

**Your 2023 W-2:
What You Need to Know!**

Comparing Your Last Pay Stub to Your W-2

When you compare your W-2 against your final pay stub, the amounts may not be the same. Your pay stub represents your actual wages earned, taxes paid, deductions taken, and subsidies paid on your behalf. Your W-2 is the reportable portion of your wages, taxes withheld and value of your health cost [when applicable]. Your W-2 Wage & Tax Statement is reported to the Internal Revenue Service (IRS), state governments and Social Security Administration (SSA). **If you worked for more than one (1) state agency or worked for more than one (1) payroll system, please remember to add your last pay stub from each agency. To understand how we arrived at your reporting figures, please review the following information:**

Tax Sheltered Deductions

Deductions such as dental, pharmacy, medical and other voluntary deductions may be exempt from Federal, Social Security/Medicare (FICA), State and/or Local taxes. Mandatory employee retirement contributions are exempt from Federal income tax but are taxable for Maryland and FICA. Other voluntary deductions such as deferred compensation are only exempt from Federal or State/Local tax but are subject to FICA taxation. These are a few examples of “Tax Sheltered Deductions”.

- **(Box 1) Wages Subject to Federal Income Taxes**

Any earnings or deduction that is not tax sheltered is subject to Federal income tax. Your reportable wages are listed in Box 1 and are to be used to report on your federal income tax return.

- **(Box 3,5) Wages Subject to Social Security/Medicare (FICA) Taxes**

Any earnings that are subject to Social Security & Medicare wages are reported in Box 3 & 5. This information is reported to SSA and they will credit your account.



- **(Box 6) Additional Medicare Tax 0.9%**

Employers are required to withhold an additional 0.9% in Medicare Tax on any Medicare wages that exceed \$200,000. It is only imposed on the employee. The additional withholding will continue until the end of the calendar year. All Medicare taxes withheld are combined and reported in Box 6.

- **(Box 10) Dependent Care**

This represents the amount that was deducted from your paycheck under the State's dependent care flex program. Amounts equal or less than \$5,000 is non-taxable and reported in Box 10. Amounts in excess of \$5,000 are treated as taxable income and is reported in Box 1, 3, 5, and 16.

- **(Box 12 Code P) Moving Expense Reimbursements**

Tax Cut and Job Act of 2017 modified the treatment of moving expenses. Reimbursements for moving expenses made to employees or paid directly to third parties on and after January 1, 2018 through December 31, 2025 are to be included in wages subject to federal income tax, state income tax, and FICA taxes. Taxable moving expense is reported in Box 1, 3, 5, and 16. The only exception to this provision applies to members of the Armed Forces on active duty moving pursuant to a military order.

- **(Box 12 Code DD) Health Cost Reporting**

Patient Protection and Affordable Care Act of 2010 require that employers report the total cost of employer-sponsored health group coverage. This is the aggregate of group health plan coverage for the calendar year. The total includes specific health plans that you and your agency paid. It is for informational purposes. **Code DD is not taxable!**

- **(Box 14) State Pickup Amount**

If you contributed to any mandatory state retirement system, it is reported in Box 14 'STPICKUP'. This gets reported on Maryland Form 502 line 3 (Additions to Income) or Maryland Form 505-line 19 code "G" (Additions to Income). It is not subject to federal tax but is subject to Maryland state and locality tax. If you are entitled to a refund on your Maryland state tax return, failure to add the "state pickup amount" may result in a delay of your anticipated refund. Supplemental Retirement Annuity (SRA) 401(k), 403(b), 457(b), and ROTH plans are not factored in Box 14. SRAs are reported in Box 12 using their applicable codes.

- **(Box 16) Wages Subject to State Income Taxes**

Any earnings that are subject to state wages are reported in Box 16. Mandatory retirement contributions are subject to Maryland state taxable wages. These wages are reported to the state governments.

How Do I Balance My W-2?

Using our sample "final" pay stub, we'll explain the process!

Employee's Earnings Statement
 STATE OF MARYLAND
 COMPTROLLER OF MARYLAND
 240101 OFFICE OF COMPTROLLER
 000

Name COMPTROLLER, CATHY				Document ID RG9999			
Regular Pay Rate .00		Pay Period Ending Date 12-12-2023		Check/Advice Number 99999999			
F.Mar.Stat M	Fed. Ex. 0	Additional Fed. Tax	St.Mar.Stat M	St. Ex. 1	Additional St. Tax	County Code BA	
W4 Step 2 Y	W4 Step 3		W4 Step 4a		W4 Step 4b		

EARNINGS	HOURS	CURRENT	YEAR TO DATE	TAXES/DEDUCTIONS	CURRENT	YEAR TO DATE
REGULAR	800	311096	7301643	FEDERAL TAX	23606	552468
*ST PD BENEFITS				FICA/MED	20425	484372
FICA SUBSIDY		20425	484372	STATE TAXES	19269	456709
PHARMACY SUB		21815	479930	PHARMACY PLAN	5454	119988
DENTAL SUBSIDY		1358	29876	HLTH CARE ACCT	6250	137500
RET/PEN SUB		67003	1567424	DEPN CARE ACCT	20833	458326
UNEMPL INS SUB		748	17735	UCC DENTL DPPD	1358	29876
HEALTH INS SUB		57774	1271028	ST EMP ALT PEN	21896	513049
				DEF COMP	2500	60000
				DIR/DEP-CHKNG	179310	4265065
				CF BCBS EPO	10195	224290
MATCH TO MSRP		2500	* FYTD * 27500			

Current	Earnings 311096	Taxes 63300	Deductions 68486	Net Pay 179310
Year To Date	7301643	1493549	1543029	4265065

CATHY COMPTROLLER
 9999 SOMEWHERE STREET
 BALTIMORE MD 21212

01 400

Cathy Comptroller has year to date (YTD) regular earnings **\$73,016.43**. Based on tax- sheltered deductions, her W-2 reportable wages will be different.

It is important to understand that your final pay stub is your record of wages earned, taxes withheld, deductions paid, and subsidies paid on your behalf. Your W-2 represents the "reportable" [or taxable] portion of your earnings.

- \$57,586.14** was subject to Federal Income tax (W-2 Box 1)
- \$63,316.63** was subject to FICA tax (W-2 Box 3 & 5)
- \$57,586.14** was subject to Maryland Income Tax (W-2 Box 16)
- \$5,130.49** "STPICKUP" (W-2 Box 14)

Compare figures on your W-2:

a Employee's social security number XXX-XX-9999	b Employer identification number 52-6002033	Copy B To Be Filed With Employee's FEDERAL Tax Return		OMB No. 1545-0008	
c Employer's name, address and ZIP code STATE OF MARYLAND CENTRAL PAYROLL BUREAU P.O. BOX 2396 ANNAPOLIS, MD 21404-2396 S.S.# 69-0520001L		57,586.14	5,524.68		
		1 Wages, tips, other compensation	2 Federal income tax withheld		
		63,316.63	3,925.63		
		3 Social security wages	4 Social security tax withheld		
		63,316.63	918.09		
		5 Medicare wages and tips	6 Medicare tax withheld		
		7 Social security tips	8 Allocated tips	9	
d Control number MD000001		4,583.26	G 600.00		
		10 Dependent care benefits	11 Nonqualified plans		
e Employee's first name and initial, last name and suffix f Employee's address and ZIP code CATHY COMPTROLLER 9999 SOMEWHERE STREET BALTIMORE MD 21212		DD 20,952.36	12a Code See inst for box 12		
		12b Code	12c Code		
		12d Code		14 Other	
		13		STPICKUP 5,130.49	
		Statutory employee <input type="checkbox"/>			
		Retirement plan <input checked="" type="checkbox"/>			
		Third-party sick pay <input type="checkbox"/>			
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
MD	52-6002033	57,586.14	4,567.09		

Form W-2 Wage and Tax Statement 2023
This information is being furnished to the Internal Revenue Service

Department of the Treasury - Internal Revenue Service

1. Wages subject to Federal Income Taxes:

The amount shown in W-2 Box 1 is the amount that you report on your Federal Income Tax Return. Box 1 does not include the total aggregate health cost amount as shown in W-2 Box 12(code DD). To reconcile the Federal wages reported in Box 1, subtract only the Federal exempt deductions from year-to-date earnings as shown on your final pay stub(s).

Y-T-D Regular earnings **73,016.43**

**Federal Sheltered Deductions* - 15,430.29

Box 1 of W-2 **\$ 57,586.14**

**Total Y-T-D Federal Sheltered Deductions (final pay stub):*

PHARMACY PLAN 1,199.88

HLTH CARE ACCT 1,375.00

DEPN CARE ACCT 4,583.26

UCC DENTAL DPPO 298.76

ST EMP ALT PEN 5,130.49

DEF COMP 600.00

CF BCBS PPO + 2,242.90

Federal Sheltered Deductions **\$ 15,430.29**

If you claimed EXEMPT from taxation, you may still have federal wages reported in Box 1.

2. Wages subject to FICA taxes:

Deferred compensation and retirement/pension contributions are subject to Social Security and Medicare (FICA) tax. The amount of DEF COMP is shown in Box 12 of the W-2 [along with a federal identification code]. Federal identification codes are located on the back of W-2s. The retirement/pension contribution is exempt from federal, but not FICA. To reconcile the FICA wages reported in Boxes 3 and 5, subtract only the FICA exempt deductions from year-to-date earnings shown on your final pay stub.

Y-T-D Regular earnings	73,016.43
<i>*Social Security/Medicare (FICA)</i>	
<i>Sheltered Deductions</i>	<u>- 9,699.80</u>
Box 3 and 5 of W-2	\$ 63,316.63
<i>*Total Y-T-D FICA Sheltered Deductions (final pay stub):</i>	
PHARMACY PLAN	1,199.88
HLTH CARE ACCT	1,375.00
DEPN CARE ACCT	4,583.26
UCC DENTAL DPPO	298.76
CF BCBS PPO	<u>+ 2,242.90</u>
<i>Social Security</i>	
<i>(FICA) Sheltered</i>	\$ 9,699.80
<i>Deductions</i>	

3. Wages subject to State Income taxes:

To reconcile your W-2 Maryland state wages Box 16 to your Y-T-D amount on your final pay stub, use the method listed below. In most cases, Boxes 1 and 16 will display the same wage amount. You will need to add Box 1 Federal wages, Box 14 State Pickup, and Maryland Sheltered Deductions. State Pickup retirement/pension contributions are exempt from Federal taxation but are taxable for State.

Box 1 of W-2	57,586.14
Box 14 of W-2 (STPICKUP)	+ 5,130.49
<i>*Maryland Sheltered Deductions</i>	<u>+ 10,299.80</u>
<i>Y-T-D State earnings</i>	\$ 73,016.43
<i>*Total Y-T-D Maryland (State) Sheltered Deductions (final pay stub):</i>	
PHARMACY PLAN	1,199.88
HLTH CARE ACCT	1,375.00
DEPN CARE ACCT	4,583.26
UCC DENTAL DPPO	298.76
DEF COMP	600.00
CF BCBS PPO	<u>+ 2,242.90</u>
<i>Maryland Sheltered Deductions</i>	\$ 10,299.80

If you claimed EXEMPT from taxation, you may still have state wages reported in Box 16.

4. Total Health Cost (Box 12 Code DD)

The total includes certain types of health plans such as EPO medical insurance, POS medical insurance, PPO medical insurance, pharmacy insurance and their related subsidy costs that your agency paid on your behalf. This does not include dental insurance/subsidy or any other health benefits. This is for informational purposes only. **The amount reported using code DD is not taxable!**

Box 12 of W-2 (Code DD)	20,952.36
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Y-T-D Reportable Health Cost (final pay stub):

PHARMACY PLAN (Employee paid)	1,199.88
CF BCBS PPO (Employee paid)	2,242.90
PHARMACY SUBSIDY (Agency paid)	4,799.30
HEALTH INS SUBSIDY (Agency paid)	<u>+12,710.28</u>
<i>Total Health Cost</i>	<i>\$ 20,952.36</i>

5. You may be eligible for an Earned Income Credit!

The earned income credit (EIC) is a tax credit for certain people who work and have earned income below a certain amount. A tax credit usually means more money in your pocket. It reduces the amount of tax you owe. The EIC may also give you a refund. To claim the EIC, you must meet certain rules. For more information, visit www.irs.gov/eitc. Also, see Publication 596, Earned Income Credit, Do I qualify for EITC? **Any EIC, that is more than your tax liability is refunded to you, but only if you file a tax return.**

Verify Your Tax Preparer!

If you see a paid tax preparer in Maryland, other than a CPA, Enrolled Agent or Attorney; make sure the preparer is registered with the Maryland Board of Individual Tax Preparers.

Tax Preparers

Check the ***Maryland Tax Registration Search*** on the Department of Labor, Licensing & Regulation website www.dllr.state.md.us/licence/taxprep

CPAs

Check the ***Maryland licensed CPA Search*** the Department of Labor, Licensing & Regulation website www.dllr.state.md.us/license/cpa

Attorneys

Check the ***Maryland Attorney/lawyers listing*** for on the Maryland Courts website www.mdcourts.gov/lawyers/attylist

Getting Filing Help!

State (phone). Comptroller of Maryland's Taxpayer Service **(410) 260-7980** or **(800) MD-TAXES**. Available 8:30 a.m. – 4:30 p.m. Monday – Friday. From February 1 to April 15, 2024, hours are extended 8:30 a.m. – 6:00 p.m. (except State Holidays).

State (email). Email your tax questions to Comptroller of Maryland's Taxpayer Service taxhelp@marylandtaxes.gov. Please include your name, address and last 4-digits of Social Security Number to generate a quick response to your inquiry.

To request a virtual appointment (using your P.C. or cell phone). Website www.marylandtaxes.gov: Locations > Taxpayer Service Virtual appointments (schedule a virtual on-line appointment).

To request an In-Person appointment. Website www.marylandtaxes.gov: Locations > Tax Service Location (schedule in-person office appointment).

Federal (phone). For federal filing questions, please call IRS **(800) 829-1040**.

Keep this information with your tax records.

iFile To Save Time, Money and Frustration!

Last year, more than \$ 2.9 billion in refunds were issued with most electronic payments issued within three (3) business days. There are state of the art fraud detections in place to keep Marylanders safe from identify theft and tax fraud. Join this group of satisfied customers and make filing easier than ever!

Millions of Marylanders can learn how easy, safe and fast it is to file their taxes for free by going to www.marylandtaxes.gov. Best of all, filers expecting a refund that utilize direct deposit can have their money deposited in their bank account within three (3) days after acknowledgment from the Revenue Administration Division and after their return is accepted. Select the *iFile* icon on the Comptroller of Maryland's website for more details.

Electronic filers also get the added benefit of extra time to pay. Taxpayers who owe, file their returns electronically by **April 15**, and pay electronically (credit card or direct debit) have until **April 30** to pay. Those who submit their return electronically by **April 15** and pay by check must pay by **April 15 , 2024**.



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