45
Form W-9	Request for Taxpayer Identification Number and Certification	10231	4	Schedule A (Form 990 or 990-EZ)	Organization Exempt Under Section 501(c)(3)	11285	6
Instr. W-9		20479	4	Instr. Sch. A	Instructions for Schedule A (Form 990 or 990-EZ)	11294	14
Form W-9S	Request for Student's or Borrower's Taxpayer Identification Number and Certification	25240	2	Form 990-EZ	Short Form Return of Organization Exempt From Income Tax	10642	2
Form W-10	Dependent Care Provider's Identification and Certification	10437	1	Form 1040	U.S. Individual Income Tax Return	11320	2
Form 433-A	Collection Information Statement for Wage Earners and Self-Employed Individuals	20312	6	Instr. 1040	Line Instructions for Form 1040	11325	38
Form 433-B	Collection Information Statement for Business	16649	6	Instr. 1040	General Information for Form 1040	24811	26
Form 656	Offer in Compromise	16728	48	Tax Table and Tax Rate Sch.	Tax Table and Tax Rate Schedules (Form 1040)	24327	13
Form 709	U.S. Gift (and Generation-Skipping Transfer) Tax Return	16783	4	Schedules A&B (Form 1040)	Itemized Deductions & Interest and Ordinary Dividends	11330	2
Instr. 709		16784	12	Instr. Sch. A&B		24328	8
Form 709-A	U.S. Short Form Gift Tax Return	10171	3	Schedule C (Form 1040)	Profit or Loss From Business (Sole Proprietorship)	11334	2
Form 720	Quarterly Federal Excise Tax Return	10175	6	Instr. Sch. C		24329	9
Instr. 720		64240	12	Schedule C-EZ (Form 1040)	Net Profit From Business (Sole Proprietorship)	14374	2
Form 720X	Amended Quarterly Federal Excise Tax Return	32661	2	Schedule D (Form 1040)	Capital Gains and Losses	11338	2
Form 843	Claim for Refund and Request for Abatement	10180	1	Instr. Sch. D		24331	11
Instr. 843		11200	2	Schedule D-1 (Form 1040)	Continuation Sheet for Sch. D (Form 1040)	10424	2
Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return	11234	2	Schedule E (Form 1040)	Supplemental Income and Loss	11344	2
Instr. 940		13660	6	Instr. Sch. E		24332	6
Form 940-EZ	Employer's Annual Federal Unemployment (FUTA) Tax Return	10983	2	Schedule EIC (Form 1040 or 1040A)	Earned Income Credit	13339	2
Instr. 940-EZ		25947	6	Schedule F (Form 1040)	Profit or Loss From Farming	11346	2
Form 941	Employer's Quarterly Federal Tax Return	17001	4	Instr. Sch. F		17152	6
Instr. 941		14625	4	Schedule H (Form 1040)	Household Employment Taxes	12187	2

Name of Tax Product	Title	Catalog No.	No. of Pages	Name of Tax Product	Title	Catalog No.	No. of Pages
Instr. Sch. H		21451	8	Form 2106	Employee Business Expenses	11700	2
Schedule J (Form 1040)	Farming Income Averaging	25513	1	Instr. 2106		64188	8
Instr. Sch. J		25514	8	Form 2106-EZ	Unreimbursed Employee Business Expenses	20604	2
Schedule R (Form 1040)	Credit for the Elderly or the Disabled	11359	2	Form 2120	Multiple Support Declaration	11712	1
Instr. Sch. R		11357	4	Form 2210	Underpayment of Estimated Tax by Individuals, Estates, Trusts	11744	4
Schedule SE (Form 1040)	Self-Employment Tax	11358	2	Instr. 2210		63610	5
Instr. Sch. SE		24334	4	Form 2290	Heavy Highway Vehicle Use Tax Return	11250	3
Form 1040A	U.S. Individual Income Tax Return	11327	2	Instr. 2290		27231	8
Schedule 1 (Form 1040A)	Interest and Ordinary Dividend Income for Form 1040A Filers	12075	2	Form 2350	Application for Extension of Time To File U.S. Income Tax Return	11780	3
Schedule 2 (Form 1040A)	Child and Dependent Care Expenses for Form 1040A Filers	10749	2	Form 2438	Undistributed Capital Gains Tax Return	11856	3
Instr. Sch. 2		30139	3	Form 2439	Notice to Shareholder of Undistributed Long-Term Capital Gains	11858	8
Schedule 3 (Form 1040A)	Credit for the Elderly or the Disabled for Form 1040A Filers	12064	2	Form 2441	Child and Dependent Care Expenses	11862	2
Instr. Sch. 3		12059	4	Instr. 2441		10842	3
Form 1040-ES	Estimated Tax for Individuals	11340	7	Form 2553	Election by a Small Business Corporation	18629	2
Form 1040EZ	Income Tax Return for Single and Joint Filers With No Dependents	11329	2	Instr. 2553		49978	4
Instr. 1040EZ		12063	31	Form 2555	Foreign Earned Income	11900	3
Form 1040NR	U.S. Nonresident Alien Income Tax Return	11364	5	Instr. 2555		11901	4
Instr. 1040NR		11368	41	Form 2555-EZ	Foreign Earned Income Exclusion	13272	2
Form 1040NR-EZ	U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents	21534	2	Instr. 2555-EZ		14623	3
Instr. 1040NR-EZ		21718	15	Form 2688	Application for Additional Extension of Time To File U.S. Individual Income Tax Return	11958	2
Form 1040-V	Payment Voucher	20975	2	Form 2758	Application for Extension of Time To File Certain Excise, Income, Information, and Other Returns	11976	2
Form 1040X	Amended U.S. Individual Income Tax Return	11360	2	Form 2848	Power of Attorney and Declaration of Representative	11980	2
Instr. 1040X		11362	6	Inst. 2848		11981	4
Form 1041	U.S. Income Tax Return for Estates & Trusts	11370	5	Pub. 3376	Magnetic Tape Reporting	27457	3
Form 1065	U.S. Return of Partnership Income	11390	4	Pub. 3377	Simplified Tax and Wage Reporting System (STAWRS)	27458	2
Inst. 1065		11392	36	Pub. 3378	Filing Form 941 using a Personal Computer	27459	3
Schedule D (Form 1065)	Capital Gains and Losses	11393	4	Pub. 3379	Form 941 E-File	27460	2
Schedule K-1 (Form 1065)	Partner's Share of Income, Credits, Deductions, and etc.	11394	2	Pub. 3380	Form 941 TeleFile	27461	2
Instr. Sch. K-1		11396	11	Pub. 3381	Electronic Federal Tax Payment System (EFTPS)	27462	3
Form 1116	Foreign Tax Credit	11440	2	Pub. 3382	Employee Benefit Plan 5500 Series Returns	27463	1
Instr. 1116		11441	16	Pub. 3383	E-File Form 1065	27464	3
Form 1120	U.S. Corporation Income Tax Return	11450	4	Form 3468	Investment Credit	12276	4
Form 1120A	U.S. Corporation Short-Form Income Tax Return	11456	2	Form 3800	General Business Credit	12392	4
Inst. 1120 & 1120A		11455	24	Form 3903	Moving Expenses	12490	2
Form 1310	Statement of Person Claiming Refund Due a Deceased Taxpayer	11566	2	Form 3911	Taxpayer Statement Regarding Refund	41167	2
				Form 4136	Credit for Federal Tax Paid on Fuels	12625	4

Name of Tax Product	Title	Catalog No.	No. of Pages	Name of Tax Product	Title	Catalog No.	No. of Pages
Form 4137	Social Security and Medicare Tax on Unreported Tip Income	12626	2	Form 8582	Passive Activity Loss Limitations	63704	3
				Instr. 8582		64294	12
Form 4419	Application for Filing Information Returns Electronically/Magnetically	41639	2	Form 8586	Low-Income Housing Credit	63987	2
Form 4506	Request for Copy of Tax Return	41721	2	Form 8606	Nondeductible IRAs	63966	2
Form 4562	Depreciation and Amortization (Including Information on Listed Property)	12906	2	Instr. 8606		25399	8
				Form 8615	Tax for Children Under Age 14 With Investment Income of More Than \$1,500	64113	1
Instr. 4562		12907	12	Instr. 8615		28914	2
Form 4684	Casualties and Thefts	12997	2	Form 8718	User Fee for Exempt Organization Determination Letter Request	64728	1
Instr. 4684		12998	4	Form 8801	Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts	10002	4
Form 4797	Sales of Business Property	13086	2	Form 8809	Request for Extension of Time To File Information Returns	10322	2
Instr. 4797		13087	8	Form 8812	Additional Child Tax Credit	10644	2
Form 4802	Transmittal of Information Returns Reported Magnetically/Electronically (Continuation of Form 4804)	27205	1	Form 8814	Parents' Election To Report Child's Interest and Dividends	10750	2
Form 4804	Transmittal of Information Returns Reported Magnetically	27210	2	Form 8815	Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued after 1989	10822	2
Form 4835	Farm Rental Income and Expenses	13117	2	Form 8821	Tax Information Authorization	11596	2
Form 4852	Substitute for Form W-2 and Form 1099-R	42058	2	Form 8822	Change of Address	12081	2
Form 4868	Application for Automatic Extension of Time To File U.S. Individual Income Tax Return	13141	4	Form 8824	Like-Kind Exchanges	12311	4
Form 4952	Investment Interest Expense Deduction	13177	2	Form 8829	Expenses for Business Use of Your Home	13232	1
Form 4972	Tax on Lump-Sum Distributions	13187	4	Instr. 8829		15683	4
Form 5329	Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts	13329	2	Form 8834	Qualified Electric Vehicle Credit	14953	2
				Form 8839	Qualified Adoption Expenses	22843	2
Instr. 5329		13330	4	Instr. 8839		23077	5
Form 6198	At-Risk Limitations	50012	1	Form 8850	Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits	22851	2
Instr. 6198		50013	8	Instr. 8850		24833	2
Form 6251	Alternative Minimum Tax—Individuals	13600	2	Form 8853	Archer MSAs and Long-Term Care Insurance Contracts	24091	2
				Instr. 8853		24188	8
Instr. 6251		64277	8	Form 8857	Request for Innocent Spouse Relief	24647	4
Form 6252	Installment Sale Income	13601	4	Form 8859	District of Columbia First-Time Homebuyer Credit	24779	2
Form 6781	Gains and Losses From Section 1256 Contracts and Straddles	13715	3	Form 8862	Information To Claim Earned Income Credit After Disallowance	25145	2
Form 7004	Application for Automatic Extension of Time to File Corporation Income Tax Return	13804	3	Form 8862		25343	2
				Form 8863	Education Credits (Hope and Lifetime Learning Credits)	25379	3
Form 8271	Investor Reporting of Tax Shelter Registration Number	61924	2	Form 8868	Application for Extension of Time to File an Exempt Organization Return	27916	4
Form 8283	Noncash Charitable Contributions	62299	2	Form 8869	Qualified Subchapter S Subsidiary Election	28755	2
Instr. 8283		62730	4	Form 8870	Information Return for Transfers Associated With Certain Personal Benefit Contracts	28906	6
Form 8300	Report of Cash Payments Over \$10,000 Received in a Trade or Business	62133	5	Form 8872	Political Organization Report of Contributions and Expenditures	30406	4
Form 8332	Release of Claim to Exemption for Child of Divorced or Separated Parents	13910	1	Instr. 8872		30584	4
Form 8379	Injured Spouse Claim and Allocation	62474	2	Form 8873	Extraterritorial Income Exclusion	30732	2
Form 8453-OL	U.S. Individual Income Tax Declaration for an IRS e-file Online Return	15907	1	Form 8880	Credit for Qualified Retirement Savings Contributions	33394	2
Form 8508	Request for Waiver from Filing Information Returns Magnetically	63499	2	Form 8885	Health Coverage Tax Credit	34641	2
				Form 9465	Installment Agreement Request	14842	2

Formas Federales Disponibles en IRS TaxFax
Entre el número de Catálogo o Código para cada producto.

Desde su máquina de Fax llame al (703) 368-9694

Nombre del Producto	Título	Num. De Código	Num. De Páginas	Nombre del Producto	Título	Num. De Código	Num. De Páginas
Form SS-4PR	Solicitud de Número de Identificación Patronal	32588	2	Form 1040PR (Anejo H-PR)	Contribuciones Sobre el Empleo De Empleados Domésticos	21446	2
Inst. SS-4PR		32588	6	Inst. 1040PR (Anejo H-PR)		22119	8
Form SS-8PR	Determinación del Estado de Empleo de un trabajador para Propósitos de Contribuciones	23365	5	Form 2290-SP	Declaración de Impuestos sobre el Uso de Vehículos Pesados en las Carreteras	30488	3
Form W-3PR	Informe de Comprobantes de Retención - 2003	10116	2	Form 3911(SP)	Declaración del Contribuyente Sobre el Reembolso	31331	2
Inst. W-3PR		26400	4	Form 8300-SP	Informe de Pagos en Efectivo en Exceso de \$10,000.00 Recibidos en una Ocupación o Negocio	24396	4
Form W-3CPR	Transmisión de Comprobantes de Retención Corregidos	62776	2	Pub 1SP	Derechos del Contribuyente	10919	2
Form W-7(SP)	Solicitud de Número de Identificación Personal del Contribuyente del Servicio de Impuestos Internos	23117	5	Pub 179	Circular PR - Guía Contributiva Federal Para Patronos Puertorriqueños	46252	20
Form 433-A(SP)	Información de Cobro-Informe Personal para Individuos	20503	4	Pub 579SP	Como Preparar la Declaración de Impuesto Federal	15146	69
Form 433-B(SP)	Información de Cobro-Informe Personal para Negocios	20596	4	Pub 584SP	Registro de Pérdidas por Hechos Fortuitos (Imprevistos), Desastres y Robos (Propiedad de Uso Personal)	14883	25
Form 886-H(SP)	Explicación de los Artículos	28258	2	Pub 594SP	El Proceso de Cobro del IRS	10975	12
Form 940PR	Declaración Anual del Patrono-Contribución Federal para el Desempleo (FUTA)	16996	2	Pub 596SP	Crédito por Ingreso del Trabajo	13737	65
Inst. 940PR		21105	6	Pub 724SP	Ayude A Otras Personas Con Los Impuestos	46719	2
Form 941CPR	Planilla para la Corrección de Información (S.S. y Medicare)	17012	3	Pub 850	Diccionario Inglés-Español De Palabras y Frases	46805	25
Form 941PR	Planilla Trimestral del Patrono (S.S y Medicare)	17009	3	Pub 1244-PR	Registro Diario de Propinas Recibidas por el Empleado e Informe al Patrono	63181	10
Inst. 941PR		35286	4	Pub 1321	Special Instructions for Bona Fide Residents of Puerto Rico Who Must File a U.S. Individual Income Tax Return (Form 1040 or 1040A)	63770	4
Form 941PR	(Anexo B) - Registro Suplementario de la Obligación Contributiva Federal del Patrono Agrícola	12465	2	Pub 1544SP	Informe de Pagos en Efectivo en Exceso de \$10,000	24236	7
Form 943PR	Planilla para la Declaración Anual de la Contribución del Patrono de Empleados Agrícolas	17029	1	Pub 2053-B(SP)	Participe en los Programas-Acceso a Materiales sobre Impuestos	31563	2
Inst. 943PR		35286	4	Pub 3148SP	Lo Que Usted Necesita Saber Sobre Las Propinas	27444	10
Form 943A-PR	Registro de la Obligación Contributiva Federal del Patrono Agrícola	17031	2	Pub 3518(SP)	Guía de Impuesto Federal para la Industria De Belleza y Barbería	30575	2
Form 1040ES	Contribuciones Federales Estimadas del Trabajo por Cuenta Propia y Empleados Domésticos - Puerto Rico	17173	3				
Form 1040PR	Planilla Para La Declaración de la Contribución Federal Sobre el Trabajo por Cuenta Propia - Puerto Rico	17182	4				
Inst. 1040PR		31798	8				

Form **7018**

(Rev. August 2003)

Department of the Treasury
Internal Revenue Service**Employer's Order Blank for Forms**Visit the IRS website @ www.irs.gov.

OMB No. 1545-1059

▶ Please send your order to IRS as soon as possible

Instructions. Enter the quantity next to the form you are ordering. **Please order the number of forms needed, not the number of sheets.** Note: None of the items on the order blank are available from the IRS in a continuous-feed version. All forms on this order blank that require multiple copies are carbonized so that you will not have to insert carbons. You will automatically receive one instruction with any form on this order blank. **Type or print** your name and complete mail delivery address in the space provided below. An accurate mail delivery address is necessary to ensure delivery of your order.

USE THIS PORTION FOR 2003 FORMS ONLY

Item	Quantity	Title	Item	Quantity	Title
W-2		Wage and Tax Statement	1099 A		Acquisition or Abandonment of Secured Property
W-2 C		Corrected Wage and Tax Statement	1099 B		Proceeds From Broker and Barter Exchange Transactions
W-2 G		Certain Gambling Winnings	1099 C		Cancellation of Debt
W-3		Transmittal of Wage and Tax Statements	1099 DIV		Dividends and Distributions
W-3 C		Transmittal of Corrected Wage and Tax Statements	1099 G		Certain Government Payments
W-4		Employee's Withholding Allowance Certificate (2003)	1099 INT		Interest Income
W-4 P		Withholding Certificate for Pension or Annuity Payments	1099 LTC		Long-Term Care and Accelerated Death Benefits
W-4 S		Request for Federal Income Tax Withholding From Sick Pay	1099 MISC		Miscellaneous Income
W-5		Earned Income Credit Advance Payment Certificate	1099 MSA		Distributions From an Archer MSA or Medicare+Choice MSA
941		Employer's Quarterly Federal Tax Return	1099 OID		Original Issue Discount
941 SCH B		Employer's Record of Federal Tax Liability	1099 PATR		Taxable Distributions Received From Cooperatives
941 C		Supporting Statement To Correct Information	1099 Q		Payments From Qualified Education Programs (Under Sections 529 and 530)
943		Employer's Annual Federal Tax Return for Agricultural Employees	1099 R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
943 A		Agricultural Employer's Record of Federal Tax Liability	1099 S		Proceeds From Real Estate Transactions
945		Annual Return of Withheld Federal Income Tax	5498		IRA Contribution Information
945 A		Annual Record of Federal Tax Liability	5498 ESA		Coverdell ESA Contribution Information
1096		Annual Summary and Transmittal of U.S. Information Returns	5498 MSA		Archer MSA or Medicare+Choice MSA Information
1098		Mortgage Interest Statement	Pub 213		Check Your Withholding
1098 E		Student Loan Interest Statement	Pub 1494		Table for Figuring Amount Exempt From Levy On Wages, Salary, and Other Income (Forms 668-W(c) and 668-W(c)(DO))
1098 T		Tuition Statement			

Use This Portion For
2004 Forms Only
QUANTITY

_____ W-4

_____ W-4 P

_____ W-4 S

_____ W-5

(2004 Revisions)

Attention:		Daytime Telephone Number ()	
Company Name			
Postal Mailing Address		Ste/Room	
City	State	Zip Code	
Foreign Country		International Postal Code	

Where To Send Your Order

Send your order to the Internal Revenue Service address for the Area Distribution Center closest to your state.

Central Area Distribution Center
P.O. Box 8908
Bloomington, IL 61702-8908

Western Area Distribution Center
Rancho Cordova, CA 95743-0001

Eastern Area Distribution Center
P.O. Box 85075
Richmond, VA 23261-5075

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Your response is voluntary.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete this form will vary depending on the individual circumstances. The estimated average time is 3 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

Please **do not** send your order Form 7018 to the Tax Products Coordinating Committee. Send your forms order to the IRS Area Distribution Center closest to your state.

a Control number		22222		Void <input type="checkbox"/>		For Official Use Only ▶ OMB No. 1545-0008							
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							
				\$		\$							
d Employee's social security number				7 Social security tips		8 Allocated tips							
				\$		\$							
e Employee's first name and initial		Last name		9 Advance EIC payment		10 Dependent care benefits							
				\$		\$							
f Employee's address and ZIP code				11 Nonqualified plans		12a See instructions for box 12							
				\$		See instructions for box 12							
				13 Statutory employee <input type="checkbox"/>		Retirement plan <input type="checkbox"/>		12b		\$			
						Third-party sick pay <input type="checkbox"/>		See instructions for box 12		\$			
				14 Other		12c							
						See instructions for box 12							
						12d							
						See instructions for box 12							
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

2003

Department of the Treasury—Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Copy A For Social Security Administration—Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

Cat. No. 10134D


Do Not Cut, Fold, or Staple Forms on This Page — Do Not Cut, Fold, or Staple Forms on This Page

a Control number		22222		OMB No. 1545-0008			
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		
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		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
 Copy 1 For State, City, or Local Tax Department

2003

Department of the Treasury—Internal Revenue Service

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS Web Site at www.irs.gov .	
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 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		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

2003

Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Notice to Employee

Refund. Even if you do not have to file a tax return, you should file to get a refund if box 2 shows Federal income tax withheld, or if you can take the earned income credit.

Earned income credit (EIC). You must file a tax return if any amount is shown in box 9.

You may be able to take the EIC for 2003 if: **(a)** you do not have a qualifying child and you earned less than \$11,230 (\$12,230 if married filing jointly), **(b)** you have one qualifying child and you earned less than \$29,666 (\$30,666 if married filing jointly), or **(c)** you have more than one qualifying child and you earned less than \$33,692 (\$34,692 if married filing jointly). You and any qualifying children must have valid social security numbers (SSNs). You cannot claim the EIC if your investment income is more than \$2,600. **Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return.** If you have at least one qualifying child, you may get as much as \$1,528 of the EIC in advance by completing **Form W-5**, Earned Income Credit Advance Payment Certificate, and giving it to your employer.

Clergy and religious workers. If you are not subject to social security and Medicare taxes, see **Pub. 517**, Social Security and Other Information for Members of the Clergy and Religious Workers.

Corrections. If your name, SSN, or address is incorrect, correct Copies B, C, and 2 and ask your employer to correct your employment record. Be sure to ask the employer to file **Form W-2c**, Corrected Wage and Tax Statement, with the Social Security Administration (SSA) to correct any name, SSN, or money amount error reported to the SSA on Form W-2. If your name and SSN are correct but are not the same as shown on your social security card, you should ask for a new card at any SSA office or call 1-800-772-1213.

Credit for excess taxes. If you had more than one employer in 2003 and more than \$5,394.00 in social security and/or Tier 1 railroad retirement (RRTA) taxes were withheld, you may be able to claim a credit for the excess against your Federal income tax. If you had more than one railroad employer and more than \$3,160.50 in Tier 2 RRRTA tax was withheld, you also may be able to claim a credit. See your Form 1040 or 1040A instructions and **Pub. 505**, Tax Withholding and Estimated Tax.

(Also see **Instructions** on back of Copy C.)

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		
f Employee's address and ZIP code		13 Statutory employee <input type="checkbox"/>		Retirement plan <input type="checkbox"/>		Third-party sick pay <input type="checkbox"/>		12b
		14 Other				12c		
						12d		
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
 Copy C For EMPLOYEE'S RECORDS. (See Notice to Employee on back of Copy B).

2003

Department of the Treasury—Internal Revenue Service

Safe, accurate, FAST! Use



Instructions (Also see Notice to Employee on back of Copy B.)

Box 1. Enter this amount on the wages line of your tax return.

Box 2. Enter this amount on the Federal income tax withheld line of your tax return.

Box 8. This amount is **not** included in boxes 1, 3, 5, or 7. For information on how to report tips on your tax return, see your Form 1040 instructions.

Box 9. Enter this amount on the advance earned income credit payments line of your Form 1040 or 1040A.

Box 10. This amount is the total dependent care benefits your employer paid to you or incurred on your behalf (including amounts from a section 125 (cafeteria plans)). Any amount over \$5,000 also is included in box 1. You **must** complete **Schedule 2 (Form 1040A)** or **Form 2441**, Child and Dependent Care Expenses, to compute any taxable and nontaxable amounts.

Box 11. This amount is: **(a)** reported in box 1 if it is a distribution made to you from a nonqualified deferred compensation or nongovernmental section 457 plan or **(b)** included in box 3 and/or 5 if it is a prior year deferral under a nonqualified or section 457 plan that became taxable for social security and Medicare taxes this year because there is no longer a substantial risk of forfeiture of your right to the deferred amount.

Box 12. The following list explains the codes shown in box 12. You may need this information to complete your tax return. Elective deferrals (codes D, E, F, G, H, and S) under all plans are generally limited to \$12,000 (\$15,000 for section 403(b) plans, if you qualify for the 15-year rule explained in Pub. 571). However, if you were at least age 50 in 2003, your employer may have allowed an additional deferral of up to \$2,000 (\$1,000 for section 401(k)(11) and 408(p) SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals. For code G, the limit on elective deferrals may be higher for the last 3 years before you reach retirement age. Contact your plan administrator for more information. Amounts in excess of the overall elective deferral limit must be included in income. See the "Wages, Salaries, Tips, etc." line instructions for Form 1040.

Note: If a year follows code D, E, F, G, H, or S, you made a make-up pension contribution for a prior year(s) when you were in military service. To figure whether you made excess deferrals, consider these amounts for the year shown, not the current year. If no year is shown, the contributions are for the current year.

A—Uncollected social security or RRTA tax on tips (Include this tax on Form 1040. See "Total Tax" in the Form 1040 instructions.)

B—Uncollected Medicare tax on tips (Include this tax on Form 1040. See "Total Tax" in the Form 1040 instructions.)

C—Taxable cost of group-term life insurance over \$50,000 (included in boxes 1, 3 (up to social security wage base), and 5)

D—Elective deferrals to a section 401(k) cash or deferred arrangement. Also includes deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

E—Elective deferrals under a section 403(b) salary reduction agreement

F—Elective deferrals under a section 408(k)(6) salary reduction SEP

G—Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan

H—Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan (see "Adjusted Gross Income" in the Form 1040 instructions for how to deduct)

J—Nontaxable sick pay (not included in boxes 1, 3, or 5)

K—20% excise tax on excess golden parachute payments (see "Total Tax" in the Form 1040 instructions)

L—Substantiated employee business expense reimbursements (nontaxable)

M—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only) (see "Total Tax" in the Form 1040 instructions)

N—Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (former employees only) (see "Total Tax" in the Form 1040 instructions)

P—Excludable moving expense reimbursements paid directly to employee (not included in boxes 1, 3, or 5)

R—Employer contributions to your Archer (MSA) (see **Form 8853**, Archer MSAs and Long-Term Care Insurance Contracts)

S—Employee salary reduction contributions under a section 408(p) SIMPLE (not included in box 1)

T—Adoption benefits (not included in box 1). You **must** complete **Form 8839**, Qualified Adoption Expenses, to compute any taxable and nontaxable amounts.

V—Income from exercise of nonstatutory stock option(s) (included in boxes 1, 3 (up to social security wage base), and 5)

Box 13. If the "Retirement plan" box is checked, special limits may apply to the amount of traditional IRA contributions you may deduct.

Note: Keep Copy C of Form W-2 for at least 3 years after the due date for filing your income tax return. However, to help **protect your social security benefits**, keep Copy C until you begin receiving social security benefits, just in case there is a question about your work record and/or earnings in a particular year. Review the information shown on your annual (for workers over 25) Social Security Statement.

a Control number		OMB No. 1545-0008					
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		
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		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

2003

Department of the Treasury—Internal Revenue Service

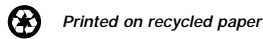
Copy 2 To Be Filed With Employee's State, City, or Local Income Tax Return.

a Control number		Void <input type="checkbox"/>		OMB No. 1545-0008	
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 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	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
Copy D For Employer.

2003

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.



Employers, Please Note—

Specific information needed to complete Form W-2 is given in a separate booklet titled **2003 Instructions for Forms W-2 and W-3**. You can order those instructions and additional forms by calling 1-800-TAX-FORM (1-800-829-3676). You can also get forms and instructions from the IRS Web Site at www.irs.gov.

Caution: *Because the SSA processes paper forms by machine, you cannot file with the SSA Forms W-2 and W-3 that you print from the IRS Web Site. Instead, visit the SSA Web Site at www.ssa.gov/employer to see if you can file “fill-in” versions of Forms W-2 and W-3.*

Due dates. Furnish Copies B, C, and 2 to the employee generally by February 2, 2004.

File Copy A with the SSA generally by March 1, 2004. Send all Copies A with **Form W-3, Transmittal of Wage and Tax Statements**. However, if you file electronically (not by magnetic media), the due date is March 31, 2004.

DO NOT STAPLE OR FOLD

a Control number		33333	For Official Use Only ▶ OMB No. 1545-0008	
b Kind of Payer ▶	941 <input type="checkbox"/>	Military <input type="checkbox"/>	943 <input type="checkbox"/>	1 Wages, tips, other compensation \$
	CT-1 <input type="checkbox"/>	Hshld. emp. <input type="checkbox"/>	Medicare govt. emp. <input type="checkbox"/>	3 Social security wages \$
c Total number of Forms W-2		d Establishment number		2 Federal income tax withheld \$
e Employer identification number				4 Social security tax withheld \$
f Employer's name				5 Medicare wages and tips \$
				6 Medicare tax withheld \$
				7 Social security tips \$
				8 Allocated tips \$
				9 Advance EIC payments \$
				10 Dependent care benefits \$
				11 Nonqualified plans \$
				12 Deferred compensation \$
				13 For third-party sick pay use only
				14 Income tax withheld by payer of third-party sick pay \$
g Employer's address and ZIP code				
h Other EIN used this year				
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 \$
Contact person		Telephone number ()		For Official Use Only
E-mail address		Fax number ()		

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶ _____ Title ▶ _____ Date ▶ _____

Form **W-3** Transmittal of Wage and Tax Statements **2003** Department of the Treasury Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration. Photocopies are not acceptable.

Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

An Item To Note

Separate instructions. See the separate **2003 Instructions for Forms W-2 and W-3** for information on completing this form.

Purpose of Form

Use this form to transmit Copy A of **Form(s) W-2**, Wage and Tax Statement. Make a copy of Form W-3, and keep it with Copy D (For Employer) of Form(s) W-2 for your records. Use Form W-3 for the correct year. **File Form W-3 even if only one Form W-2 is being filed.** If you are filing Form(s) W-2 on magnetic media or electronically, **do not** file Form W-3.

When To File

File Form W-3 with Copy A of Form(s) W-2 by March 1, 2004.

Where To File

Send this entire page with the entire Copy A page of Form(s) W-2 to:

**Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001**

Note: If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See **Circular E, Employer's Tax Guide (Pub. 15)**, for a list of IRS approved private delivery services.

Do not send magnetic media to the address shown above.

For Privacy Act and Paperwork Reduction Act Notice, see the 2003 Instructions for Forms W-2 and W-3.





Instructions for Forms W-2 and W-3

Wage and Tax Statement and Transmittal of Wage and Tax Statements

Section references are to the Internal Revenue Code unless otherwise noted.

Contents	Page
Items To Note	1
Need Help?	1
How To Get Forms and Publications	1
Earned Income Credit (EIC) Notice	2
Common Errors on Forms W-2	2
General Instructions for Forms W-2 and W-3	2
Special Reporting Situations for Form W-2	3
Penalties	6
Specific Instructions for Form W-2	6
Specific Instructions for Form W-3	10
Reconciling Forms W-2, W-3, 941, and 943	11
Privacy Act and Paperwork Reduction Act Notice	11
Form W-2 Reference Guide for Box 12 Codes	12
Index	12

Items To Note

Distributions from governmental section 457(b) plans of state and local agencies. Generally, report distributions after December 31, 2001 from section 457 plans of state and local agencies on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. IRS plans to issue an update of Notice 2000-38, 2000-2 C.B. 174, that will provide further guidance for reporting distributions from governmental section 457(b) plans.

Electronic payee statements. If your employees give their consent, you may be able to furnish Copies B, C, and 2 of Forms W-2 to your employees electronically. See Pub. 15-A for additional information.

Extended due date for electronic filers. If you file your 2003 Forms W-2 with the Social Security Administration (SSA) electronically (not by magnetic media), the due date is extended to March 31, 2004. For information on how to file electronically, see **Magnetic media/electronic reporting** on page 2.

Online filing of Forms W-2 and W-3. You may file a limited number of Forms W-2 and W-3 online using the SSA Web Site at www.ssa.gov/employer. The site also allows you to print out copies of the forms for filing with state or local governments, distribution to your employees, and for your records.

Reporting Code V for box 12. Report income from your employee's exercise of nonstatutory stock option(s) in box 12 using code V. See **Code V—Income from the exercise of nonstatutory stock option(s)** on page 9. Beginning in 2003, you are required to use code V when applicable.

Substitute forms. If you are not using the official IRS form to furnish Form W-2 to employees or to file with the SSA, you may use an acceptable substitute form that complies with the rules in Pub. 1141, General Rules and Specifications for Substitute Forms W-2 and W-3. Pub. 1141, which is revised annually, is a revenue procedure that explains the requirements for format and content of substitute Forms W-2 and W-3. **Your substitute forms must comply with the requirements in Pub. 1141.**

Need Help?

Information reporting call site. The IRS operates a centralized call site to answer questions about reporting on Forms W-2, W-3, 1099, and other information returns. If you

have questions about reporting on these forms, call 1-866-455-7438 (toll free), Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern time. If you have questions about magnetic media (or electronic) filing of Forms W-2, contact the SSA at 1-800-772-6270 or visit the SSA Web Site at www.ssa.gov/employer. See also **Magnetic media/electronic reporting** on page 2.

Help for people with disabilities. Telephone help is available using TTY/TDD equipment. If you have questions about reporting on information returns—Forms 1096, 1098, 1099, 5498, W-2, W-2G, and W-3, you may call 304-267-3367. For other tax information, call 1-800-829-4059.

Online Wage Reporting. Using a personal computer and a modem, you can assess SSA's Business Services Online (BSO) to electronically report wage data. To obtain information regarding filing wage data electronically with SSA or to access BSO, visit the SSA Web Site at www.ssa.gov/employer. Call the SSA at 1-888-772-2970 if you experience problems using any of the services within BSO.

Information available includes magnetic media filing information, some IRS and SSA publications, information on electronic filing, and general topics of interest about annual wage reporting. You can also use BSO to ask questions about wage reporting.

Employment tax publications. Detailed employment tax information is given in:

- **Circular A**, Agricultural Employer's Tax Guide (Pub. 51),
- **Circular E**, Employer's Tax Guide (Pub. 15),
- **Pub. 15-A**, Employer's Supplemental Tax Guide, and
- **Pub. 15-B**, Employer's Tax Guide to Fringe Benefits.

How To Get Forms and Publications

Personal computer. You can access the IRS Web Site 24 hours a day, 7 days a week at www.irs.gov to:

- Download forms, instructions, and publications.
- See answers to frequently asked tax questions.
- Search publications on-line by topic or keyword.
- Send us comments or request help via e-mail.
- Sign up to receive local and national tax news by e-mail.

You can also reach the IRS using file transfer protocol at [ftp.irs.gov](ftp://ftp.irs.gov).

CD-ROM. Order Pub. 1796, Federal Tax Products on CD-ROM, and get:

- Current year forms, instructions, and publications.
- Prior year forms, instructions, and publications.
- Popular tax forms that may be filled in electronically, printed out for submission, and saved for recordkeeping.
- The Internal Revenue Bulletin.

Buy the CD-ROM on the Internet at www.irs.gov/cdorders from the National Technical Information Service (NTIS) or call 1-877-CDFORMS (1-877-233-6767) toll free.

By phone and in person. You can order forms and publications 24 hours a day, 7 days a week, by calling 1-800-TAX-FORM (1-800-829-3676). You can also get most forms and publications at your local IRS office.

Earned Income Credit (EIC) Notice

You must notify employees who have no income tax withheld that they may be able to claim an income tax refund because of the EIC. You can do this by using the official IRS Form W-2 with the EIC notice on the back of Copy B or a substitute Form W-2 with the same statement. You must give your employee **Notice 797**, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or your own statement that contains the same wording if: **(a)** you use a substitute Form W-2 that does not contain the EIC notice, **(b)** you are not required to furnish Form W-2, or **(c)** you do not furnish a timely Form W-2 to your employee. For more information, see section 10 in Circular E (Pub.15).

Common Errors on Forms W-2

Forms W-2 provide information to your employees, the SSA, IRS, and state and local governments. Avoid making the following errors, which cause processing delays.

Do not:

- Use ink that is **too light** to make entries. (Use only black ink.)
- Make entries that are **too small** or **too large**. (Use 12-point Courier font, if possible.)
- Add **dollar signs** to the money-amount boxes. (Copy A is preprinted with dollar signs.)
- **Inappropriately** check the "Retirement plan" checkbox in box 13. (See **Retirement plan** on page 10.)
- Misformat the **employee's name** in box e. (Enter the employee's first name and middle initial in the first box and his or her surname in the second box.)

General Instructions for Forms W-2 and W-3

Who must file Form W-2. Employers must file Form W-2 for wages paid to each employee from whom:

- Income, social security, or Medicare taxes were withheld or
- Income tax would have been withheld if the employee had claimed no more than one withholding allowance or had not claimed exemption from withholding on **Form W-4**, Employee's Withholding Allowance Certificate.

Also, every employer engaged in a trade or business who pays remuneration for services performed by an employee, including noncash payments, must furnish a Form W-2 to each employee even if the employee is related to the employer.

If you are required to file 250 or more Forms W-2, see **Magnetic media/electronic reporting** later.

Who must file Form W-3. Anyone required to file Form W-2 must file Form W-3 to transmit Copy A of Forms W-2. Make a copy of Form W-3; keep it and Copy D (For Employer) of Forms W-2, with your records for 4 years. Be sure to use Form W-3 for the correct year.

Household employers, even those with only one household employee, must file Form W-3 with Form W-2. On Form W-3 check the "Hshld. emp." checkbox in box b. For more information, see **Schedule H, (Form 1040)**, Household Employment Taxes.

A transmitter or sender (including a service bureau, paying agent, or disbursing agent) may sign Form W-3 for the employer or payer only if the sender:

- Is authorized to sign by an agency agreement (either oral, written, or implied) that is valid under state law and
- Writes "For (name of payer)" next to the signature.

If an authorized sender signs for the payer, the payer is still responsible for filing, when due, a correct and complete Form W-3 and related Forms W-2, and is subject to any penalties that result from not complying with these requirements. Be sure the payer's name and employer identification number (EIN) on Forms W-2 and W-3 are the same as those used on the **Form 941**, Employer's Quarterly Federal Tax Return, **943**, Employer's Annual Tax Return for Agricultural Employees, **Form CT-1**, Employer's Annual Railroad Retirement Tax Return, or Schedule H (Form 1040) filed by or for the payer.

When to file. File Copy A of Form W-2 with the entire page of Form W-3 by **March 1, 2004**. However, if you file electronically (not by magnetic media), the due date is March 31, 2004. You

may owe a penalty for each Form W-2 you file late. See **Penalties** on page 6. If you terminate your business, see **Terminating a business** on page 6.

Extension to file. You may request an extension of time to file Form W-2 by sending **Form 8809**, Request for Extension of Time To File Information Returns, to the address shown on that form. You must request the extension before the due date of Forms W-2 for your request to be considered. If approved, you will have an additional 30 days to file. See Form 8809 for details.



*Even if you receive an extension to file Form W-2, you must still furnish Form W-2 to your employees by February 2, 2004. But see **Extension to furnish Forms W-2 to employees** on page 3.*

Where to file. File the entire Copy A page of Form W-2 with the entire page of Form W-3 at the following address:

**Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001**



If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Circular E (Pub.15) for a list of IRS approved private delivery services.



Do not send cash, checks, money orders, etc. with the Forms W-2 and W-3 you submit to the SSA. Do not use the address above to file by magnetic media. (See SSA's **MMREF-1**, Magnetic Media Reporting and Electronic Filing, for the magnetic media filing address.) Employment tax forms (e.g., Form 941 or 943), remittances, and Forms 1099 must be sent to the IRS.

Send Copy 1 of Form W-2 to your state, city, or local tax department. For more information concerning Copy 1 (including how to complete boxes 15-20), contact your state, city, or local tax department.

Shipping and mailing. If you file more than one type of employment tax form, please group Forms W-2 of the same type, with a separate Form W-3 for each type, and send them in separate groups. See the specific instructions for box b of Form W-3 on page 10.

Prepare and file Forms W-2 either alphabetically by employees' last names or numerically by employees' social security numbers. **Please do not staple or tape Form W-3 to the related Forms W-2 or Forms W-2 to each other.** These forms are machine read. Staple holes or tears interfere with machine reading. Also, **do not fold Forms W-2 and W-3.** Send the forms to the SSA in a flat mailing.

If you have a large number of Forms W-2 to send with one Form W-3, you may send them in separate packages. Show your name and EIN on each package. Number them in order (1 of 4, 2 of 4, etc.) and place Form W-3 in package 1. Show the number of packages at the bottom of Form W-3 below the title. If you mail them, you must send them First-Class.

Magnetic media/electronic reporting. If you are required to file 250 or more Forms W-2, you must file them on magnetic media (or electronically) unless the IRS granted you a waiver. You may be charged a penalty if you fail to file on magnetic media (or electronically) when required.



You are encouraged to file on magnetic media (or electronically) even if you are filing fewer than 250 Forms W-2. Small submitters may be able to file Forms W-2 using the Internet. Visit the SSA Web Site at www.ssa.gov/employer for more information.

You may request a waiver on **Form 8508**, Request for Waiver From Filing Information Returns Magnetically. Submit Form 8508 to the IRS at least 45 days before the due date of Form W-2. See Form 8508 for filing information.

If you are **filing Forms W-2 using magnetic tape or cartridge**, complete **Form 6559**, Transmitter Report and Summary of Magnetic Media; you may also need **Form 6559-A**, Continuation Sheet for Form 6559. **Do not use Form W-3.**



If you file on magnetic media (or electronically), **do not** file the same returns on paper.

Magnetic media reporting specifications for Form W-2 are in the SSA's MMREF-1, a publication that can be downloaded by accessing the SSA Web Site at www.ssa.gov/employer. You can also get magnetic media (or electronic) specifications by calling SSA's Employer Reporting Branch at 1-800-772-6270.

Reporting instructions for magnetic media/electronic filing may differ from the paper reporting instructions. For example, magnetic media/electronic filers may enter more than four items in box 12 in one individual's wage report, but paper filers are limited to four entries in box 12 on Copy A of each Form W-2.

Furnishing Copies B, C, and 2 to employees. Furnish Copies B, C, and 2 of Form W-2 to your employees, generally, by **February 2, 2004**. You will meet the "furnish" requirement if the form is properly addressed and mailed on or before the due date.

If employment ends before December 31, 2003, you may furnish copies at any time after employment ends, but no later than February 2, 2004. If an employee asks for Form W-2, give him or her the completed copies within 30 days of the request or within 30 days of the final wage payment, whichever is later. However, if you terminate your business, see **Terminating a business** on page 6.

You may furnish Forms W-2 to employees on IRS official forms or on acceptable substitute forms (see **Substitute forms** on page 1). **Be sure the Forms W-2 you provide to employees are clear and legible and comply with the requirements in Pub. 1141.**

Extension to furnish Forms W-2 to employees. You may request an extension of time to furnish Forms W-2 to employees by sending a letter to:

IRS-Martinsburg Computing Center
Information Reporting Program
Attn: Extension of Time Coordinator
240 Murall Drive
Kearneysville, WV 25430

Mail your letter on or before the due date for furnishing Forms W-2 to employees. It must include:

- Your name and address,
- Your employer identification number,
- Type of return,
- A statement that you are requesting an extension to furnish Forms W-2 to employees,
- Reason for delay, and
- Your signature or that of your authorized agent.

Undeliverable Forms W-2. Keep for 4 years any employee copies of Forms W-2 that you tried to deliver but could not. **Do not send undeliverable Forms W-2 to the SSA.**

Taxpayer identification numbers. Employers use an employer identification number (EIN) (00-0000000). Employees use a social security number (SSN) (000-00-0000). When you list a number, please separate the nine digits properly to show the kind of number.

The IRS uses SSNs to check the payments you report against the amounts shown on the employees' tax returns. The SSA uses SSNs to record employees' earnings for future social security and Medicare benefits. **When you prepare Form W-2, be sure to show the correct SSN for each employee.** See section 4 of Circular E (Pub.15) for information on verification of SSNs.

Special Reporting Situations for Form W-2

Adoption benefits. Amounts paid or expenses incurred by an employer for qualified adoption expenses under an adoption assistance program are not subject to income tax withholding and are not reportable in box 1. However, these amounts (including adoption benefits **paid** from a section 125 (cafeteria) plan, but not including adoption benefits forfeited from a cafeteria plan) are subject to social security, Medicare, and railroad retirement taxes and must be reported in boxes 3

and 5. Also, the total amount must be reported in box 12 with code **T**.

See Notice 97-9, 1997-1 C.B. 365, for more information on adoption benefits. You can find Notice 97-9 on page 35 of Internal Revenue Bulletin 1997-2 at www.irs.gov/pub/irs-irbs/irb97-02.pdf. Advise your employees to get **Pub. 968**, Tax Benefits for Adoption.

Agent reporting. Generally, an agent that has an approved **Form 2678**, Employer Appointment of Agent, should enter his or her name as the employer in box c of Form W-2, and file only one Form W-2 for each employee. However, if the agent: **(a)** is acting as an agent for two or more employers or is an employer and is acting as an agent for another employer and **(b)** pays social security wages for more than one employer in excess of the wage base to an individual, special reporting for payments to **that employee** is needed.

If both **(a)** and **(b)** above apply, the agent must file separate Forms W-2 for the affected employee reflecting the wages paid by each employer. On each Form W-2, the agent should enter the following in box c of Form W-2:

(Name of agent)
Agent for (name of employer)
Address of agent.

Each Form W-2 should reflect the EIN of the agent in box b. An agent files one Form W-3 for all of the Forms W-2 and enters its own information in boxes e, f, and g of Form W-3 as it appears on the agent's related employment tax returns (e.g., Form 941). Enter the client-employer's EIN in box h of Form W-3 if the Forms W-2 relate to only one employer (other than the agent); if not, leave box h blank. See Rev. Proc. 70-6, 1970-1 C.B. 420, for procedures to be followed in applying to be an agent.

TIP Generally, an agent is not responsible for refunding excess social security or railroad retirement (RRTA) tax on employees. If an employee worked for more than one employer during 2003 and had more than \$5,394.00 in social security and Tier 1 RRTA tax withheld (or more than \$3,160.50 in Tier 2 RRTA tax withheld), he or she should claim the excess on the appropriate line of Form 1040 or 1040A.

Archer MSA. An employer's contribution to an employee's Archer MSA is not subject to income tax withholding, or social security, Medicare, or railroad retirement taxes if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee's income. However, if it is **not** reasonable to believe at the time of payment that the contribution will be excludable from the employee's income, employer contributions are subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5.

You must report all employer contributions to an Archer MSA in box 12 of Form W-2 with code **R**. Employer contributions to an Archer MSA that are not excludable from the income of the employee also must be reported in box 1.

An employee's contributions to an Archer MSA are includible in income as wages and are subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Employee contributions are deductible, within limits, on the employee's Form 1040.

See Notice 96-53, 1996-2 C.B. 219 and **Pub. 969**, Medical Savings Accounts (MSAs) for more information. You can find Notice 96-53 on page 5 of Internal Revenue Bulletin 1996-51 at www.irs.gov/pub/irs-irbs/irb96-51.pdf.

Clergy and religious workers. For certain members of the clergy and religious workers who are not subject to social security and Medicare taxes as employees, boxes 3 and 5 of Form W-2 should be left blank. You may include a minister's parsonage and/or utilities allowance in box 14. For information on the rules that apply to ministers and certain other religious workers, see **Pub. 517**, Social Security and Other Information for Members of the Clergy and Religious Workers, and section 4, Religious Exemptions, of Pub. 15-A.

Corrections. Use the current revision of **Form W-2c**, Corrected Wage and Tax Statement, to correct errors (such as

incorrect name, SSN, or amount) on a previously filed Form W-2.

If your employee was given a new social security card following an adjustment to his or her resident status that shows a different name or SSN, file a Form W-2c for the most current year only.

File **Form W-3c**, Transmittal of Corrected Wage and Tax Statements, whenever you file a Form W-2c with the SSA, even if you are only filing a Form W-2c to correct an employee's name or SSN. However, see **Incorrect address on employee's Form W-2** below for information on correcting an employee's address. Use Form W-3c to correct a previously filed Form W-3.

If you discover an error on Form W-2 after you issue it to your employee but before you send it to the SSA, check the "Void" box at the top of the form on Copy A. Prepare a new Copy A with the correct information, and send it to the SSA. Write "CORRECTED" on the employee's new copies (B, C, and 2), and furnish them to the employee. (If the "Void" Form W-2 is on a page with a correct Form W-2, send the entire page to the SSA. The "Void" form will not be processed.)

If you are making an adjustment in 2003 to correct social security and Medicare taxes for a prior year, you must file **Form 941c**, Supporting Statement To Correct Information, with your Form 941 or Form 943 in the return period you find the error, and issue the employee a Form W-2c for the prior year. If you are correcting social security or Medicare wages or tips, also file the entire Copy A page of Form W-2c with Form W-3c with the SSA to correct the social security records and **any other items** on the original Form W-2 (or previously-filed Form W-2c) that were in error.

Incorrect address on employee's Form W-2. If you filed a Form W-2 showing an incorrect address for the employee but all other information on Form W-2 is correct, **do not file Form W-2c with the SSA merely to correct the address.**

However, if the address was incorrect on the Form W-2 furnished to the employee, **you must do one of the following:**

- Issue a new, corrected Form W-2 to the employee, including the new address. Indicate "REISSUED STATEMENT" on the new copies. **Do not send Copy A to the SSA.**
- Issue a Form W-2c to the employee showing the correct address in box f and all other correct information. **Do not send Copy A to the SSA.**
- Mail the Form W-2 with the incorrect address to the employee in an envelope showing the correct address or otherwise deliver it to the employee.

Deceased employee's wages. If an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death.

If you made the payment in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report the payment on the employee's Form W-2 only as social security and Medicare wages to ensure proper social security and Medicare credit is received.

On the employee's Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6. **Do not show the payment in box 1.**

If you made the **payment after the year of death,** do not report it on Form W-2, and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you also must report it in box 3 of Form 1099-MISC, Miscellaneous Income, for the payment to the estate or beneficiary. Use the name and taxpayer identification number (TIN) of the payment recipient on Form 1099-MISC.

Example. Before Employee A's death on June 15, 2003, A was employed by Employer X and received \$10,000 in wages on which Federal income tax of \$1,500 was withheld. When A died, X owed A \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to A's estate on July 20, 2003. Because X made the payment during the year of death, X must withhold social security and Medicare taxes on the \$3,000 payment and must complete **Form W-2** as follows:

- **Box d** – Employee A's SSN
- **Box e** – Employee A's name
- **Box f** – Employee A's address
- **Box 1** – 10000.00 (does not include the \$3,000 accrued wages and vacation pay)
- **Box 2** – 1500.00
- **Box 3** – 13000.00 (includes the \$3,000 accrued wages and vacation pay)
- **Box 4** – 806.00 (6.2% of the amount in box 3)
- **Box 5** – 13000.00 (includes the \$3,000 accrued wages and vacation pay)
- **Box 6** – 188.50 (1.45% of the amount in box 5)



*Employer X also must complete **Form 1099-MISC** as follows:*

- **Boxes for:** Recipient's name, address, and TIN—The estate's name, address, and TIN
- **Box 3** – 3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)

If Employer X made the payment after the year of death, the \$3,000 would **not** be subject to social security and Medicare taxes and would **not** be shown on Form W-2. However, the employer would still file Form 1099-MISC.

Educational assistance programs. A \$5,250 exclusion for employer-provided educational assistance applies to benefits provided to your employees under an educational assistance program. See **Pub. 508**, Tax Benefits for Work-Related Education, and section 2 of Pub. 15-B for more information. Also see the instructions for box 1 on page 7.

Election workers. Report on Form W-2 payments of \$600 or more to election workers for services performed in state, county, and municipal elections. File Form W-2 for payments of less than \$600 paid to election workers if social security and Medicare taxes were withheld under a section 218 (Social Security Act) agreement. Do not report election worker payments on Form 1099-MISC.

Employee business expense reimbursements.

Reimbursements to employees for business expenses must be reported as follows:

- Generally, payments made under an **accountable plan** are excluded from the employee's gross income and are not reported on Form W-2. However, if you pay a per diem or mileage allowance and the amount paid exceeds the amount treated as substantiated under IRS rules, you must report as wages on Form W-2 the amount in excess of the amount treated as substantiated. The excess amount is subject to income tax withholding and social security and Medicare taxes. Report the amount treated as substantiated (i.e., the nontaxable portion) in box 12 using code **L**. (See page 9.)
- Payments made under a **nonaccountable plan** are reported as wages on Form W-2 and are subject to income tax withholding and social security and Medicare taxes.

For more information on accountable plans, nonaccountable plans, amounts treated as substantiated under a per diem or mileage allowance, the standard mileage rate, the per diem substantiation method, and the high-low substantiation method, see **Pub. 463**, Travel, Entertainment, Gift, and Car Expenses; **Pub. 1542**, Per Diem Rates; and section 5 of Circular E (Pub.15).

Employee's taxes paid by employer. If you paid your employee's share of social security and Medicare taxes rather than deducting them from the employee's wages, you must include these payments as wages subject to income tax withholding and social security, Medicare, and Federal unemployment (FUTA) taxes. Generally, this increase in your employee's wages for your payment of the employee's social security and Medicare taxes is also subject to employee social security and Medicare taxes. The amount to include as wages is determined by using the formula contained in the discussion of **Employee's Portion of Taxes Paid by Employer** in section 7 of Pub. 15-A.



*This does not apply to **household and agricultural employers**. If you pay a household or agricultural employee's social security and Medicare taxes, you must include these payments in the employee's wages.*

However, the wage increase due to the tax payments is not subject to social security, Medicare, or FUTA taxes.

Fringe benefits. Include all taxable fringe benefits in box 1 of Form W-2 as wages, tips, and other compensation and, if applicable, in boxes 3 and 5 as social security and Medicare wages. Although not required, you **may** include the total value of fringe benefits in box 14 (or on a separate statement). However, if you provided your employee a vehicle and included 100% of its annual lease value in the employee's income, you **must** separately report this value to the employee in box 14 (or on a separate statement). The employee can then figure the value of any business use of the vehicle and report it on **Form 2106**, Employee Business Expenses. See **Pub. 15-B**, Employer's Tax Guide to Fringe Benefits.



If you used the commuting rule or the vehicle cents-per-mile rule to value the personal use of the vehicle, you cannot include 100% of the value of the use of the vehicle in the employee's income. See Pub. 15-B.

Golden parachute payments. Include these payments in boxes 1, 3, and 5 of Form W-2. Withhold income, social security, and Medicare taxes as usual and report them in boxes 2, 4, and 6, respectively. Excess parachute payments are also subject to a 20% excise tax. If the excess payments are considered wages, withhold the 20% excise tax and include it in box 2 as income tax withheld. Also report it in box 12 with code **K**. For additional information, see sections 280G and 4999.

Government employers. Federal, state, and local agencies have two options for reporting their employees' wages that are subject only to Medicare tax for part of the year and full social security and Medicare taxes for part of the year.

Option one (which the SSA prefers) is to file a single Form W-2 with the Medicare-only wages **and** the social security and Medicare wages combined. The Form W-3 must have the "941" box checked in box b.

Option two is to file two Forms W-2 and two Forms W-3. File one Form W-2 for wages subject to Medicare tax only. Be sure to check the "Medicare govt. emp." box in box b of Form W-3. File the second Form W-2 for wages subject to both social security and Medicare taxes with the "941" box checked in box b of Form W-3.

Group-term life insurance. If you paid for group-term life insurance over \$50,000 for an employee or a former employee, you must report the taxable cost of excess coverage determined by using the table in section 2 of Pub. 15-B in boxes 1, 3, and 5 of Form W-2. Also, show the amount in box 12 with code **C**. For employees, you must withhold social security and Medicare taxes, but not income tax. Former employees must pay the employee part of social security and Medicare taxes on the taxable cost of group-term life insurance over \$50,000 on Form 1040. You are not required to collect those taxes. However, you must report the uncollected social security tax with code **M** and the uncollected Medicare tax with code **N** in box 12 of Form W-2.

Lost Form W-2—reissued statement. If an employee loses a Form W-2, write "REISSUED STATEMENT" on the new copy and furnish it to the employee. **Do not send Copy A of the reissued Form W-2 to the SSA.** Employers are not prohibited (by the Internal Revenue Code) from charging a fee for the issuance of a duplicate Form W-2.

Moving expenses. Report moving expenses as follows:

- Qualified moving expenses an employer paid **to a third party on behalf of the employee** (e.g., to a moving company) and services that an employer furnished in kind to an employee are **not reported** on Form W-2.
- Qualified moving expense reimbursements paid **directly to an employee** by an employer are **reported** only in box 12 of Form W-2 with code **P**.
- **Nonqualified** moving expense reimbursements are reported in boxes 1, 3, and 5 of Form W-2. These amounts are subject to income tax withholding and social security and Medicare taxes.

Railroad employers. Railroad employers must file Form W-2 to report their employees' wages and income tax withholding in boxes 1 and 2. Reporting on magnetic media may be required; see **Magnetic media/electronic reporting** on page 2.

If an employee is covered by social security and Medicare, also complete boxes 3, 4, 5, 6, and 7 of Form W-2 to show the social security and Medicare wages and the amounts withheld for social security and Medicare taxes. On the Form W-3 used to transmit these Forms W-2, check the "941" box in box b.

For employees covered by RRTA tax, you also must report the Tier 1 and Tier 2 taxes withheld in box 14 of Form W-2. Label them "Tier 1 tax" and "Tier 2 tax." Boxes 3, 4, 5, 6, and 7 apply only to covered social security and Medicare employees and are not to be used to report railroad retirement wages and taxes. On the Form W-3 used to transmit these Forms W-2, check the "CT-1" box in box b.

Repayments. If an employee repays you for wages received in error, do not offset the repayments against current year's wages unless the repayments are for amounts received in error in the current year. Repayments made in the current year, but related to a prior year or years, require special tax treatment by employees in some cases. You may advise the employee of the total repayments made during the current year and the amount (if any) related to prior years. This information will help the employee account for such repayments on his or her Federal income tax return.

If the repayment was for a prior year, you must file Form W-2c with the SSA to correct only social security and Medicare wages and taxes. **Do not correct "Wages" in box 1 on Form W-2c for the amount paid in error.** See section 13 of Circular E (Pub 15) (or section 9 of **Circular A**, Agricultural Employers Tax Guide (Pub. 51)), for information on reporting adjustments to Form 941 or Form 943.



Tell your employee that the wages paid in error in a prior year remain taxable to the employee for that year. This is because the employee received and had use of those funds during that year. The employee is not entitled to file an amended return (Form 1040X) to recover the income tax on these wages. Instead, the employee is entitled to a deduction (or a credit, in some cases) for the repaid wages on his or her Form 1040 for the year of repayment.

Scholarship and fellowship grants. Give a Form W-2 to each recipient of a scholarship or fellowship grant only if you are reporting amounts includible in income under section 117(c) (relating to payments for teaching, research, or other services required as a condition for receiving the qualified scholarship). (See also Pub. 15-A and **Pub. 520**, Scholarships and Fellowships.) These payments are subject to income tax withholding. However, their taxability for social security and Medicare taxes depends on the nature of the employment and the status of the organization. See **Students** in section 15 of Circular E (Pub.15).

Sick pay. If you had employees who received sick pay in 2003 from an insurance company or other third-party payer and the third party notified you of the amount of sick pay involved, you may be required to report the information on the employees' Forms W-2. If the insurance company or other third-party payer did not notify you in a timely manner about the sick pay payments, it must prepare Forms W-2 and W-3 for your employees showing the sick pay. See **Sick Pay Reporting** in section 6 of Pub. 15-A for specific reporting instructions.

SIMPLE retirement account. An **employee's** salary reduction contributions to a SIMPLE (savings incentive match plan for employees) retirement account are not subject to income tax withholding but are subject to social security, Medicare, and railroad retirement taxes. Do not include an employee's contribution in box 1 but do include it in boxes 3 and 5. An employee's total contribution also must be included in box 12 with code **D** or **S**.

An **employer's** matching or nonelective contribution to an employee's SIMPLE is not subject to income tax withholding or social security, Medicare, or railroad retirement taxes and is not to be shown on Form W-2.

See Notice 98-4, 1998-1 C.B. 269, for more information on SIMPLE retirement accounts. You can find Notice 98-4 on page 25 of Internal Revenue Bulletin 1998-2 at www.irs.gov/pub/irs-irbs/irb98-02.pdf.

Successor/predecessor employers. If you buy or sell a business during the year, see Rev. Proc. 96-60, 1996-2 C.B. 399, for information on who must file Forms W-2 and

employment tax returns. You can find Rev. Proc. 96-60 on page 24 of Internal Revenue Bulletin 1996-53 at www.irs.gov/pub/irs-irbs/irb96-53.pdf.

Terminating a business. If you terminate your business, you must provide Forms W-2 to your employees for the calendar year of termination by the due date of your final Form 941. You must also file Forms W-2 with the SSA by the last day of the month that follows the due date of your final Form 941. However, if any of your employees are immediately employed by a successor employer, see **Successor/Predecessor employers** on page 5. Also, see Rev. Proc. 96-57, 1996-2 C.B. 389, for information on automatic extensions for furnishing Forms W-2 to employees and filing Forms W-2. You can find Rev. Proc. 96-57 on page 14 of Internal Revenue Bulletin 1996-53 at www.irs.gov/pub/irs-irbs/irb96-53.pdf.

USERRA makeup amounts to a pension plan. If an employee returned to your employment after military service and certain makeup amounts were contributed to a pension plan for a prior year(s) under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), report the prior year contributions separately in box 12. See the **TIP** above **Code D** on page 9. You also may report certain makeup amounts in box 14. See the box 14 instructions on page 10.

Instead of reporting in box 12 (or box 14), **you may choose to provide a separate statement to your employee showing USERRA makeup contributions.** The statement must identify the type of plan, the year(s) to which the contributions relate, and the amount contributed for each year.

Penalties

The following penalties generally apply to the person required to file Form W-2. The penalties apply to paper filers as well as to magnetic media/electronic filers.



Use of a reporting agent or other third-party payroll service provider does not relieve an employer of the responsibility to ensure that Forms W-2 are furnished to employees and are filed correctly and on time.

Failure to file correct information returns by the due date. If you fail to file a correct Form W-2 by the due date and cannot show reasonable cause, you may be subject to a penalty as provided under code section 6721. The penalty applies if you:

- Fail to file timely,
- Fail to include all information required to be shown on Form W-2,
- Include incorrect information on Form W-2,
- File on paper when you were required to file on magnetic media,
- Report an incorrect TIN,
- Fail to report a TIN, or
- Fail to file paper Forms W-2 that are machine readable.

The **amount** of the penalty is based on when you file the correct Form W-2. The penalty is:

- **\$15** per Form W-2 if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty \$75,000 per year (\$25,000 for small businesses, defined later).
- **\$30** per Form W-2 if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$150,000 per year (\$50,000 for small businesses).
- **\$50** per Form W-2 if you file after August 1 or you do not file required Forms W-2; maximum penalty \$250,000 per year (\$100,000 for small businesses).



*If you **do not** file corrections and you do not meet any of the exceptions to the penalty stated below, the penalty is **\$50** per information return.*

Exceptions to the penalty. The following are exceptions to the failure to file correction information returns penalty:

1. The penalty will not apply to any failure that you can show was due to **reasonable cause** and not to willful neglect. In general, you must be able to show that your failure was due to an event beyond your control or due to significant mitigating factors. You must also be able to show that you acted in a responsible manner and took steps to avoid the failure.
2. An **inconsequential error or omission** is not considered a failure to include correct information. An inconsequential error or omission does not prevent or hinder the SSA/IRS from

processing the Form W-2, from correlating the information required to be shown on the form with the information shown on the payee's tax return, or from otherwise putting the form to its intended use. **Errors and omissions that are never inconsequential are those relating to:**

- A TIN,
- A payee's surname, and
- Any money amounts.

3. **De minimus rule for corrections.** Even though you cannot show reasonable cause, the penalty for failure to file correct Forms W-2 will not apply to a certain number of returns if you:

- Filed those Forms W-2 on or before the required filing date,
- Either failed to include all the information required on the form or included incorrect information, and
- Filed corrections of these forms by August 1.

If you meet all the conditions above, the penalty for filing incorrect Forms W-2 will not apply to the greater of 10 Forms W-2 or 1/2 of 1% of the total number of Forms W-2 you are required to file for the calendar year.

Lower maximum penalties for small businesses. For purposes of the lower maximum penalties shown in parentheses above, you are a small business if your average annual gross receipts for the 3 most recent tax years (or for the period you were in existence, if shorter) ending before the calendar year in which the Forms W-2 were due are \$5 million or less.

Intentional disregard of filing requirements. If any failure to file a correct Form W-2 is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$100 per Form W-2 with no maximum penalty.

Failure to furnish correct payee statements. If you fail to provide correct payee statements (Forms W-2) to your employees and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to provide the statement by January 31, you fail to include all information required to be shown on the statement, or you include incorrect information on the statement.

The penalty is \$50 per statement, no matter when the correct statement is furnished, with a maximum of \$100,000 per year. The penalty is not reduced for furnishing a correct statement by August 1.

Exception. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission cannot reasonably be expected to prevent or hinder the payee from timely receiving correct information and reporting it on his or her income tax return or from otherwise putting the statement to its intended use. **Errors and omissions that are never inconsequential are those relating to:**

- A dollar amount,
- A significant item in a payee's address, and
- The appropriate form for the information provided (i.e., whether the form is an acceptable substitute for the official IRS form).

Intentional disregard of payee statement requirements. If any failure to provide a correct payee statement (Form W-2) to an employee is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least \$100 per Form W-2 with no maximum penalty.

Civil damages for fraudulent filing of Forms W-2. If you willfully file a fraudulent Form W-2 for payments you claim you made to another person, that person may be able to sue you for damages. You may have to pay \$5,000 or more.

Specific Instructions for Form W-2

How to complete Form W-2. Form W-2 is a six-part form. **Please ensure that all copies are legible.** Send Copy A to the SSA; Copy 1 to the state, city, or local tax department; and Copies B, C, and 2 to the employee. **Keep Copy D, and a copy of Form W-3, with your records for 4 years.**

Type the entries on Form W-2 using black ink in 12-point Courier font, if possible. Because Copy A is read by machine, handwritten entries or the use of inks other than black to make

entries on the form hinder processing by the SSA. Do not use script type, inverted font, italics, or dual case alpha characters. It is important that entries in the boxes do not cross one or more of the vertical or horizontal lines that separate the boxes. Please do not erase, whiteout, or strike over an entry. **Make all dollar entries without the dollar sign and comma but with the decimal point (0000.00). Show the cents portion of the money amounts.** If a box does not apply, leave it blank.

Send the whole Copy A page of Form W-2 with Form W-3 to the SSA even if one of the Forms W-2 on the page is blank or void. Do not staple Forms W-2 together or to Form W-3. Also, if possible, please file Forms W-2 either alphabetically by employees' last names or numerically by employees' SSNs. This will help the SSA locate specific forms.

Calendar year basis. The entries on Form W-2 must be based on wages paid during the calendar year. Use Form W-2 for the correct tax year. For example, if the employee worked from December 21, 2003, through January 3, 2004, and the wages for that period were paid on January 5, 2004, include those wages on the 2004 Form W-2.

Multiple forms. If necessary, you can issue more than one Form W-2 to an employee. For example, you may need to report more than four coded items in box 12 or you may want to report other compensation on a second form. If you issue a second Form W-2, complete boxes b, c, d, e, and f with the same information as on the first Form W-2. Show any items that were not included on the first Form W-2 in the appropriate boxes. Also, see the **TIP** under **Box 12—Codes** on page 8.

Do not report the same Federal tax data to the SSA on more than one Copy A.

Box a—Control number. You may use this box to identify individual Forms W-2. **Make certain that entries do not cross over into the form identification box (2222).** You do not have to use this box.

Void. Check this box when an error is made on Form W-2 and you are voiding it because you are going to complete a new Form W-2. **Be careful not to include any amounts shown on "Void" forms in the totals you enter on Form W-3.** See **Corrections** on page 3.

Box b—Employer identification number. Show the employer identification number (EIN) assigned to you by the IRS (00-0000000). This should be the same number that you used on your Federal employment tax returns (Form 941, 943, or CT-1). Do not use a prior owner's EIN. If you do not have an EIN when filing Forms W-2, enter "Applied For" in box b, not your SSN. You can get an EIN by filing **Form SS-4**, Application for Employer Identification Number. Also see **Agent reporting** on page 3.

Box c—Employer's name, address, and ZIP code. This entry should be the same as shown on your Form 941, 943, or CT-1. Also see **Agent reporting** on page 3.

Box d—Employee's social security number. Enter the number shown on the employee's social security card. If the employee does not have a card, he or she should apply for one by completing **Form SS-5**, Application for a Social Security Card. If the employee has applied for a card but the number is not received in time for filing, enter "Applied For" in box d.

Ask the employee to inform you of the number and the exact way his/her name is printed on the card when it is received. Then correct your previous report by filing Form W-2c showing the employee's SSN. If the employee needs to change his or her name from that shown on the card, the employee should call the SSA at 1-800-772-1213.

Boxes e and f—Employee's name and address. Enter the name as shown on the employee's social security card (first, middle initial, last). Do not enter "Jr.," "Sr.," etc. even if such a suffix appears on the card. If the name does not fit, you may show first name initial, middle initial, and last name (and ignore the vertical line). If the name has changed, the employee must get a corrected card from any SSA office. Use the name on the original card until you see the corrected one. **Do not show titles or academic degrees, such as "Jr.," "Dr.," "RN," or "Esq.," at the beginning or end of the employee's name.**

Include in the address the number, street, apartment or suite number (or P.O. box number if mail is not delivered to a street address). For a foreign address, give the information in

the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

Third-party payers of sick pay filing third-party sick pay recap Forms W-2 and W-3 must enter "Third-Party Sick Pay Recap" in place of the employee's name in box e. See **Sick Pay Reporting** in section 6 of Pub. 15-A.

Box 1—Wages, tips, other compensation. Show the total wages, tips, and other compensation, before any payroll deductions, you paid your employee during the year. Do not include elective deferrals, except section 501(c)(18) contributions. **Include the following:**

1. Total wages, bonuses, prizes, and awards paid to employees during the year. See **Calendar year basis** on this page.
2. Total noncash payments, including certain fringe benefits. See **Fringe benefits** on page 5.
3. Total **tips** reported by the employee to the employer (not allocated tips).
4. Certain employee business expense reimbursements (see **Employee business expense reimbursements** on page 4).
5. The cost of **accident and health insurance** premiums for 2% or more shareholder-employees paid by an S corporation.
6. Taxable benefits from a **section 125 (cafeteria) plan** (i.e., employee chooses cash).
7. **Employee** contributions to an **Archer MSA**.
8. Employer contributions to an **Archer MSA** if includible in the income of the employee. See **Archer MSA** on page 3.
9. Employer contributions for **qualified long-term care services** to the extent that such coverage is provided through a flexible spending or similar arrangement.
10. Taxable cost of group-term life insurance in excess of \$50,000. See **Group-term life insurance** on page 5.
11. Unless excludable under an **educational assistance programs** (see page 4), payments for non-job-related education expenses or for payments under a nonaccountable plan. See Pub. 508.
12. The amount includible as wages because you paid your employee's share of taxes. See **Employee's taxes paid by employer** on page 4.
13. All other compensation, including certain scholarship and fellowship grants (see page 5). Other compensation includes amounts you paid to your employee from which Federal income tax was not withheld. You may show other compensation on a separate Form W-2. See **Multiple forms** on this page.
14. **Distributions** to an employee or former employee from a nonqualified deferred compensation plan (including a rabbi trust) or a **nongovernmental** section 457 plan.
15. Amounts includible in income under section 457(f) because the amounts are no longer subject to a substantial risk of forfeiture.
16. Payments to statutory employees who are subject to social security and Medicare taxes but not subject to Federal income tax withholding must be shown in box 1 as other compensation. See **Statutory employee** on page 10.

Box 2—Federal income tax withheld. Show the total Federal income tax withheld from the employee's wages for the year (do not reduce the wages by any advance EIC payments made to the employee). Also include the 20% excise tax withheld on excess parachute payments. See **Golden parachute payments** on page 5.

Box 3—Social security wages. Show the total wages paid (before payroll deductions) subject to employee social security tax but **not** including **social security tips** and **allocated tips**. (See **Box 7** and **Box 8** on page 8.) Generally, noncash payments are considered wages. Include employee business expense reimbursements reported in box 1. If you paid the employee's share of social security and Medicare taxes rather than deducting them from wages, see **Employee's taxes paid by employer** on page 4. The total of boxes 3 and 7 cannot exceed \$87,000 (2003 maximum social security wage base).

Report in box 3 elective deferrals to certain qualified cash or **deferred compensation** arrangements and to retirement arrangements described in box 12 (codes **D**, **E**, **F**, **G**, and **S**) even though the deferrals are not includible in box 1. Amounts

deferred under a **nonqualified or section 457 plan** must be included in boxes 3 and/or 5 as social security and/or Medicare wages as of the later of when the services giving rise to the deferral are performed or when there is no substantial forfeiture risk of the rights to the deferred amount. Include elective and nonelective deferrals for purposes of section 457 plans.

Also include in box 3:

- Taxable cost of group-term life insurance over \$50,000 included in box 1. See **Group-term life insurance** on page 5.
- Cost of accident and health insurance premiums for 2% or more shareholder-employees paid by an S corporation, but only if not excludable under section 3121(a)(2)(B).
- Employee and nonexcludable employer contributions to an MSA. See **Archer MSA** on page 3.
- Employee contributions to a SIMPLE retirement account. See **SIMPLE retirement account** on page 5.
- Adoption benefits. See **Adoption benefits** on page 3.

Box 4—Social security tax withheld. Show the total employee social security tax (not your share) withheld, including social security tax on tips. Do not reduce this amount by any advance EIC payments made to the employee. For 2003, the amount should not exceed \$5,394.00 (\$87,000 × 6.2%). Include only taxes withheld (or paid by you for the employee) for 2003 wages and tips. If you paid your employee's share, see **Employee's taxes paid by employer** on page 4.

Box 5—Medicare wages and tips. The wages and tips subject to Medicare tax are the same as those subject to social security tax (boxes 3 and 7) except that there is no wage base limit for Medicare tax. Enter the total Medicare wages and tips in box 5. Be sure to enter tips the employee reported even if you did not have enough employee funds to collect the Medicare tax for those tips. See **Box 3** on page 7 for payments to report in this box. If you paid your employee's share of taxes, see **Employee's taxes paid by employer** on page 4.

If you are a Federal, state, or local agency with employees paying only the 1.45% Medicare tax, enter the Medicare wages in this box. See **Government employers** on page 5.

Example of how to report social security and Medicare wages. You paid your employee \$140,000 in wages. Enter in box 3 (social security wages) 87000.00 but enter in box 5 (Medicare wages and tips) 140000.00. There is no limit on the amount reported in box 5. If the amount of wages paid was \$87,000 or less, the amounts entered in boxes 3 and 5 would be the same.

Box 6—Medicare tax withheld. Enter the total employee Medicare tax (not your share) withheld. Include only tax withheld for 2003 wages and tips. Do not reduce this amount by any advance EIC payments made to the employee. If you paid your employee's share of the taxes, see **Employee's taxes paid by employer** on page 4.

Box 7—Social security tips. Show the tips the employee reported to you even if you did not have enough employee funds to collect the social security tax for the tips. **The total of boxes 3 and 7 should not be more than \$87,000** (the maximum social security wage base for 2003). Report all tips in box 1 along with wages and other compensation.

Box 8—Allocated tips. If you are a large food or beverage establishment, show the tips allocated to the employee. (See the **Instructions for Form 8027**, Employer's Annual Information Return of Tip Income and Allocated Tips.) **Do not include this amount in boxes 1, 3, 5, or 7.**

Box 9—Advance EIC payment. Show the total paid to the employee as advance earned income credit (EIC) payments.

Box 10—Dependent care benefits. Show the total dependent care benefits under a dependent care assistance program (**section 129**) paid or incurred by you for your employee. Include the fair market value (FMV) of employer-provided or employer-sponsored day-care facilities and amounts paid or incurred for dependent care assistance in a **section 125** (cafeteria) plan. Report all amounts paid or incurred, including those in excess of the \$5,000 exclusion. This may include (a) the FMV of benefits provided in kind by the employer, (b) an amount paid directly to a day-care facility by the employer or reimbursed to the employee to subsidize the benefit, or (c) benefits from the pre-tax contributions made by the employee to a section 125 dependent care flexible spending account.

Include any amounts over \$5,000 in boxes 1, 3, and 5. For more information, see Pub. 15-B.

Box 11—Nonqualified plans. Show **distributions** to an employee from a nonqualified plan or a **nongovernmental section 457 plan**. Also report these distributions in box 1. **Make only one entry in this box.** Distributions from governmental section 457(b) plans must be reported on **Form 1099-R**, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., not in box 1 of Form W-2.

If you did not make distributions this year, show deferrals (plus earnings) under a nonqualified or any section 457 plan that became taxable for social security and Medicare taxes during the year (but were for prior year services) because the deferred amounts were no longer subject to a substantial risk of forfeiture. **Do not report in box 11 deferrals that are included in boxes 3 and/or 5 and that are for current year services.**



*If you made distributions and are also reporting deferrals in box 3 and/or 5, do not complete box 11. See **Pub. 957**, Reporting Back Pay and Special Wage Payments to the Social Security Administration, and **Form SSA-131**, Employer Report of Special Wage Payments, for instructions on reporting these and other kinds of compensation earned in prior years. However, **do not file Form SSA-131 if contributions and distributions occur in the same year and the employee will not be age 62 or older by the end of that year.***

The purpose of box 11 is for the SSA to determine if any part of the amount reported in box 1 or boxes 3 and/or 5 was earned in a prior year. The SSA uses this information to verify that they have properly applied the social security earnings test and paid the correct amount of benefits.

Unlike qualified plans, nonqualified deferred compensation plans do not meet the qualification requirements for tax-favored status. Nonqualified plans include those arrangements traditionally viewed as deferring the receipt of current compensation. Accordingly, welfare benefit plans, stock option plans, and plans providing dismissal pay, termination pay, or early retirement pay are **not** nonqualified plans.

Report distributions from nonqualified or section 457 plans to **beneficiaries** of deceased employees on Form 1099-R, not on Form W-2.

Military employers must report military retirement payments on Form 1099-R.

Box 12—Codes. Complete and code this box for all items described below. Do not report in box 12 any items that are not listed as codes **A–V**. Also, do not report in box 12 section 414(h)(2) contributions (relating to certain state or local government plans). Instead, use box 14 for these items and any other information you wish to give your employee. For example, union dues and uniform payments may be reported in box 14.



On Copy A (Form W-2), do not enter more than four items in box 12. If more than four items need to be reported in box 12, use a separate Form W-2 to report the additional items (but enter no more than four items on each Copy A (Form W-2)). **On all other copies of Form W-2 (Copies B, C, etc.), you may enter more than four items in box 12.** See also **Multiple forms** on page 7.

Use the IRS code designated below for the item you are entering, followed by the dollar amount for that item. Even if only one item is entered, you must use the IRS code designated for that item. Enter the code using a capital letter. Leave at least one space blank after the code, and enter the dollar amount on the same line. Use decimal points but not dollar signs or commas. For example, if you are reporting \$5,300.00 in elective deferrals to a section 401(k) plan, the entry would be **D 5300.00** (not A 5300.00 even though it is the first or only entry in this box). **Report the IRS code to the left of the vertical line in boxes 12a-d and money amount to the right of the vertical line.**

See the **Form W-2 Reference Guide for Box 12 Codes** on page 12. See also the detailed instructions below for each code.

Code A—Uncollected social security or RRTA tax on tips. Show the employee social security or Railroad Retirement Tax Act (RRTA) tax on all of the employee's tips

that you could **not** collect because the employee did not have enough funds from which to deduct it. Do not include this amount in box 4.

Code B—Uncollected Medicare tax on tips. Show the employee Medicare tax or RRTA Medicare tax on tips that you could **not** collect because the employee did not have enough funds from which to deduct it. Do not include this amount in box 6.

Code C—Taxable cost of group-term life insurance over \$50,000. Show the taxable cost of group-term life insurance coverage over \$50,000 provided to your employee (including a former employee). See **Group-term life insurance** on page 5. Also include this amount in boxes 1, 3 (up to the social security wage base), and 5.

Codes D through H and S. Use these codes to show deferrals made to the plans listed. Do not report amounts for other types of plans. See below for an example of reporting elective deferrals to a section 401(k) plan.

The amount reported as elective deferrals is only the part of the employee's salary (or other compensation) that he or she did not receive because of the deferrals. Only elective deferrals should be reported in box 12 for all coded plans, except, when using code **G** for section 457(b) plans, include both elective and nonelective deferrals.



*If any elective deferrals, salary reduction amounts, or nonelective contributions to a section 457(b) plan during the year are makeup amounts under the **Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA)** for a prior year, you must enter the prior year contributions separately. Beginning with the earliest year, enter the code, the year, and the amount. For example, elective deferrals under USERRA to a section 401(k) plan are reported in box 12 as follows:*

D 01 2250.00, D 02 1250.00. The 2003 contribution does not require a year designation; enter it as **D 7000.00**. Report the code (and year for prior year USERRA contributions) to the left of the vertical line in boxes 12a-d.

The following are not elective deferrals and may be reported in box 14, but not in box 12:

- Nonelective employer contributions made on behalf of an employee.
- After-tax contributions, such as voluntary contributions to a pension plan that are deducted from an employee's pay.
- Required employee contributions.
- Employer matching contributions.

Code D—Elective deferrals to a section 401(k) cash or deferred arrangement. Also show deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

Example of reporting elective deferrals to a section 401(k) plan. For 2003, Employee A elected to defer \$12,300 to a section 401(k) plan and made a voluntary after-tax contribution of \$600. In addition, the employer, on A's behalf, made a qualified nonelective contribution of \$1,000 to the plan and a nonelective profit-sharing employer contribution of \$2,000.

The total elective deferral of \$12,300 is reported in box 12 with code **D** (D 12300.00). Even though the 2003 limit for elective deferrals is \$12,000, the employer must report the total amount of \$12,300 in box 12. The excess is not reported in box 1. Report the excess deferrals and earnings on **Form 1099-R**.

The \$600 voluntary after-tax contribution may be reported in box 14 (this is optional) but not in box 12. The \$1,000 nonelective contribution and the \$2,000 nonelective profit-sharing employer contribution are not required to be reported on Form W-2, but may be reported in box 14.

Check the "Retirement plan" box in box 13.

Code E—Elective deferrals under a section 403(b) salary reduction agreement.

Code F—Elective deferrals under a section 408(k)(6) salary reduction SEP.

Code G—Elective deferrals and employer contributions (including nonelective deferrals) to any governmental or nongovernmental section 457(b) deferred compensation plan. Do not report either section 457(b) or section 457(f) amounts that are subject to a substantial risk of forfeiture.

Code H—Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan. Be sure to include this amount in box 1 as wages. The employee will deduct the amount on his or her Form 1040.

Code J—Nontaxable sick pay. Show any sick pay **not** includable in income (and **not** shown in boxes 1, 3, and 5) because the employee contributed to the sick pay plan.

Code K—20% excise tax on excess golden parachute payments. If you made excess "golden parachute" payments to certain key corporate employees, report the 20% excise tax on these payments. If the excess payments are considered wages, also report the 20% excise tax as income tax withheld in box 2.

Code L—Substantiated employee business expense reimbursements. Use this code **only** if you reimbursed your employee for employee business expenses using a per diem or mileage allowance and the amount you reimbursed **exceeds** the amount treated as substantiated under IRS rules. (See **Employee business expense reimbursements** on page 4.)

Report in box 12 only the amount treated as substantiated (i.e., the nontaxable part). In box 1, include the part of the reimbursement that is more than the amount treated as substantiated.

Code M—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (for former employees). If you provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected social security or RRTA tax on the coverage in box 12. Also see **Group-term life insurance** on page 5.

Code N—Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (for former employees). If you provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected Medicare tax or RRTA Medicare tax on the coverage in box 12. Also see **Group-term life insurance** on page 5.

Code P—Excludable moving expense reimbursements paid directly to employee. Show the total moving expense reimbursements you paid directly to your employee for qualified (deductible) moving expenses. See **Moving expenses** on page 5.

Code R—Employer contributions to an Archer MSA. Show any employer contributions to an Archer MSA. See **Archer MSA** on page 3.

Code S—Employee salary reduction contributions under a section 408(p) SIMPLE. Show deferrals under a section 408(p) salary reduction SIMPLE retirement account. However, if the SIMPLE is part of a section 401(k) arrangement, use code **D**. If you are reporting prior year contributions under USERRA, see the **TIP** above **Code D** on this page.

Code T—Adoption benefits. Show the total you paid or reimbursed for qualified adoption expenses furnished to your employee under an adoption assistance program. Also include adoption benefits paid or reimbursed from the pre-tax contributions made by the employee to a section 125 (cafeteria) plan. However, do not include adoption benefits forfeited from a section 125 (cafeteria) plan. Report all amounts including those in excess of the \$10,160 exclusion.

Code V—Income from the exercise of nonstatutory stock option(s). Show the spread (i.e., fair market value of stock over the exercise price of option(s) granted to your employee with respect to that stock) from your employee's (or former employee's) exercise of nonstatutory stock option(s). Include this amount in boxes 1, 3 (up to the social security wage base), and 5.

This reporting requirement does not apply to the exercise of a statutory stock option, or the sale or disposition of stock acquired pursuant to the exercise of a statutory stock option. For more information concerning stock options, see **Publication 15-B, Employer's Tax Guide to Fringe Benefits**.

Box 13—Checkboxes. Check all boxes that apply.

• **Statutory employee.** Check this box for statutory employees whose earnings are subject to social security and Medicare taxes but **not subject to Federal income tax withholding.** Do not check this box for common-law employees. There are workers who are independent contractors under the common-law rules but are treated by statute as employees. They are called statutory employees.

1. A driver who distributes beverages (other than milk), or meat, vegetable, fruit, or bakery products; or who picks up and delivers laundry or dry cleaning if the driver is your agent or is paid on commission.

2. A full-time life insurance sales agent whose principal business activity is selling life insurance or annuity contracts, or both, primarily for one life insurance company.

3. An individual who works at home on materials or goods that you supply and that must be returned to you or to a person you name if you also furnish specifications for the work to be done.

4. A full-time traveling or city salesperson who works on your behalf and turns in orders to you from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer's business operation. The work performed for you must be the salesperson's principal business activity.

See section 1 in Pub. 15-A for details on statutory employees and common-law employees.

• **Retirement plan.** Check this box if the employee was an active participant (for any part of the year) in any of the following:

1. A qualified pension, profit-sharing, or stock-bonus plan described in section 401(a) (including a 401(k) plan).

2. An annuity plan described in section 403(a).

3. An annuity contract or custodial account described in section 403(b).

4. A simplified employee pension (SEP) plan described in section 408(k).

5. A SIMPLE retirement account described in section 408(p).

6. A trust described in section 501(c)(18).

7. A plan for Federal, state, or local government employees or by an agency or instrumentality thereof (other than a section 457 plan).

For information on the active participant rules, see Notice 87-16, 1987-1 C.B. 446, Notice 98-49, 1998-2 C.B. 365, section 219(g)(5), and **Pub. 590**, Individual Retirement Arrangements (IRAs). You can find Notice 98-49 on page 5 of Internal Revenue Bulletin 1998-38 at www.irs.gov/pub/irs-irbs/irb98-38.pdf.

TIP Do not check this box for contributions made to a nonqualified or section 457(b) plan.

• **Third-party sick pay.** Check this box **only** if you are a third-party sick pay payer filing a Form W-2 for an insured's employee or are an employer reporting sick pay payments made by a third party. See **Sick Pay Reporting** in section 6 of Pub. 15-A.

Box 14—Other. The lease value of a vehicle provided to your employee and reported in box 1 **must** be reported here or on a separate statement to your employee. You may also use this box for any other information that you want to give to your employee. **Please label each item.** Examples include state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a member of the clergy's parsonage allowance and utilities. In addition, you may enter the following contributions to a pension plan: (a) nonelective employer contributions made on behalf of an employee, (b) voluntary after-tax contributions that are deducted from an employee's pay, (c) required employee contributions, and (d) employer matching contributions.

If you are reporting prior year contributions under USERRA (see the **TIP** above **Code D** on page 9 and **USERRA makeup amounts to a pension plan** on page 6), you may report in box 14 makeup amounts for nonelective employer contributions, voluntary after-tax contributions, required employee

contributions, and employer matching contributions. Report such amounts separately for each year.

Railroad employers, see **Railroad employers** on page 5.

Boxes 15 through 20—State and local income tax information. Use these boxes to report state and local income tax information. Enter the two-letter abbreviation for the name of the state. The employer's state I.D. numbers are assigned by the individual states. The state and local information boxes can be used to report wages and taxes for two states and two localities. Keep each state's and locality's information separated by the broken line. If you need to report information for more than two states or localities, prepare a second Form W-2. See **Multiple forms** on page 7. Contact your state or locality for specific reporting information.

Specific Instructions for Form W-3

How to complete Form W-3. The instructions under **How to complete Form W-2** on page 6 generally apply to Form W-3. See those instructions. **Darkly type all entries, if possible.**

TIP Amounts reported on related employment tax forms (e.g., W-2, 941, or 943) should agree with the amounts reported on Form W-3. If there are differences, you may be contacted by the IRS and SSA. You should retain a reconciliation for future reference. See **Reconciling Forms W-2, W-3, 941, and 943** on page 11.

Box a—Control number. This is an optional box that you may use for numbering the whole transmittal. **Make certain that entries do not cross over into the form identification number box (33333).**

Box b—Kind of Payer. Check the box that applies to you. Check **only one** box **unless** the second, checked box is "Third-party sick pay." **If you have more than one type of Form W-2, send each type** (except "Third-party sick pay") **with a separate Form W-3.** (The "Third-party sick pay" indicator box does not designate a **separate** kind of payer.)

941. Check this box if you file Form 941, Employer's Quarterly Federal Tax Return, and **no other category** (except "Third-party sick pay") **applies.**

Military. Check this box if you are a military employer sending Forms W-2 for members of the uniformed services.

943. Check this box if you file Form 943, Employer's Annual Tax Return for Agricultural Employees, and you are sending Forms W-2 for agricultural employees. For nonagricultural employees, send their Forms W-2 with a separate Form W-3, checking the appropriate box.

CT-1. Check this box if you are a **railroad employer** sending Forms W-2 for employees covered under the Railroad Retirement Tax Act (RRTA). **Do not show employee RRTA tax in boxes 3 through 7.** These boxes are **only** for social security and Medicare information. If you also have employees who are subject to social security and Medicare taxes, send that group's Forms W-2 with a separate Form W-3 and check the "941" box on that Form W-3.

Hshld. emp. Check this box if you are a household employer sending Forms W-2 for household employees and you did not include the household employee's taxes on Form 941 or Form 943.

Medicare government employee. Check this box if you are a U.S., state, or local agency filing Forms W-2 for employees subject only to the 1.45% Medicare tax. See **Government employers** on page 5.

Third-party sick pay. Check this box **and** another box such as the "941" box if you are a third-party sick pay payer (or are reporting sick pay payments made by a third party) filing Forms W-2 with the "Third-party sick pay" box in box 13 checked. **File a single Form W-3 for the regular and "Third-party sick pay" Forms W-2.** See also **941** above.

Box c—Total number of Forms W-2. Show the number of **completed** individual Forms W-2 that you are transmitting with this Form W-3. Do not count "Void" forms.

Box d—Establishment number. You may use this box to identify separate establishments in your business. You may file a separate Form W-3, with Forms W-2, for each establishment

even if they all have the same EIN; or you may use a single Form W-3 for all Forms W-2 of the same type.

Box e—Employer identification number. If you received a preprinted Form W-3 from the IRS with **Pub. 393**, Federal Employment Tax Forms, or **Pub. 2184**, Alternative Ways To Get Employment Tax Forms and Instructions, verify that your EIN is correct. Make any necessary corrections on the form.

If you did not receive a form with a preprinted EIN, enter the nine-digit EIN assigned to you by the IRS. The number should be the same as shown on your Form 941, 943, or CT-1 and in the following format: 00-0000000. **Do not use a prior owner's EIN.** See **Box h** below.

If you do not have an EIN when filing your Form W-3, enter "Applied For" in box e, not your social security number, and see the **Box b** instructions for Form W-2 on page 7.

Box f—Employer's name. If you are not using a preprinted Form W-3, enter the same name as shown on your Form 941, 943, or CT-1. Make any necessary corrections on your preprinted Form W-3.

Box g—Employer's address and ZIP code. If you are not using a preprinted Form W-3, enter your address. Make any necessary corrections on your preprinted Form W-3.

Box h—Other EIN used this year. If you have used an EIN (including a prior owner's EIN) on Form 941, 943, or CT-1 submitted for 2003 that is different from the EIN reported on Form W-3 in box e, enter the other EIN used. Agents must report the employer's EIN in box h. See **Agent reporting** on page 3.

Contact person, telephone number, fax number, and e-mail address. Please enter this information for use by the SSA if any questions arise during processing.



The amounts to enter in boxes 1 through 19, described below, are totals from only the Forms W-2 you are sending with this Form W-3.

Boxes 1 through 10. Enter the totals reported in boxes 1 through 10 on the Forms W-2.

Box 11—Nonqualified plans. Enter the total reported in box 11 on Forms W-2.

Box 12—Deferred compensation. Enter one total of all amounts reported with codes **D–H** and **S** in box 12 on Forms W-2. Do not enter a code.

Box 13—For third-party sick pay use only. Third-party payers of sick pay (or employers using the optional rule for Form W-2 described in section 6 of Pub. 15-A) filing third-party sick pay recap Forms W-2 and W-3 must enter "Third-Party Sick Pay Recap" in this box.

Box 14—Income tax withheld by payer of third-party sick pay. Complete this box **only** if you are the employer and have employees who had income tax withheld on third-party payments of sick pay. Show the total income tax withheld by third-party payers on payments to all your employees. Although this tax is included in the box 2 total, it must be separately shown here.

Box 15—State/Employer's state ID number. Enter the two-letter abbreviation for the name of the state being reported on Form(s) W-2. Also enter your state-assigned ID number. If the Forms W-2 being submitted with this Form W-3 contain wage and income tax information from more than one state, enter an "X" under "State" and do not enter any state ID number.

Boxes 16–19. Enter the total of state/local wages and income tax shown in their corresponding boxes on the Forms W-2 included with this Form W-3. If the Forms W-2 show amounts from more than one state or locality, report them as one sum in the appropriate box on Form W-3. **Please verify that the amount reported in each box is an accurate total of the Forms W-2.**

Reconciling Forms W-2, W-3, 941, and 943

Reconcile the amounts shown in boxes 2, 3, 5, 7, and 9 from all 2003 Forms W-3 with their respective amounts from the 2003 **yearly** totals from the quarterly Forms 941, or Form 943. When there are discrepancies between amounts reported on Forms W-2 and W-3 filed with the SSA and on Forms 941 or 943 filed

with the IRS, we must contact you to resolve the discrepancies.

To help reduce discrepancies on Forms W-2:

- Report bonuses as wages **and** as social security and Medicare wages on Forms W-2 and 941/943.
- Report both social security and Medicare wages and taxes separately on Forms W-2, W-3, and 941/943.
- Report social security taxes withheld on Form W-2 in box 4, **not** in box 3.
- Report Medicare taxes withheld on Form W-2 in box 6, **not** in box 5.
- Make sure that the social security wage amount for each employee **does not exceed** the annual social security wage base limit (\$87,000 for 2003).
- Do not report noncash wages that are not subject to social security or Medicare taxes as social security or Medicare wages.
- If you use an EIN on any quarterly Form 941 for the year (or annual Form 943) that is different from the EIN reported in box e on Form W-3, enter the other EIN in box h on Form W-3.

To reduce the discrepancies between amounts reported on Forms W-2, W-3, and Form 941/943:

- Be sure the amounts on Form W-3 are the total amounts from Forms W-2.
- Reconcile Form W-3 with your four quarterly Forms 941 (or annual Form 943) by comparing amounts reported for—
 1. Income tax withholding (box 2).
 2. Social security wages, Medicare wages and tips, and social security tips (boxes 3, 5, and 7). Form W-3 should include Form 941 or 943 adjustments only for the current year. If the Form 941 or 943 adjustments include amounts for a prior year, do not report those prior year adjustments on the current year Forms W-2 and W-3.
 3. Social security and Medicare taxes (boxes 4 and 6). The amounts shown on the four quarterly Forms 941 (or annual Form 943), including current year adjustments, should be approximately twice the amounts shown on Form W-3.
 4. Advance EIC payment (box 9)

Amounts reported on Forms W-2, W-3, and 941/943 may not match for valid reasons. If they do not match, you should determine that the reasons are valid. **Keep your reconciliation in case there are inquiries from the IRS or the SSA.**

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Forms W-2 and W-3 to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Section 6051 and its regulations require you to furnish wage and tax statements to employees and to the Social Security Administration. Section 6109 requires you to provide your employer identification number. If you fail to provide this information in a timely manner, you may be subject to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average times are: **Form W-2**—30 minutes, and **Form W-3**—29 minutes. If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send these tax forms to this address. Instead, see **Where to file** on page 2.

Form W-2 Reference Guide for Box 12 Codes (See box 12 instructions for information.)

A Uncollected social security or RRTA tax on tips	G Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan (state and local government and tax-exempt employers)	N Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (for former employees)
B Uncollected Medicare tax on tips	H Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan	P Excludable moving expense reimbursements paid directly to employee
C Taxable cost of group-term life insurance over \$50,000	J Nontaxable sick pay	R Employer contributions to an Archer MSA
D Elective deferrals to a section 401(k) cash or deferred arrangement (including a SIMPLE 401(k) arrangement)	K 20% excise tax on excess golden parachute payments	S Employee salary reduction contributions under a section 408(p) SIMPLE
E Elective deferrals under a section 403(b) salary reduction agreement	L Substantiated employee business expense reimbursements (Federal rate)	T Adoption benefits
F Elective deferrals under a section 408(k)(6) salary reduction SEP	M Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (for former employees)	V Income from exercise of nonstatutory stock option(s)

Index

A	G	Religious workers 3
Address correction 4	Getting forms, publications, and help 1	Repayments, wages received in error 5
Adoption benefits 3, 8, 9	Golden parachute payments 5, 9	S
Advance EIC payment 8	Government employers 5, 10	Scholarships 5
Agent reporting 3	Group-term life insurance 5, 8, 9	Shipping and mailing 2
Agricultural employers 4, 10	H	Sick pay 5, 9, 11
Allocated tips 8	Help 1	SIMPLE retirement account 5, 8, 9
Archer MSA 3, 7, 9	Household employers 2, 4, 10	Social security number 3, 7
C	How to complete Form W-2 6	Social security tax withheld 8
Calendar year basis 7	How to complete Form W-3 10	Social security wages/tips 7, 8
Clergy 3	How to get forms and publications 1	State and local tax information 10
Codes for box 13, Form W-2 8	I	Statutory employee 7, 10
Corrections and void Forms W-2 3, 7	Income tax withheld 7, 11	Substitute forms 1
D	L	Successor/predecessor employers 5
Deceased employee's wages 4	Lost Form W-2 5	T
Deferred compensation 7, 11	M	Taxpayer identification numbers 3
Dependent care benefits 8	Magnetic media/electronic reporting 2	Terminating a business 6
Due date(s) 1, 2	Medicare tax withheld 8	Tips 7, 8, 9
E	Medicare wages and tips 8	U
Earned income credit notification 2	Military employers 8, 10	Uncollected taxes on group-term life insurance 9
Educational assistance programs 4, 7	Moving expenses 5, 9	Uncollected taxes on tips 8, 9
Election workers 4	Multiple Forms W-2 issued to employee 7	Undeliverable Forms W-2 3
Elective deferrals 9	N	USERRA contributions 6, 9, 10
Electronic reporting 1, 2	Nonqualified plans 8, 11	V
Employee business expense reimbursements 4, 7, 9	Nonstatutory stock option(s) 1, 9	Void Forms W-2 3, 7
Employee's taxes paid by employer 4, 7	P	W
Employer identification number (EIN) 3, 7, 11	Penalties 6	Wages 7
Errors, common 2	R	When and where to file 2
Extension to file/furnish Form(s) W-2 2, 3	Railroad employers 5, 10	When to furnish Forms W-2 to employees 3
F	Reconciling Forms W-2, W-3, and 941/943 11	Who must file Forms W-2 and W-3 2
Fellowship grants 5	Reissued Form W-2 4, 5	
Fringe benefits 5, 7		
Furnishing Forms W-2 to employees 3		