Your 2017 W-2:
What You Need to Know!

Payroll Online Service Center (POSC)

Comptroller of Maryland and Central Payroll Bureau (CPB) offers the Payroll Online Service Center (POSC) to provide services that were requested by state government employees. Our system is designed for use by all active and recently retired state government employees who were paid by CPB. With your access; you can view/print duplicate W-2s, current year pay stubs, prior year pay stubs, update W-4s, and obtain your Workday number. 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 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 that you access POSC.

Additional Medicare Tax 0.9% (Box 6)

Employers are required to withhold an additional 0.9% in 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. Normal and additional withholding will be combined and reported in W-2 Box 6 Medicare tax withheld.

Dependent Care (Box 10)

This is the total dependent care benefit that was deducted from your pay and was covered under the State’s dependent care flex program. Amounts equal or less than $5,000 is non-taxable. Amounts in excess of $5,000 are treated as taxable income that gets reported in Box 1, 3, 5, and 16.

Health Cost Reporting (Box 12 Code DD)

The Patient Protection and Affordable Care Act of 2010 require that employers report the total cost of employer-sponsored health group coverage in W-2 Box 12 Code DD. This is the aggregate of group health plan coverage for the calendar year. 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!**

State Pickup Amount (Box 14)

If you contributed to any mandatory state retirement system, please remember to report the state pickup amount as listed on your W-2 Box 14 labeled "STPICKUP". This is reported on Maryland Form 502 line 3 (Additions to Income) or Maryland Form 505 line 19 code "G" (Additions to Income). The pickup amount represents your mandatory retirement deduction that you paid throughout the year. It is not subject to federal tax, but is subject to Maryland state and locality tax. If you are due 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. These SRAs will be reported in Box 12 using the applicable codes.
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. There is a reason, and it's to your benefit! 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 [if applicable]. Your W-2 Wage & Tax Statement is reported to Internal Revenue Service (IRS), state governments and Social Security Administration (SSA). To understand how we arrived at your reporting figures, we’ll explain the following:

- **Tax Sheltered Deductions**
  
  During the past calendar year you may have had deductions for dental, pharmacy plans, health insurance and other voluntary deductions that were exempt from Federal, Social Security/Medicare (FICA), State and/or Local taxes. In addition, mandatory employee contributions toward retirement plans were exempt from Federal income tax, but were taxable for Maryland and FICA. Other voluntary deductions such as deferred compensation was only exempt from Federal or State/Local tax, but were subject to FICA taxation. These are several examples of “Tax Sheltered Deductions”.

- **Wages Subject to Social Security/Medicare (FICA) taxes**

  Deferred compensation and mandatory retirement contributions are subject to FICA tax. These are reported in Box 12 and/or Box 14.

- **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.

- **Wages Subject to Maryland Income Taxes**

  Mandatory retirement contributions are subject to Maryland state taxable wages. Your reportable wages are listed in Box 16. State pickup amount (Box 14) should be reported on Maryland Form 502 line 3 (Additions to Income) or Maryland Form 505 line 19 code "G” (Additions to Income).
How Do I Balance My W-2?

Using our sample “final” pay stub, we’ll explain the process!

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 sheltered, pretax deductions and state pickup amount (see “Wages subject to Maryland income tax” in previous section).

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” portion of your earnings.

- $43,777.73 was subject to Federal income tax (W-2 Box 1)
- $55,226.94 was subject to FICA tax (W-2 Box 3 & 5)
- $43,777.73 was subject to Maryland income tax (W-2 Box 16)
- $4,149.21 “STPICKUP” (W-2 Box 14)
1. Compare figures on your W-2:

Y-T-D Earnings       59,111.34
Federal Sheltered Deductions               – 15,333.61
Box 1 of W-2      $ 43,777.73

Total YTD Federal tax sheltered deductions:

Pharmacy Plan            689.12
UCC Dental DPPO                   232.80
Depn Care Acct         1,666.64
St Emp Alt Pen         4,149.21
401(k) Save              7,300.00
CF BCBS EPO (Health)   +  1,295.84
Federal Sheltered Deductions $ 15,333.61

~ If you claimed EXEMPT from taxation, you may still have federal 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]. Federal identification codes are located on the back of W-2s. 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 year-to-date earnings shown on your final pay stub.

Y-T-D Earnings 59,111.34
FICA Sheltered Deductions – 3,884.40
Boxes 3 and 5 of W-2 $ 55,226.94

Total YTD FICA tax sheltered deductions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy Plan</td>
<td>689.12</td>
</tr>
<tr>
<td>UCC Dental DPPO</td>
<td>232.80</td>
</tr>
<tr>
<td>Depn Care Acct</td>
<td>1,666.64</td>
</tr>
<tr>
<td>CF BCBS EPO (Health)</td>
<td>+ 1,295.84</td>
</tr>
<tr>
<td>FICA Sheltered Deductions</td>
<td>$ 3,884.40</td>
</tr>
</tbody>
</table>

4. Wages subject to Maryland income tax

To reconcile your W-2 Maryland state wages 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 + 11,184.40
Y-T-D Earnings $ 59,111.34

YTD Maryland tax sheltered deductions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy Plan</td>
<td>689.12</td>
</tr>
<tr>
<td>UCC Dental DPPO</td>
<td>232.80</td>
</tr>
<tr>
<td>Depn Care Acct</td>
<td>1,666.64</td>
</tr>
<tr>
<td>401(k) Save</td>
<td>7,300.00</td>
</tr>
<tr>
<td>CF BCBS EPO (Health)</td>
<td>+ 1,295.84</td>
</tr>
<tr>
<td>Maryland Sheltered Deductions</td>
<td>$ 11,184.40</td>
</tr>
</tbody>
</table>

YTD retirement/pension contributions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>St Emp Alt Pen</td>
<td>$ 4,149.21</td>
</tr>
</tbody>
</table>

~ If you claimed EXEMPT from taxation, you may still have state wages reported in Box 16. ~
5. **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) 12,084.44

_YTD Reportable Health Costs:_

<table>
<thead>
<tr>
<th>Pharmacy Plan</th>
<th>689.12</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF BCBS EPO (Health)</td>
<td>1,295.84</td>
</tr>
<tr>
<td>Pharmacy Sub</td>
<td>2,756.64</td>
</tr>
<tr>
<td>Health Ins Sub</td>
<td>+ 7,342.84</td>
</tr>
<tr>
<td>Total Health Cost</td>
<td>$ 12,084.44</td>
</tr>
</tbody>
</table>

6. **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 2017 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.**
Verify Your Tax Preparer!

If you use 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 REGISTRATION SEARCH on the Department of Labor, Licensing & Regulation website [www.dllr.state.md.us/license/taxprep](http://www.dllr.state.md.us/license/taxprep)

CPAs

Check the LICENSE SEARCH for CPAs on the Department of Labor, Licensing & Regulation website [www.dllr.state.md.us/license/cpa](http://www.dllr.state.md.us/license/cpa)

ATTORNEYS

Check the ACTIVE STATUS for attorneys on the Maryland Courts website [www.mdcourts.gov/lawyers/attylist.html](http://www.mdcourts.gov/lawyers/attylist.html)
Getting Filing Help!

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 - Friday. From February 1 to April 17, 2018, hours are extended 8:30 a.m. - 7:00 p.m. (except State Holidays).

State (Email). Email your tax questions to Comptroller of Maryland’s Taxpayer Service taxhelp@comp.state.md.us. Please include your name, address and last 4-digits of Social Security Number to generate a quick response to your inquiry.

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!

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 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 72 hours after acknowledgment from the Revenue Administration Division and after their return is accepted. Select the iFile icon on the Comptroller’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 17, 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 by April 17, 2018.

Thank you for visiting our Web site.