Notice to Employee

Refund. Even if you do not have to file a tax return, you should file to get a refund if box 2 shows federal income tax withheld or if you can take the earned income credit.

Earned income credit (EIC). You may be able to take the EIC for 2011 if (a) you do not have a qualifying child and you earned less than $13,660 ($18,740 if married filing jointly), (b) you have one qualifying child and you earned less than $36,052 ($41,132 if married filing jointly), (c) you have two qualifying children and you earned less than $40,964 ($46,044 if married filing jointly), or (d) you have three or more qualifying children and you earned less than $43,998 ($49,078 if married filing jointly). You and any qualifying children must have valid social security numbers (SSNs). You cannot take the EIC if your investment income is more than $3,150. Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return.

Clergy and religious workers. If you are not subject to social security and Medicare taxes, see Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers.

Corrections. If your name, SSN, or address is incorrect, correct Copies B, C, and 2 and ask your employer to correct your employment record. Be sure to ask the employer to file Form W-2c, Corrected Wage and Tax Statement, with the Social Security Administration (SSA) to correct any name, SSN, or money amount error reported to the SSA on Form W-2. If your name and SSN are correct but are not the same as shown on your social security card, you should ask for a new card that displays your correct name at any SSA office or by calling 1-800-772-1213. You also may visit the SSA at www.socialsecurity.gov.

Cost of employer-sponsored health coverage (if such cost is provided by the employer). The reporting in Box 12, using Code DD, of the cost of employer-sponsored health coverage is for your information only. The amount reported with Code DD is not taxable.

Credit for excess taxes. If you had more than one employer in 2011 and more than $4,485.60 in social security and/or Tier I railroad retirement (RRTA) taxes were withheld, you may be able to claim a credit for the excess against your federal income tax. If you had more than one railroad employer and more than $3,088.80 in Tier II RRTA tax was withheld, you also may be able to claim a credit. See your Form 1040 or Form 1040A instructions and Pub. 505, Tax Withholding and Estimated Tax.

Instructions for Employee

Box 1. Enter this amount on the wages line of your tax return.

Box 2. Enter this amount on the federal income tax withheld line of your tax return.

Box 8. This amount is not included in boxes 1, 3, 5, or 7. For information on how to report tips on your tax return, see your Form 1040 instructions.

Unless you have records that show you did not receive the amount reported in Box 8 as allocated tips, you must file Form 4137, Social Security and Medicare Tax on Unreported Tip Income, with your income tax return to report the allocated tip amount. On Form 4137 you will figure the social security and Medicare tax owed on the allocated tips shown on your Form(s) W-2 that you must report as income and on other tips you did not report to your employer. By filing Form 4137, your social security tips will be credited to your social security record (used to figure your benefits).

Box 10. This amount is the total dependent care benefits that your employer paid to you or incurred on your behalf (including amounts from a section 125 (cafeteria) plan). Any amount over $5,000 is also included in box 1. Complete Form 2441, Child and Dependent Care Expenses, to compute any taxable and nontaxable amounts.

Box 11. This amount is (a) reported in box 1 if it is a distribution made to you from a nonqualified deferred compensation or nongovernmental section 457(b) plan and included in box 3 and/or 5 if it is a prior year deferral under a nonqualified or section 457(b) plan that became taxable for social security and Medicare taxes this year because there is no longer a substantial risk of forfeiture of your right to the deferred amount. The following list explains the codes shown in box 12. You may need this information to complete your tax return. Elective deferrals (codes D, E, F, and S) and designated Roth contributions (codes AA, BB, and EE) under all plans are generally limited to a total of $16,500 ($11,500 if you only have SIMPLE plans): $19,500 for section 403(b) plans if you qualify for the 15-year rule explained in Pub. 571). Deferrals under code G are limited to $16,500. Deferrals under code H are limited to $7,000. However, if you were at least age 50 in 2011, your employer may have allowed an additional deferral of up to $5,500 ($2,500 for section 401(k)(1)(i) and 408(p) SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals. For code G, the limit on elective deferrals may be higher for the last 3 years before you reach retirement age. Contact your plan administrator for more information. Amounts in excess of the overall elective deferral limit must be included in income. See the “Wages, Salaries, Tips, etc.” line instructions for Form 1040.

Note. If a year follows code D through H, S, Y, AA, BB, or EE, you may be able to take the Earned Income Credit (EIC) for 2011 if (a) you do not have a qualifying child and you earned less than $13,660 ($18,740 if married filing jointly), (b) you have one qualifying child and you earned less than $36,052 ($41,132 if married filing jointly), (c) you have two qualifying children and you earned less than $40,964 ($46,044 if married filing jointly), or (d) you have three or more qualifying children and you earned less than $43,998 ($49,078 if married filing jointly). You and any qualifying children must have valid social security numbers (SSNs). You cannot take the EIC if your investment income is more than $3,150. 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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