



## YOUR 2015 W-2

### What You Need To Know!

If you pay a deduction to the State Retirement System, remember to include the State Pickup Amount from the first line of box 14 labeled "STPICKUP" of your W-2 on your Maryland tax return!

### State Pickup Amount

If an entry labeled as "STPICKUP" appears on the first line in box 14 of your W-2, you must enter that amount on line 3 under Additions to Income of Maryland Form 502 or line 19 under Additions to Income of Maryland Form 505 and enter code "G." The pickup amount is the mandatory retirement deductions that you paid during the year that are not subject to federal tax, but are subject to Maryland state and local tax. If you are due a refund on your Maryland tax, failure to add the "state pickup amount" on your 502 or 505 Maryland tax return may result in your refund being delayed.

### Payroll Online Service Center!

[http://comptroller.marylandtaxes.com/Government\\_Services/State\\_Payroll\\_Services/](http://comptroller.marylandtaxes.com/Government_Services/State_Payroll_Services/)

The Payroll Online Service Center (POSC) provides services that have been requested by state employees. You can obtain duplicate copies of your current and prior year W-2, update addresses and direct deposit, and view current & prior year pay stubs.

The system is designed for use by all State government active and recently retired employees who are/were paid by the Central Payroll Bureau; and for use by authorized State government payroll representatives.

First time users are required to execute the Sign Up process. This requires some personalized data and unique information found on your most recent pay stubs (pay stub information received within the last 8 weeks, must be used). This process will help you generate a **Logon ID and Password** that will be used each subsequent time you access the POSC.

**\*\*\*\*Additional Medicare Tax \*\*\*\***

Employers are required to withhold 0.9% Additional Medicare Tax on any Federal Insurance Contributions Act (FICA) wages it pays to an employee in excess of \$200,000. The additional withholding will continue until the end of the calendar year. It is only imposed on the employee. The normal and additional withholding will be combined and reported in box 6 Medicare tax withheld.

**\*\*\*\* Health Plan Cost Reporting \*\*\*\***

The Patient Protection and Affordable Care Act of 2010 requires that employers report the total aggregate cost of group health plan coverage to their employees annually on their W-2s. Although this cost is included on the W-2 (in Box 12, under Code DD), it is informational only and is not included in taxable income. The aggregate cost of coverage that is reported on the W-2 is based on what you pay toward the Pharmacy plan, Basic Health Insurance, and the subsidized amount the State of Maryland pays toward your plan

## **Comparing Your Last Pay Stub To Your W-2**

When you look at your W-2 form and your final pay stub, the numbers may not look the same. There is a reason, and it's to your benefit. Here's why!

Your pay stub is a statement of what you actually earned in wages and paid in taxes and deductions. It is also a statement of what the state paid in fringe benefits. Your W-2 is a wage statement that reports the taxable portion of your earnings to federal and state governments. To understand how we arrive at these figures let's take a look at the following areas.

### **1. Tax sheltered deductions**

During the past calendar year, deductions for dental, pharmacy plans, health insurance and certain other voluntary deductions were exempt from all federal, Social Security (FICA) and state and local taxes. In addition, mandatory employee contributions to some retirement programs have been exempt from federal income tax, but not from Maryland income tax or Social Security (FICA). Some other voluntary deductions, such as deferred compensation, are not subject to federal or state and local tax, but are subject to Social Security tax.

### **2. Wages subject to Social Security taxes**

Deferred compensation contributions are subject to Social Security tax. Your deferred compensation is shown in box 12a through 12d of the W-2 form along with a federal identification code.

### **3. Wages subject to Federal income taxes**

The amount shown in box 1 on your W-2 form is the amount that you report on your federal income tax return.

### **4. Wages subject to Maryland income taxes**

The amount shown in box 16 on your W-2 statement represents your Maryland state taxable wage. The State Pickup Amount (first line on box 14 of the W-2) should be reported on line 3 under Additions to Income of Maryland Form 502 or line 19 under Additions to Income of Maryland Form 505 using code "G".

## How Did We Arrive At The Taxable Amounts Reported on Your W-2?

This example will help you compare figures on your W-2 and final pay stub. Look at the final pay stub in the example:

**Employee's Earnings Statement**  
 STATE OF MARYLAND  
 COMPTROLLER OF MARYLAND  
 240104 REVENUE ADMIN DIVISION  
 000

Name <b>COMPTROLLER, CATHY</b>		Document ID <b>RG9999</b>	
Regular Pay Rate <b>2882.39</b>		Pay Period Ending Date <b>12-22-2015</b>	
Mar. Stat. <b>M</b>		Fed. Ex. <b>0</b>	Additional Fed. Tax <b>0</b>
St. Ex. <b>0</b>		Additional St. Tax	County Code <b>BC</b>
Check/Advice Number <b>12345678</b>			

MD FILING STATUS: SINGLE

EARNINGS	HOURS	CURRENT	YEAR TO DATE
REGULAR	800	288239	5851500
ACTING CAPACITY		00	59634
*ST PD BENEFITS			
FICA SUBSIDY		19428	422486
PHARMACY SUB		16052	275664
DENTAL SUBSIDY		1164	23268
RET/PEN SUB		46939	895979
UNEMPL INS SUB		711	15459
HEALTH INS SUB		46822	734284

TAXES/DEDUCTIONS	CURRENT	YEAR TO DATE
FEDERAL TAX	20838	472285
FICA/MED	19428	422486
STATE TAXES	15161	339532
PHARMACY PLAN	4013	68912
DEPN CARE ACCT	20833	166664
UCC DENTL DPPD	1164	23280
401K-SAVE	40000	730000
ST EMP ALT PEN	20232	414921
DIR/DEP-CHKNG	138307	3143470
CF BCBS EPO	8263	129584

Current	<b>Earnings</b>	<b>Taxes</b>	<b>Deductions</b>	<b>Net Pay</b>
	288239	55427	94505	138307
Year To Date	5911134	1234303	1533361	3143470

000

CATHY COMPTROLLER  
 9999 SOMEWHERE STREET  
 BALTIMORE MD 21213

The year to date (YTD) regular earnings are \$58,515.00 and Acting Capacity earnings are \$596.34. The employee in the example actually earned \$59,111.34. Of that money, the amount that will be reported on the W-2 is different because of tax sheltering, pretax deductions and the state pickup amount (see #4 on the previous page, "Wages subject to Maryland income tax").

It is important to understand that your final pay stub is your record of the actual wages you earned, the taxes and deductions you paid. The W-2 is a statement of only the taxable portion of those earnings that are reported to the taxing authorities.

- \$43,777.73 was subject to federal income tax (Box 1 of W-2)
- \$55,226.94 was subject to FICA (SS/MED) tax (Box 3 and 5 of W-2)
- \$43,777.73 was subject to Maryland income tax (Box 16 of W-2) as is the \$4,149.21 ("STPICKUP" Box 14 of W-2).

**1. Compare figures on your W-2 :**

a Employee's social security number <b>999-99-9999</b>		b Employer identification number <b>52-6002033</b>		Copy B To Be Filed With <b>Employee's FEDERAL Tax Return</b>		OMB No. 1545-0008	
c Employer's name, address and ZIP code <b>STATE OF MARYLAND CENTRAL PAYROLL BUREAU P.O. BOX 2396 ANNAPOLIS, MD 21404-2396 52-6002033 S.S. # 69-0520001L</b>				1 Wages, tips, other compensation <b>43,777.73</b>		2 Federal income tax withheld <b>4,722.85</b>	
				3 Social security wages <b>55,226.94</b>		4 Social security tax withheld <b>3,424.07</b>	
				5 Medicare wages and tips <b>55,226.94</b>		6 Medicare tax withheld <b>800.79</b>	
				7 Social security tips		8 Allocated tips	
d Control number <b>000001</b>				10 Dependent care benefits <b>1,666.64</b>		11 Nonqualified plans <b>D 7,300.00</b>	
e Employee's name, address and ZIP code <b>000001 FD CATHY COMPTROLLER 9999 SOMEWHERE STREET BALTIMORE MD 21213</b>				12b Code <b>DD 12,084.44</b>		12a Code See inst for box 12 <b>12d Code</b>	
				13 Statutory employee <input type="checkbox"/>		14 Other <b>STPICKUP 4,149.21</b>	
				Retirement plan <input checked="" type="checkbox"/>			
15 State Employer's state ID number <b>MD 52-6002033</b>		16 State wages, tips, etc <b>43,777.73</b>		17 State income tax <b>3,395.32</b>		18 Local wages, tips, etc	
				19 Local income tax		20 Locality name	

Form W-2 Wage and Tax Statement 2015  
This information is being furnished to the Internal Revenue Service

Department of the Treasury - Internal Revenue Service

**2. Wages subject to Federal income taxes:**

The amount shown in box 1 on your W-2 form is the amount that you report on your federal income tax return. Box 1 does not include the total aggregate health cost amount shown on the W-2 in Box 12, code DD. This is informational only to show the value of your health plans. To reconcile the Federal wages reported in Box 1, subtract only the Federal exempt deductions from the year-to-date earnings shown on your final pay stub.

Y-T-D Earnings	59,111.34
Federal Sheltered Deductions	<u>- 15,333.61</u>
Box 1 of W-2	\$ 43,777.73

The final pay stub lists the following YTD Federal tax sheltered deductions:

Pharmacy Plan	<u>689.12</u>	422.56
UCC Dental DPPO	<u>232.80</u>	
Depn Care Acct	<u>1666.64</u>	139.68
St Emp Alt Pen	4,149.21	
401(k) Save	7,300.00	
CF BCBS EPO (Health)	<u>+ 1,295.84</u>	
Federal Sheltered Deductions	\$ 15,333.61	

If you claimed EXEMPT from taxation, you may not have federal taxes in Box 2; however, you will still have federal taxable wages reported in Box 1.

### 3. Wages subject to FICA taxes

Deferred compensation and retirement/pension contributions are subject to Social Security and Medicare (FICA) tax. The amount of 401(k), in this case \$7,300.00, is shown in Box 12a of the W-2 [along with a federal identification code]. To locate the federal identification code, please refer to the back of your W-2. The retirement/pension contribution of \$4,149.21 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 the year-to-date earnings shown on your final pay stub.

Y-T-D Earnings	59,111.34
FICA Sheltered Deductions	<u>- 3,884.40</u>
Boxes 3 and 5 of W-2	\$ 55,226.94

In this example the final pay stub lists the following YTD FICA tax sheltered deductions:

Pharmacy Plan	689.12
UCC Dental DPPO	232.80
Depn Care Acct	1,666.64
CF BCBS EPO (Health)	<u>+ 1,295.84</u>
FICA Sheltered Deductions	\$ 3,884.40

### 4. Wages subject to Maryland income tax

To reconcile your W-2 Maryland state wage Box 16 to your YTD 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	43,777.73
Box 14 of W-2 (STPICKUP)	+ 4,149.21
Maryland Sheltered Deductions	<u>+ 11,184.40</u>
Y-T-D Earnings	\$ 59,111.34

YTD Maryland tax sheltered deductions:

Pharmacy Plan	689.12
UCC Dental DPPO	232.80
Depn Care Acct	1,666.64
401(k) Save	7,300.00
CF BCBS EPO (Health)	<u>+ 1,295.84</u>
Maryland Sheltered Deductions	\$ 11,184.40

YTD retirement/pension contributions:

St Emp Alt Pen	\$ 4,149.21
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If you claimed EXEMPT from taxation, you may not have state taxes in Box 17; however, you will still have state taxable wages reported in Box 16.

## 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. For 2015 income limits and more information, visit [www.irs.gov/eitc](http://www.irs.gov/eitc). Also see Publication 596, Earned Income Credit. **Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return.**

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### Getting Help!

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**State (Phone).** Comptroller of Maryland's Taxpayer Service **(410) 260-7980** or **(800) MD-TAXES** is available 8:30 a.m. - 4:30 p.m. Monday through Friday. Extended hours for telephone assistance from February 1 - April 18, 2016 is available from 8:30 a.m. - 7:00 p.m. Monday through Friday except State Holidays.

**State (Email).** Email service is available by contacting [taxhelp@comp.state.md.us](mailto:taxhelp@comp.state.md.us). Please include your name, address and last four digits of your Social Security Number in your email message. This will help to generate a quick response to your inquiry.

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

#### **iFile To Save Time, Money and Frustration!**

More than 2.4 million Maryland taxpayers filed their tax return electronically last year. Join this group of satisfied customers this year and make filing easier than ever!

Millions of Marylanders know how easy, safe and fast it is to file their taxes for free at [www.maryland.taxes.com](http://www.maryland.taxes.com). Best of all, filers expecting a refund who choose direct deposit can have their money deposited in their bank account 72 hours after the return is accepted for processing. Click on the iFile icon on the Comptroller's website for more information.

Electronic filers also get the added benefit of extra time to pay. Taxpayers who owe, file their returns electronically by April 18, and pay electronically (credit card or direct debit) now have until April 30 to pay. Those who submit their return electronically and pay by check, still need to file and pay by **April 18**.

**Keep this information with your tax records.**



**Thank you for visiting our Web site.**