

# W-2 Form Instructions

Revised December 2023



These instructions provide guidance for completing W-2 forms for ministers and other employees. We cover common situations applicable to congregations and their staff. Complete instructions can be found on the IRS webpage listed in the resources below. Pages 1 and 2 of this document contain general information about W-2 completion and filing. Pages 3 to 6 contain box-by-box instructions.

**We are not certified tax professionals.** While we understand this information to be correct, we encourage congregations to seek the services of their own tax experts in dealing with individual circumstances or unusual cases.

## Deadline

By *January 31, 2024*, W-2 forms must be given to employees and sent to the Social Security Administration.

## New electronic filing requirements for Forms W-2 and 1099

If the total of information returns is at least 10 returns, they must all be filed electronically. The new threshold is effective for information returns **required to be filed** in calendar years beginning with 2024. The new rules apply to tax year 2023 Forms W-2 and 1099 because they are required to be filed by January 31, **2024**. The new threshold is based on the combination of Forms W-2, 1099, and some less commonly used forms. See <https://www.irs.gov/newsroom/irs-and-treasury-issue-final-regulations-on-e-file-for-businesses>.

If you are not already filing electronically, seek support from your payroll company or an accountant. You will need to register for a BSO (Business Services Online) account through the Social Security Administration.

## Form W-2 redesigned

Beginning with the tax year 2023 forms (filed in tax year 2024), you may complete and print Copies 1, B, C, 2 (if applicable), and D (if applicable) of Forms W-2, W-2AS, W-2GU, and W-2VI on IRS.gov to provide to the respective recipient. An entry made in any one of these copies will automatically populate to the other copies. As in past years, Copy A cannot be completed online to print and file with the SSA and is posted on IRS.gov for informational purposes only.

## Truncated SSN Allowed

To protect employees from identity theft, truncated social security numbers are allowed (but not mandatory) on the employee copies of W-2s. SSNs can be masked by replacing the first five digits of the nine-digit number with asterisks or XXXs, e.g., \*\*\*-\*\*-1234 or XXX-XX-1234.

## IRS Resources

- IRS general instructions for filling out Form W-2: <https://irs.gov/pub/irs-pdf/iw2w3.pdf>.
- Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers: <http://www.irs.gov/pub/irs-pdf/p517.pdf>
- Section 4: Religious Exemptions and Special Rules for Ministers in Pub. 15-A: <http://www.irs.gov/pub/irs-pdf/p15a.pdf>
- IRS webpage: <http://www.irs.gov/instructions/iw2w3/ch01.html> under Clergy and Religious Workers.
- The IRS operates a centralized call site to answer questions about reporting information on the form: 1-866-455-7438.
- Instructions for Forms 1099-MISC and 1099-NEC: <https://www.irs.gov/instructions/i1099mec>.

## Reminders

- **Moving expenses** paid by the employer, whether directly paid to a vendor or reimbursed to an employee, are taxable (as of 2018).
- **Professional Expenses** are not reportable income as long as they are provided according to an accountable plan. See <https://uua.org/leadership/library/money-matters/professional-expense>.

## Discrepancies due to COVID-related employment tax credits and other tax relief

You may find a discrepancy when reconciling Forms W-2 and W-3 to Forms 941, 941-SS, 943, 944, CT-1, and Schedule H (Form 1040) if you utilized any of the COVID-19 tax relief. Look for instructions on the respective forms.

## Box-by-box Assistance

The chart below shows how to complete the W-2 for ministers and for other employees. This information is applicable to the 2023 Tax Year. The Office of Church Staff Finances updates this form before the end of each tax year.

## Form W-2 Instructions

Box Number	Box Description	Ministers (Those treated as ministers for IRS tax purposes)	All Other Congregational Employees
Box 1	Wages, Tips, other compensation	<p>Here you should place all earnings</p> <ul style="list-style-type: none"> <li>• minus the housing allowance</li> <li>• including in lieu of FICA payment</li> <li>• including any bonuses (e.g., signing bonus)</li> <li>• plus any payment or reimbursement of relocation expenses</li> <li>• plus the total long-term disability premium paid by either the congregation or employee (unless the employee has paid them from post-tax dollars)</li> <li>• plus the taxable cost of Group Term Life (Use the IRS table found in Pub. 15B, not the actual premium cost – and remember that it is based only on the amount of coverage over \$50,000. See <a href="#">Important Tax Information</a>.)</li> <li>• plus any unsubstantiated reimbursements or reimbursements under a non-accountable plan</li> <li>• minus any income sheltered under a cafeteria plan</li> <li>• plus any dependent care benefits paid in excess of \$5,000.</li> <li>• minus any voluntary employee contributions to the UUA or other qualified retirement plan</li> </ul>	<p>Here you should place all earnings</p> <ul style="list-style-type: none"> <li>• including any bonuses (e.g., signing bonus)</li> <li>• plus any payment or reimbursement of relocation expenses</li> <li>• plus the total long-term disability premium paid by either the congregation or employee (unless the employee has paid them from post-tax dollars)</li> <li>• plus the taxable cost of Group Term Life (Use the IRS table found in Pub. 15B, not the actual premium cost – and remember that it is based only on the amount of coverage over \$50,000. See <a href="#">Important Tax Information</a>.)</li> <li>• plus any unsubstantiated reimbursements or reimbursements under a non-accountable plan</li> <li>• minus any income sheltered under a cafeteria plan</li> <li>• plus any dependent care benefits paid in excess of \$5,000.</li> <li>• minus any voluntary employee contributions to a qualified retirement plan</li> </ul>
Box 2	Federal income tax withheld	Enter the amount of any Federal income tax withheld at the minister's request. (See our <a href="#">Ministerial Compensation</a> page.)	Enter the amount of any Federal income tax withheld

<b>Box 3</b>	Social Security Wages	<b>Leave this blank.</b> The IRS prohibits congregations from filing social Security (FICA) taxes on behalf of ministers. Ministers are required to file their own quarterly Social Security (SECA) tax payment. (See our <a href="#">Ministerial Compensation</a> page.)	Show the total wages paid subject to employee Social Security Tax. In most cases this will be all of Box 1 earnings, PLUS elective employee deferrals to employee retirement plans (codes D, E, F, G, and S), up to the 2023 earnings cap of \$160,200. ( <i>Note: this is an increase from 2022.</i> )
<b>Box 4</b>	Social Security tax withheld	Leave this blank (See our <a href="#">Ministerial Compensation</a> page.)	Enter the employee paid Social Security tax – 6.2% of wages. This amount is subject to an earnings cap (\$160,200 for 2023) and should not exceed \$9,93240. ( <i>Note: this is an increase from 2022.</i> )
<b>Box 5</b>	Medicare wages and tips	Leave this blank (See our <a href="#">Ministerial Compensation</a> page.)	Total wages paid. In most cases, this will be all of Box 1 earnings, PLUS elective employee deferrals to employee retirement plans (codes D, E, F, G, and S).
<b>Box 6</b>	Medicare tax withheld	Leave this blank (See our <a href="#">Ministerial Compensation</a> page.)	Enter the total employee-paid Medicare tax withheld – this tax is not subject to a wage base cap: 1.45% of wages. (A higher rate applies to amounts over \$200,000 for individual returns, \$250,000 for joint returns, or \$125,000 for married filing separately.)
<b>Box 7</b>	Social Security tips	Leave this blank	Assuming your employees do not receive tips, leave this blank
<b>Box 8</b>	Allocated Tips	Leave this blank	Assuming your employees do not receive allocated tips, leave this blank
<b>Box 9</b>		Leave this blank	Leave this blank
<b>Box 10</b>	Dependent Care Benefits	Show total dependent care benefits paid or provided by you (section 129 or 125 plans), including benefits paid from the pre-tax contributions made by the employee under a section 125 dependent care FSA and those in excess of the \$5,000 exclusion.	Report all amounts paid or incurred by you for the employee under a Sect. 129 or 125 Plan - including benefits paid from the pre-tax contributions made by the employee under a section 125 dependent care FSA and those in excess of the \$5,000 exclusion.
<b>Box 11</b>	Nonqualified Plans	Report distributions and all other taxable amounts to an employee from a nonqualified plan. This is likely to be blank for our congregations.	Report distributions and all other taxable amounts to an employee from a nonqualified plan. This is likely to be blank for our congregations.

<b>Box 12</b>	a, b, c, and d	<ul style="list-style-type: none"> <li>• Enter any retirement plan contributions made by the <i>employee</i> (but not employer contributions). Under the UUA Retirement Plan, voluntary contributions should be designated with Code D.</li> <li>• Enter the taxable cost of Group Term Life (use the IRS table found in Pub. 15B), not the actual premium cost – and remember that it is based only on the amount of coverage over \$50,000. Use code C.</li> <li>• If unsubstantiated reimbursements are included in Box 1 enter total substantiated amounts paid to the employee using code L.</li> </ul> <p>A complete list of Box 12 codes can be found at <a href="https://www.irs.gov/pub/irs-pdf/iw2w3.pdf">https://www.irs.gov/pub/irs-pdf/iw2w3.pdf</a>, pp 18-22.</p>	<ul style="list-style-type: none"> <li>• Enter any retirement plan contributions made by the <i>employee</i> (but not employer contributions). Under the UUA Retirement Plan, voluntary contributions should be designated with Code D.</li> <li>• Enter the taxable cost of Group Term Life (use the IRS table found in Pub. 15B), not the actual premium cost – and remember that it is based only on the amount of coverage over \$50,000. Use code C.</li> <li>• If unsubstantiated reimbursements are included in Box 1 enter total substantiated amounts paid to the employee using code L.</li> </ul> <p>A complete list of Box 12 codes can be found at <a href="https://www.irs.gov/pub/irs-pdf/iw2w3.pdf">https://www.irs.gov/pub/irs-pdf/iw2w3.pdf</a>, pp 18-22.</p>
<b>Box 13</b>		<p>Check the “Retirement Plan” box in Box 13 if the employee was an “active participant” (i.e., employer and/or employee contributions made) during any part of the year in the UUA Retirement Plan or in another qualified retirement plan sponsored by you. Check IRS instructions if employee participated in another type of qualified plan.</p>	<p>Check the “Retirement Plan” box in Box 13 if the employee was an “active participant” (i.e., employer and/or employee contributions made) during any part of the year in the UUA Retirement Plan or in another qualified retirement plan sponsored by you. Check IRS instructions if employee participated in another type of qualified plan.</p>

<b>Box 14</b>	Other	<p>This is an “FYI” box; it is not tracked by the IRS. You can use it to note anything that might be helpful to employer or employee. For instance, you <b>may</b> enter the following (not required). Enter the amount <i>and a clear description</i> for each item.</p> <ul style="list-style-type: none"> <li>• the housing allowance amount</li> <li>• non-elective employer contributions made on behalf of an employee</li> <li>• voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay,</li> <li>• required employee contributions, and</li> <li>• employer matching contributions</li> <li>• employee health insurance premiums deducted</li> <li>• the amount of employer-paid moving expenses included in Box 1.</li> <li>• The LTD imputed income included in Box 1 (recommended).</li> </ul>	<p>This is an “FYI” box; it is not tracked by the IRS. You can use it to note anything that might be helpful to employer or employee. For instance, you <b>may</b> enter the following (not required). Enter the amount <i>and a clear description</i> for each item.</p> <ul style="list-style-type: none"> <li>• non-elective employer contributions made on behalf of an employee</li> <li>• voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay,</li> <li>• required employee contributions, and</li> <li>• employer matching contributions</li> <li>• employee health insurance premiums deducted</li> <li>• the amount of employer-paid moving expenses included in Box 1</li> <li>• The LTD imputed income included in Box 1 (recommended).</li> </ul>
<b>Box 15</b>	your State’s tax ID number	Enter the two-letter abbreviation for the name of the state plus the ID number	Enter the two-letter abbreviation for the name of the state plus the ID number
<b>Box 16</b>	State Wages, tips, etc.	Usually same as federal Box 1. But, check your state tax requirements – some states (Pennsylvania, for example) tax the housing allowance	Same as federal wages, Box 1
<b>Box 17</b>	State Income Tax	Enter the amount of any State Income Tax withheld at the Ministers’ request	Enter state income tax withheld
<b>Box 18</b>	Local wages, tips, etc.	Check your local requirements	Check your local requirements
<b>Box 19</b>	Local Income Tax	Enter the amount of any Local Income Tax withheld at the Ministers’ request	Enter local tax withheld
<b>Box 20</b> (locality)	Locality	Enter the code for your locality if local taxes are required	Enter the code for your locality if local taxes are required

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