

W-2 & You: 8 Tips for Tax Season



(NAPSA)—It pays to know what you've been paid. By January 31, 2006, every employer that paid you during 2005 must provide you with an IRS Form W-2, Wage and Tax Statement—even if you worked only a single day.

You need accurate W-2s to prepare your federal tax return. If information is incorrect, certain deductions and credits may be reduced or disallowed, and tax refunds may be delayed. The American Payroll Association, the nation's leader in payroll education, offers these tips to help ensure your W-2s are correct:

1. Update your records. Verify and update information with your employer annually, including your name, social security number, and address. Report name changes due to marriage or divorce, and verify your withholding allowances are correct.

2. Make sure you get a W-2 from all employers. Every company that paid you in 2005 must deliver a W-2 to you. If mailed, it must be postmarked by January 31, 2006. If you don't receive your W-2 by February 15, contact the company's payroll department. Be prepared to provide your full name, social security number, and employee number, if applicable. If you moved, be ready to provide your prior and current addresses.

3. Be certain your name and Social Security number on your W-2 exactly match your Social Security card. If your name or Social Security number doesn't match, contact your payroll department and request a corrected W-2. It's critical they match, because errors may affect the amount of your social security benefits later in life. An exception: It's okay if your Social Security card spells out your middle name and your W-2 shows your middle initial.

4. Look at your last pay stub for 2005. Check for discrepancies between your last 2005 pay stub and your W-2. Note that amounts entered in W-2 Box 1

(wages, tips, and other compensation), Box 3 (Social Security wages), and Box 5 (Medicare wages and tips) may differ from your year-to-date gross pay. Deductions for some savings plans, such as a 401(k) plan, reduce the amount reported in Box 1. Pre-tax payroll deductions for health insurance premiums and/or flexible spending accounts will reduce the amounts in Boxes 1, 3, and 5. The 2005 Social Security wage base of \$90,000 is the maximum amount that may be reported in Box 3 and is subject to Social Security tax. If any amounts seem incorrect, contact your payroll department.

5. Make sure the correct state and local jurisdictions are listed on your W-2. Be sure your W-2 accurately reflects the states, cities, counties, or any other local jurisdictions for which you have a tax liability. Many calculate taxable wages differently from what is reported in Box 1 and include or exclude certain wage items or fringe benefits differently from the federal government.

6. Check if you qualify for any tax credits. Read the back of the W-2 Copy B to determine if you are eligible for the Earned Income Tax Credit, and the back of Copy C for explanations of other boxes.

7. Expect a Form 1099-MISC if you were paid for freelance or contract work. If you were paid a total of \$600 or more by any one company for freelance or contract work, you should receive a Form 1099-MISC, Miscellaneous Income. If you don't, contact the company's accounts payable department.

8. Obtain a new W-2 if you misplace your original. Request a "reissued statement" from your payroll department to replace a lost W-2. A fee may be charged for the replacement.

For year-round information about your Form W-2 and paycheck-related topics, visit www.nationalpayrollweek.com.