

Understanding your 2006 W-2

Purpose To help Vermont State Employees understand the information presented on their 2006 W-2.

Source Documents 2006 W-2 Wage and Tax Statement

2006 W-2 INFORMATION

General Information

Form W-2 Wage and Tax Statement 2006		7 Social security tips	1 Wages, tips, other compensation	2 Federal income tax withheld
c Employer's name, address, and ZIP code		8 Allocated tips	3 Social security wages	4 Social security tax withheld
		9 Advance EIC payment	5 Medicare wages and tips	6 Medicare tax withheld
		10 Dependent care benefits	11 Nonqualified plans	12a See instructions for box 12
e Employee's name, address, and ZIP code		13 <small>Statutory employee</small> <small>Retirement plan</small> <small>Third-party sick pay</small>	14 Other	12b
		b Employer identification number (EIN)		12c
		d Employee's social security number		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

Copy B-To Be Filed With Employee's FEDERAL Tax Return This information is being furnished to the Internal Revenue Service. OMB No. 1545-0048 Dept. of the Treasury - IRS Visit the IRS website at www.irs.gov/efile

Box 1 This is the total taxable gross paid. The amount has been adjusted for any amounts shown in boxes 10, 12a, 12b, 12c, 12d, and 14.

Box 2 This figure includes all federal taxes withheld from paychecks received from the State of Vermont in the calendar year 2006.

Box 3 These are the wages subject to Social Security Tax (up to a maximum of \$94,200).

Social Security Tax, also known as Old-Age, Survivors, and Disability Insurance (OASDI), is a tax that pays for benefits to entitled beneficiaries.

Box 4 This figure includes all social security taxes withheld for checks received from the State of Vermont in the calendar year 2006. This is 6.2% of Box 3.

Box 5 These are wages subject to Medicare Tax (no maximum).

Medicare tax, also known as Hospital Insurance (HI), is a tax that pays for hospital benefits for people covered by Medicare.

Box 6 This figure includes all Medicare taxes withheld from paychecks received from the State of Vermont in the calendar year 2006. This is 1.45% of Box 5.

Box 7 N/A

Box 8 N/A

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Box 9	Advanced Earned Income Credit (EIC) - For almost all State of Vermont employees, this box will be blank. Employees with information in this box should consult with the Department of Human Resources – Payroll Division if you have any questions about the amounts in this box.
Box 10	Box 10 shows contributions to Dependent Care made through your flexible spending account via payroll deductions. Contributions to DeCAP are not subject to federal, social security, Medicare or your state taxes.
Box 11	N/A
Box 12 A - D	<p>This box contains an employee's benefit amounts. The benefit amounts are identified by letter codes and some of the most commonly shown codes are:</p> <p>C. This amount is the taxable portion of your State Group Life Insurance coverage in excess of \$50,000 (per IRS Section 79). It is determined from an IRS tax table and reduced by life insurance premiums deducted from your payroll checks. Your taxable gross in boxes 1, 3, 5, and 16 have been increased by this amount.</p> <p>G. This amount is the total deducted from your payroll checks for contributions to an IRS Section 457 Deferred Compensation plan. Reduces withholding wages (box 1 & box 16) but not FICA (box 3).</p>
Box 13	If you were paid wages that were covered under the State of Vermont Retirement Plans, then the Retirement Plan Box will be checked.
Box 14	<p>RETIR – Employee contributions to retirement plans. Reduces withholding wages (box 1) but not FICA (box 3).</p> <p>IMP - Imputed income – The value of health/dental insurance coverage for employees who elect coverage for Domestic or Civil Union Partners taken on a pretax basis. This amount is added into Boxes 1, 3, 5, & code 16 (for domestic partners only).</p> <p>MEDIC – Health insurance premiums taken as a pre-tax payroll deduction. The amount reflected in the MEDIC code reduces taxable wages in Box 1 (and 16 for State wages) and Social Security and Medicare wages in Boxes 3 and 5.</p>
Box 15	State Code - usually VT
Box 16	State wages, tips, etc. - Normally, this box contains the total year-to-date State Taxable Gross pay. To determine the total shown in Box 16, see instructions for Box 1.
Box 17	Employee State Withholding taxes YTD.
