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| FRINGE BENEFITS REPORTING FOR FEDERAL FORMS FOR 2006* | | | | | | | | | | |
|---|--------------|-------------------|---------------|-----------------------|----------------------|---------------|---------------|---------------------------|-------------------------|-----------------------------|
| BENEFIT TYPE | W-2 BOX 1 | W-2 BOX 3/5 | W-2 BOX 10 | W-2 BOX 12 (10) | W-2 BOX 13 (6) | W-2 BOX 14 | 941 LINE 2 | 941 LINES 6a AND 7a | 940 PART I LINE 1 | 940 PART I LINE 2 (9) |
| Adoption Assistance not Exceeding \$5,000 or \$6,000 limitation | out | in | out | in ("T") (14) | out | out | out | in | in | out |
| Business Expenses: Unsubstantiated or Excess Payments (1) | in | in | out | in ("L") | out | out | in | in | in | out |
| Dependent Care Assistance Under \$5,000 (2) | out | out | in (2) | out | out | out | out | out | in | in |
| Group-Term Life Over \$50,000 | in | in | out | in ("C") | out | out | in | in | in | in |
| Group-Term Life: Former Employees | in | in | out | in (8) | out | out | in | in (12) | in | in |
| Third Party Sick Pay: Taxable Portion (11) | in | in | out | out | out | out | in (7) | in | in | out |
| Third Party Sick Pay: Nontaxable Portion (11) | out | out | out | in ("J") | out | out | out | out | in | in |
| Tips: FICA not withheld (3) | in | in | out | in ("A/B") | out | out | in | in (12) | in | out |
| Tips: Allocated (4) | out | out | out | out | out | out | out | out | out | out |
| Reimbursed Moving Expenses: Taxable | in | in | out | out | out | in (13) | in | in | in | out |
| Reimbursed Moving Expenses: Nontaxable | out (13) | out | out | in ("P") | out | in (13) | out (13) | out | in | in |
| \$401(k) Pretax Contributions | out | in | out | in ("D") | in (6) | out | out | in | in | out |
| SEP: Employer Contributions | out | out | out | out | in (6) | out | out | out | out | out |
| SEP: Employee Contributions | out | in | out | in ("F") | in (6) | out | out | in | in | out |
| \$125 Pretax Contributions | out | out | out | out | out | out | out | out | in | in |
| \$501(c)(18)(D) plans | in | in | out | in ("H") | in (6) | out | in | in | in | out |
| Personal Use Company Car | in | in | out | out | out | in (15) | in | in | in | out |
| Wages Paid After Death: Year of Death (5) | out | in | out | out | out | out | out | in | in | out |
| Wages Paid After Death: Year After Death (5) | out | out | out | out | out | out | out | out | out | out |

*This chart was reprinted from *Principles of Payroll Administration*, Warren Gorham Lamont © Copyright 2002. All rights reserved. To order this publication call (800)950-1211.

Using the Fringe Benefits Reporting Chart

"In" indicates that the benefit is reported in this area of the form. "Out" indicates that the benefit is not reported in this area of the form.

- (1) The amount equal to the government-specified rate is reported in the W-2 in box 12; the excess or unsubstantiated reimbursement is reported in boxes 1, 3, and 5.
- (2) Report 100% of employer-provided dependent care assistance in Box 10, even if the value exceeds \$5,000. Also report the excess over \$5,000 per year in boxes 1, 3, and 5 of the W-2. Remind dependent care assistance plan participants to include Form 2441 with their federal tax return or the taxpayer may be disallowed the \$5,000 exclusion.
- (3) Report wages even though FICA tax not withheld. Report in box 12 of the W-2 and "A" for Social Security tax not collected from tips and a "B" for Medicare tax not collected and do not report in boxes 4 and 6 of the W-2.
- (4) This amount is reported in Box 8 only.
- (5) The federal taxable amount of the payment should be reported on the 1099-MISC (rather than box 1 of the W-2) and issued to the beneficiary or recipient of the wages. Wages paid after death but in the same year as death are FICA and FUTA taxable and reported as such on the W-2, 941, and 940. Wages paid in the year after death are not taxable for FICA or FUTA, and are not reported on the W-2, 941, or 940, but only on Form 1099-MISC.
- (6) Box 13, "retirement plan" is checked for all participants in a retirement plan. This may include those employees who are eligible but elected not to participate. Discuss with your organization's benefits consultant.
- (7) See the 941 instructions for Line 2.
- (8) Report taxable group-term life insurance over \$50,000 in box 12 with the amount preceded by a "C". Report uncollected social security tax from former employees' taxable group-term life insurance in box 12 preceded by an "M". Report uncollected Medicare tax in box 12 preceded by an "N".
- (9) On the dotted line to the left of the dollar amount, show a description of the exempt payment(s) (e.g., group-term life). If there is insufficient space to show all descriptions of exempt payments, attach a list of this information to the 940.
- (10) Letters shown in this column must precede the dollar amount in box 12. There must be at least one space between the code and the dollar amount.
- (11) Sick pay received in the first six months from the last day of the month that the employee last worked is reported in boxes 1, 3, and 5 of the Form W-2. Sick pay received after this six-month coverage period is reported in box 1 of the W-2 only. Report nontaxable sick pay in box 12 with the code J.
- (12) Show a credit for the amount of Social Security and/or Medicare tax not withheld from tips and/or group-term life insurance over \$50,000 on line 9 of the 941.
- (13) Exclude nontaxable amounts from box 1 of the W-2 and line 2 of the 941. Taxable relocation expenses are also reported as social security and Medicare wages on the Forms W-2 and 941. Report nontaxable relocation reimbursements made directly to employees in box 12 of the W-2 preceded by a "P". Do not report nontaxable payments made directly to third parties in box 12; however, include these amounts on Form 940, Part 1, Line 1. Box 14 reporting is optional.
- (14) When reporting adoption assistance in box 12, exclude amounts forfeited under an adoption assistance flexible spending account.
- (15) If 100% of a vehicle's use is reported in box 1 of the W-2, then show the amount included in box 1 in box 14 of the W-2, or provide a separate statement to the employee with this information.