

## UNDERSTANDING YOUR FORM W-2 AND 1042-S

### INFORMATION REGARDING YOUR FORM W-2 WAGE AND TAX STATEMENT

The Form W-2 is your wage and tax statement provided by your employer to provide information on your taxable wages and taxes withheld for the calendar year. The information on this form is needed by the employee for filing their personal income tax return.

The Form W-2 is a substitute wage and tax statement as allowed by IRS and is acceptable for filing with Federal and State Income tax returns. The Form W-2 conforms to the official issued IRS Form W-2. The W-2 Wage and Tax Statement prints with 3 copies of the Form W-2 on one self sealer page:

**COPY 2** for filing with the employee's **STATE** tax return, and  
**COPY B** for filing with the employee's **FEDERAL** tax return  
**COPY C** for the employee's records.

Form W-2 must be furnished to employees or postmarked by January 31 each year.

The University of Arizona Financial Services Office/Operations maintains returned Form W-2 for 4 years. The information provided in "Understanding your Form W-2" and "Reconciling your Form W-2" is designed to provide an explanation of the amounts in the numbered boxes on the W-2 and how the information in each box was derived.

If you have questions or need additional clarifications, contact the FSO/Operations office at 621-9097 or email payroll at: payroll@fso.arizona.edu

### UNDERSTANDING YOUR FORM W-2 WAGE AND TAX STATEMENT

**Box a - Employee's Social Security Number:** This is your Social Security number as provided to the University. This number should be an exact match to the number appearing on your Social Security card. If this number is incorrect, contact FSO-Operations for instructions. If you have not provided a valid Social Security Number "Applied For" will appear in this box. Once you provide a copy of the card issued by Social Security Administration to FSO Operations you will receive a W-2C Corrected Wage and Tax Statement.

**Box b - Employer's Identification Number:** This is the University's employer identification number (State of Arizona).

**Box c - Employer's Name, Address, and Zip Code:** This is the University of Arizona Payroll Department's U.S. mail address for W-2 purposes.

**Box d & e - Employee's Name, Address, and Zip Code:** This is your name and last address on file as it appears on the University's current payroll records. The name should be an exact match to the name appearing on your Social Security Card. If there is a discrepancy, please contact FSO-Operations for instructions on how to correct. If there is an address change, please change your address through Employee Link.

**Box 1 - Wages, Tips, Other Compensation:** This amount includes total wages, tips and other compensation paid to you during the calendar year based on dollars received from the first pay day in January to the last pay day in December. In addition, any amounts received as fringe benefits -- for example, the value of group-term life insurance plan coverage in excess of \$50,000 -- are also added to the wages in Box 1. However, salary reductions for health and dental insurance plan coverage, flexible spending account for health, flexible spending account for dependent care benefits up to \$5000, and contributions to a retirement plan, will reduce the income reported in this box.

**Box 2 - Federal Income Tax Withheld:** This is the amount of federal income tax withheld from your wages reported in Box 1. Your W-4 Employee Withholding Allowance Certificate on file with FSO-Operations was used to determine the rate which tax was withheld.

**Box 3 - Social Security Wages (OASDI):** This amount represents total wages, tips and other compensation plus imputed income minus salary reductions for health insurance plan coverage and spending accounts up to the maximum Social Security wage base for each year that was subject to Social Security tax. Therefore, this box may differ from Federal (Box 1) wages in that salary reductions for retirement plan contributions do not reduce the wages reported in Boxes 3 and 5.

**Box 4 - Social Security Tax Withheld:** This amount represents 6.20% of the total Social Security tax that was withheld from Social Security wages during the year.

**Box 5 - Medicare Wages (HI):** The wages and tips subject to Medicare tax are the same as those subject to Social Security tax (Box 3), except that there is no income base limit for Medicare tax.

**Box 6 - Medicare Tax Withheld (HI):** This amount represents 1.45% of the total Social Security tax that was withheld from Medicare wages during the year.

**Box 9 - Advance EIC Payment:** This amount represents the total paid to you as advance earned income credit payment based on the Form W5 Earned Income Credit Advance Payment Certificate you filed with the University. For details to see if you qualify for EIC see "Notice to Employees" on the back of copy B of the form W-2.

**Box 10 - Dependent Care Benefits:** The amount represents the combined total of the following:

- Spending Account for Dependent Care benefits (Section 125 cafeteria plan)
- Choia Care Agency, Inc. (CCA) program (Employer provided dependent care benefits)
- Child Care Assistance Program (Employer provided voucher program that offers financial child care assistance)

**Note:** The total includes any amount in excess of the \$5,000 exclusion. The excess amount over \$5,000 is included in wages reported in Boxes 1, 3, and 5.

**Box 12 - See Instructions for Box 12:** Certain specified payments and amounts are reported in Box 12 and are identified with an alpha code. The amount in this box may include one or more of the following codes and the amount related to the code. Listed below are the explanations of the alpha codes in Box 12:

**C** - This is the taxable amount of the cost of group-term life insurance coverage over \$50,000. The amount is also included in Boxes 1, 3, and 5.

**D** - This is the amount deferred into a 401(k), Federal Thrift Savings Plan. You are not required to pay federal or state income tax on the money contributed to this plan; however, the amounts deferred are subject to Social Security and Medicare taxes. The amount deferred *is not* included in Box 1.

**DD** - Cost of Employer-Sponsored Health Coverage. This is the cost of your employer sponsored health coverage. The amount reported is not taxable. This figure includes both the employee and the employer paid health insurance premiums and is for informational purposes only.

**E** - This is the amount deferred into a section 403(b) salary reduction agreement. You are not required to pay federal or state income tax on the money contributed to the plan; however, the amounts deferred are subject to Social Security and Medicare taxes. The amount deferred *is not* included in Box 1.

**G** - This is the amount of elective and non-elective contributions to a section 457(b) deferred compensation plan for employees of a state organization. You are not required to pay federal or state income tax on the money contributed to the plan; however, the amounts deferred are subject to Social Security and Medicare taxes. The amount deferred *is not* included in Box 1.

**P** - This amount includes payments made by an employer for qualified moving expenses and excluded from income. The amount in this Box *is not* included in Boxes 1, 3, or 5 of the Form W-2.

**Box 13 - Retirement Plan:** will be checked if an employee was an active participant in a retirement plan for any part of the year. If the “Retirement plan” box is checked, special limits may apply to the amount of IRA contributions the employee may deduct.

**Box 14 - Other:** The following is a detailed description of the amounts considered taxable and included in Box 1, 3, and 5.

**Auto (Automobile Expenses):** This is the pro rata lease value of the personal use of an employer-provided automobile considered taxable income.

**Box 15 - Name of State:** This is the name of the state that issued the Form W-2 (Arizona) and the University’s state identification number.

**Box 16 - State Wages, Tips, Etc.:** The amount in this Box includes wages, tips and other compensation for the year.

**Box 17 - State Income Tax Withheld:** This is the total state income tax that was withheld from wages, tips and other compensation for the calendar year.

**Taxable Year:** This is the calendar year for which the W-2 is being issued.

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**RECONCILING YOUR FORM W-2 WAGE AND TAX STATEMENT**

**Please provide this section to all employees.**

The employee must obtain information from both their Form W-2 and their final pay statement, year to date column, to reconcile the gross wages to the Form W-2. If you have further questions or need other clarifications, visit our website at: [www.fso.arizona.edu/payroll](http://www.fso.arizona.edu/payroll) or you may also contact the FSO-Operations office at 621-9097 or email us at: [payroll@fso.arizona.edu](mailto:payroll@fso.arizona.edu)

**Use the Following Formula to Calculate Box 1: Wages, Tips, and Other Compensation**

<b>Gross Wages</b>		(from Pay stub)
Plus (+)	Fringe Benefits	(from Pay stub)
Plus (+)	Imputed Value of Group Term Life Ins over \$50,000 plus accruals	(from Pay stub)
Plus (+)	Aetna Refund	(from Pay stub)
Plus (+)	Child Care in excess of \$5,000	(call FSO-Operations)
Less (-)	Health Insurance Pretax plus accruals	(from Pay stub)
Less (-)	Supplemental Life Insurance Pretax plus accruals	(from Pay stub)
Less (-)	Aetna - Life Insurance Pretax plus accruals	(from Pay stub)
Less (-)	Federal Health/Life Insurance Pretax	(from Pay stub)
Less (-)	Dental Insurance Pretax plus accruals	(from Pay stub)
Less (-)	Group/Individual Short Term Disability Insurance Pretax	(from Pay stub)
Less (-)	Parking/Bus Pass Permit Pretax	(from Pay stub)
Less (-)	Retirement Pretax	(from Pay stub)
Less (-)	TSA - 403B, 457, or Federal Thrift Savings	(from Pay stub)
Less (-)	Spending Account Health	(from Pay stub)
Less (-)	Spending Account Dependent Care up to \$5000	(call FSO-Operations)
Equals (=)	<b>Wages, Tips, Other Compensation</b>	(from Form W-2, Box 1)

**Use the Following Formula to Calculate Box 3 and Box 5: Social Security Wages and Medicare Wages**

<b>Gross Wages</b>		(from Pay stub)
Plus (+)	Fringe Benefits	(from Pay stub)
Plus (+)	Imputed Value of Group Term Life Ins over \$50,000 plus accruals	(from Pay stub)
Plus (+)	Aetna Refund	(from Pay stub)
Plus (+)	Child Care in excess of \$5,000	(call FSO-Operations)
Less (-)	Health Insurance Pretax plus accruals	(from Pay stub)
Less (-)	Supplemental Life Insurance Pretax plus accruals	(from Pay stub)
Less (-)	Aetna - Life Insurance Pretax plus accruals	(from Pay stub)
Less (-)	Federal Health/Life Insurance Pretax	(from Pay stub)
Less (-)	Dental Insurance Pretax plus accruals	(from Pay stub)
Less (-)	Group/Individual Short Term Disability Insurance Pretax	(from Pay stub)
Less (-)	Parking/Bus Pass Permit Pretax	(from Pay stub)
Less (-)	Spending Account Health	(from Pay stub)
Less (-)	Spending Account Dependent Care	(call FSO-Operations)
Equals (=)	<b>Social Security Wages</b> (FICA) up to the maximum Social Security wage base for each year	(from Form W-2 Box 3)
Equals (=)	<b>Medicare Wages</b>	(from Form W-2 Box 5)

## INFORMATION REGARDING YOUR FORM 1042-S

Form 1042-S is used to report income paid to a non resident such as payments to an employee exempt under a tax treaty, payments to an independent contractor, and payments for scholarship or fellowship grants. A non resident employee could potentially receive both a Form 1042-S and Form W-2 or only a Form W2 if they did not claim a treaty allowance.

**Please note:** Employees receiving **both** Form W-2 and 1042-S will receive them together. Both Form W-2 and 1042-S must be furnished to employees or postmarked by January 31.

The 1042-S, "Foreign Person's U.S. Source Income Subject to Withholding" statement prints with 3 copies of the Form 1042-S on one self sealer page:

**COPY B** for the employee's records,

**COPY C** for filing with the employee's **FEDERAL** tax return,

**COPY D** for filing with the employee's **STATE** tax return.

The information provided, "Understanding your 1042-S" will provide information on how some of the figures were calculated on the Form 1042-S.

## UNDERSTANDING YOUR 1042-S

The payroll amounts that show on the 1042-S are based on the following criteria in this order:

1. **Start Date** - Any earnings after the 8233 start date would go on the Form 1042-S. Any earnings before the 8233 start date will appear on the Form W-2.
2. **Stop Date** - If there is an 8233 stop date, any earnings an employee had after the 8233 stop date would go on the Form W-2. Any earnings an employee had before the 8233 stop date would go on the Form 1042-S.
3. **Treaty Expiration Date** - If there is a treaty expiration date, any earnings an employee had after the treaty expiration date would go on the Form W-2. Any earnings an employee had before the treaty expiration date would go on the Form 1042-S.
4. **Treaty Allowance Amount** - If the employee reaches his/her treaty allowance limit amount anytime within the above criteria then any earnings over the treaty allowance amount would go on the Form W-2. Earnings up to the treaty allowance will go on the Form 1042-S.

The information on the 1042-S includes the following:

**Box 1 - Income Code:** This will be one or more of the following - 15 (Financial Aid or Accounts Payable), 16 (Accounts Payable), 18 (compensation for faculty), 19 (compensation for student). **Note:** A separate 1042-S will be issued for each income code. All forms must be filed.

**Box 2 - Gross Income:** For each income type, the gross amount paid during the calendar year.

**Box 3 - Withholding Allowances:** will display as blank.

**Box 4 - Net Income:** will display as blank.

**Box 5 - Tax Rate:** If the income is from Payroll then this field should always be equal to zero. If there was withholding on Financial Aid earnings then this field would contain the appropriate rate of withholding.

**Box 6 - Exemption Code:** If the Gross Income is exempt under an Internal Revenue Code section it will be equal to "2". If the Gross Income is exempt under a tax treaty the code will equal to "4". If there was any withholding on Financial Aid then the code will equal to "0".

**Box 7 - U.S. Federal Tax Withheld:** The total amount of federal tax withheld. If no tax has been withheld this box will display as zero 00.

**Box 8 - Amount Repaid to Recipient:** will display as zero 00

**Box 9 - Withholding Agent's Employer Identification Number:** The University's EIN (866004791).

**Box 10 - Withholding Agent's Name and Address:** FSO/Payroll Operations mailing address.

**Box 11 - Recipient's Account Number:** will display as blank

**Box 12 - Recipient Code:** will display as 01(individual).

**Box 13 - Recipient's Name and Address:** The individual's name and address as it appears in the Payroll, Student, or Financial Systems.

**Box 14 - Recipient's U.S. Taxpayer Identification Number:** The individual's SSN (Social Security Number) or ITIN (Individual Taxpayer Identification Number).

**Box 15 - Recipient's Country of Residence for Tax Purposes:** The full name of the country that corresponds with the two-digit country code.

**Box 16 - Country Code:** This is the two-digit country code from either the Payroll, Student, or Financial Systems.

**Box 17-20 Nonqualified Intermediary's (NQI's) / Flow-through Entity's Name, Country Code, Address, and TIN :** will display as blank or zero 00

**Box 21 - Payer's Name and TIN:** will display as blank

**Box 22 - State Income Tax Withheld:** will display as zero 00.

**Box 23 -Payer's State Tax Number:** The State of Arizona tax number (7-45400).

**Box 24 - Name of State:** Always Arizona.

If you have questions regarding information on your 1042-S form please refer to the following areas:

- Income code 12 or 16- Accounts Payable (621-9097)
- Income code 15 - The Center for Global Student Programs (621-4627).
- Income code 18 or 19 - FSO-Operations (621-9097)

Form 1042-S Sample:

Form <b>1042-S</b> Department of the Treasury Internal Revenue Service		<b>Foreign Person's U.S. Source Income</b> <b>Subject to Withholding</b>				<b>2007</b>		OMB No. 1545-0096 <b>Copy B for Recipient</b> Retain for your records	
<input type="checkbox"/> AMENDED		<input type="checkbox"/> PRO-RATA BASIS REPORTING							
1 Income code	2 Gross Income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 U.S. Federal tax withheld	8 Amount repaid to recipient		
9 Withholding agent's EIN <input checked="" type="checkbox"/> EIN ▶ <b>866004791</b>				14 Recipient's U.S. TIN, if any <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					
10a WITHHOLDING AGENT'S name <b>The University of Arizona</b>				15 Recipient's country of residence for tax purposes				16 Country code	
10b Address (number and street) <b>FSO/Payroll Operations</b>				17 NonQualified Intermediary's (NQI's)/flow-through entity's name				18 Country code	
10c Additional address line (room or suite no.) <b>P.O.Box 3310</b>				19a NQI's/flow-through entity's address (number and street)					
10d City or town, province or state, and country <b>Tucson, AZ</b>				10e ZIP code or foreign postal code <b>85722-3310</b>		19b Additional address line (room and suite no.)			
11 Recipient's account number (optional)				12 Recipient Code		19c City or town, province or state, and country		19d ZIP code or foreign postal code	
13a RECIPIENT'S name				20 NQI's/flow-through entity's TIN, if any ▶					
13b Address (number and street)				21 PAYER'S name and TIN (if different from withholding agent's)					
13c Additional address line (room and suite no.)									
13d City or town, province or state, and country				13e ZIP code or foreign postal code		22 State income tax withheld		23 Payer's state tax no. <b>7-45400</b>	24 Name of state <b>ARIZONA</b>



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Form <b>1042-S</b> Department of the Treasury Internal Revenue Service		<b>Foreign Person's U.S. Source Income</b> <b>Subject to Withholding</b>				<b>2007</b>		OMB No. 1545-0096 <b>Copy C for Recipient</b> Attach to any federal return you file	
<input type="checkbox"/> AMENDED		<input type="checkbox"/> PRO-RATA BASIS REPORTING							
1 Income code	2 Gross Income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 U.S. Federal tax withheld	8 Amount repaid to recipient		
9 Withholding agent's EIN <input checked="" type="checkbox"/> EIN ▶ <b>866004791</b>				14 Recipient's U.S. TIN, if any <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					
10a WITHHOLDING AGENT'S name <b>The University of Arizona</b>				15 Recipient's country of residence for tax purposes				16 Country code	
10b Address (number and street) <b>FSO/Payroll Operations</b>				17 NonQualified Intermediary's (NQI's)/flow-through entity's name				18 Country code	
10c Additional address line (room or suite no.) <b>P.O.Box 3310</b>				19a NQI's/flow-through entity's address (number and street)					
10d City or town, province or state, and country <b>Tucson, AZ</b>				10e ZIP code or foreign postal code <b>85722-3310</b>		19b Additional address line (room and suite no.)			
11 Recipient's account number (optional)				12 Recipient Code		19c City or town, province or state, and country		19d ZIP code or foreign postal code	
13a RECIPIENT'S name				20 NQI's/flow-through entity's TIN, if any ▶					
13b Address (number and street)				21 PAYER'S name and TIN (if different from withholding agent's)					
13c Additional address line (room and suite no.)									
13d City or town, province or state, and country				13e ZIP code or foreign postal code		22 State income tax withheld		23 Payer's state tax no. <b>7-45400</b>	24 Name of state <b>ARIZONA</b>



CUT HERE

Form <b>1042-S</b> Department of the Treasury Internal Revenue Service		<b>Foreign Person's U.S. Source Income</b> <b>Subject to Withholding</b>				<b>2007</b>		OMB No. 1545-0096 <b>Copy D for Recipient</b> Attach to any state tax return you file	
<input type="checkbox"/> AMENDED		<input type="checkbox"/> PRO-RATA BASIS REPORTING							
1 Income code	2 Gross Income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 U.S. Federal tax withheld	8 Amount repaid to recipient		
9 Withholding agent's EIN <input checked="" type="checkbox"/> EIN ▶ <b>866004791</b>				14 Recipient's U.S. TIN, if any <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					
10a WITHHOLDING AGENT'S name <b>The University of Arizona</b>				15 Recipient's country of residence for tax purposes				16 Country code	
10b Address (number and street) <b>FSO/Payroll Operations</b>				17 NonQualified Intermediary's (NQI's)/flow-through entity's name				18 Country code	
10c Additional address line (room or suite no.) <b>P.O.Box 3310</b>				19a NQI's/flow-through entity's address (number and street)					
10d City or town, province or state, and country <b>Tucson, AZ</b>				10e ZIP code or foreign postal code <b>85722-3310</b>		19b Additional address line (room and suite no.)			
11 Recipient's account number (optional)				12 Recipient Code		19c City or town, province or state, and country		19d ZIP code or foreign postal code	
13a RECIPIENT'S name				20 NQI's/flow-through entity's TIN, if any ▶					
13b Address (number and street)				21 PAYER'S name and TIN (if different from withholding agent's)					
13c Additional address line (room and suite no.)									
13d City or town, province or state, and country				13e ZIP code or foreign postal code		22 State income tax withheld		23 Payer's state tax no. <b>7-45400</b>	24 Name of state <b>ARIZONA</b>

## **FREQUENTLY ASKED QUESTIONS**

1. **When will I receive my Wage and Tax Statement (Form W-2 or Form 1042-S)?**

We are required to have all Form W-2's distributed by January 31 of each year and Form 1042-S distributed on or before March 17 although we make every effort to distribute both prior to January 31. However, if you signed up to receive your W-2 and 1042-Selectronically, you will be able to access it in early January.

2. **Where will my W-2 be sent?**

Employees who opted to access their W-2 electronically can view and download their W-2 through Employee Link as soon as you receive the email from Employee Link referencing, "Important Tax Return Information - Electronic Form W-2 is available". The W-2 may be viewed and printed as often as needed thereafter.

Employees who did **not** sign up to receive their W-2 electronically via Employee Link will be disbursed as follows:

- Employees in an active status at the time W-2's are produced, will have W-2's distributed to their **on-campus** address (the same address at which they receive their payroll check).
- Employees who are inactive, separated or on leave at the time W-2's are produced will have their W-2's mailed to their home address (the address that you designated in the Payroll system as your permanent address) If you moved and filed a change of address form with the post office, the US Postal Service should forward your Form W-2 to your new address

3. **What should I do if I did not receive my Form W-2?**

If you are an active employee you can obtain a duplicate copy of the Form W-2 via Employee Link.

If you are not able to access your Form W-2 via Employee Link you should contact the Financial Services Office/Payroll Representative by phone at 621-9097 or by email [payroll@fso.arizona.edu](mailto:payroll@fso.arizona.edu)

4. **What if I lose my W-2?**

If you are an active employee you can obtain a duplicate copy of the Form W-2 via Employee Link.

If you are not able to access your Form W-2 via Employee Link you should contact the Financial Services Office/Payroll Representative by phone at 621-9097 or by email [payroll@fso.arizona.edu](mailto:payroll@fso.arizona.edu)

5. **Why is the amount in Box 1 of my W-2 form different from the amounts in boxes 3 and 5?**

Some Benefit deductions reduce the amount of taxable wages in Box 1 ("Wages, tips, other compensation") and some Benefit deductions do not reduce Box 3 ("Social Security wages") or Box 5 ("Medicare wages and tips").

6. **I received a W-2 with the wrong Social Security number. Do I need to do anything?**

Contact FSO-Operations by phone at 621-9097 or by email [payroll@fso.arizona.edu](mailto:payroll@fso.arizona.edu) to request a Form W-2C Corrected Wage and Tax Statement. Provide the Payroll office with a copy of your Social Security card showing the correct number. If the W-2 information is not corrected, your Social Security benefits will not be credited.

7. **I received a corrected Form W-2 from the University of Arizona. I've already filed my taxes. What do I need to do now?**

If you receive a corrected Form W-2 after your return is filed, you may need to file an amended tax return. Use Form 1040X Amended U.S. Individual Income Tax Return, to correct a previously filed Form 1040, 1040A, or 1040EZ.



**8. I received a 1099Misc form. What do these amounts represent?**

If an employee died during the year, the accrued wages, vacation pay, and other compensation paid after the date of death will be reported on Form 1099-Misc. If you are expecting a Form 1099-Misc but have not received it, contact FSO-Operations at 621-9097.

**9. I received a 1099R form and have questions on the amounts. Who do I contact?**

Contact the State of Arizona at (602)240-2000.

**10. Where can I get U.S. tax filing forms?**

You are able to download the federal tax filing forms from the IRS website at:

<http://www.irs.ustreas.gov> . The state tax filing forms can be downloaded from the Arizona Department of Revenue website at: <http://www.revenue.state.az.us/forms/individualforms.asp>.

Most of the forms are also available at FSO-Operations, 888 N Euclid, Room 402.

**11. Why am I receiving a Form 1042-S?**

Form 1042-S is used for reporting income other than taxable wages to nonresident aliens. The form summarizes certain payments made to or on behalf of nonresident aliens during a calendar year and any taxes withheld. Amounts reported include salary or wages exempt under a tax treaty, fellowship payments, and scholarships.

**12. All of my income was exempt from tax under an income tax treaty with my home country. Do I still have to file a tax return?**

Yes. Even if you had no taxes withheld on your income because you were exempt from withholding because of the treaty benefit, you are required to submit a tax return to describe the treaty claim to the IRS.