Why are there four wage amounts listed on my Form W-2?

Tell Me

Government regulations determine how each type of wages are reported and taxed by the various federal and state agencies.

1. Your Form W-2 will show one or more of the following types of wages:
   a. **Box 1 – Wages, Tips, Other Compensation**
      Wages subject to Federal income tax (corresponding to Fed Gross applicable gross YTD on your paystub).
   b. **Box 3 – Social Security Wages**
      Wages that are subject to Social Security tax (corresponding to FICA Social Security applicable gross YTD on your paystub).
   c. **Box 5 – Medicare Wages and Tips**
      Wages subject to Medicare taxes (corresponding to FICA Medicare applicable gross YTD on your paystub).

   **Note**
   Your gross wages for Social Security and Medicare are reduced by “pre-tax” payroll deductions for health insurance, dental insurance, vision insurance, AD&D insurance, NC Flex (dependent care and medical), Health Care Plus and also for pre-tax parking. See this FAQ for the current Social Security wage base limit. Medicare has no maximum.

   d. **Box 16 – State Wages, Tips, Etc.**
      Wages subject to State income tax (corresponding to NC State applicable gross YTD on your paystub).

   **Note**
   Your gross wages for federal and state taxes are reduced by the same “pre-tax” payroll deductions as Social Security and Medicare. In addition, deductions for retirement and deferred compensation (annuities) contributions are also deducted.

2. See this FAQ to learn how to reconcile your last paystub of the year to your Form W-2.

Related Articles

- Is the University exempt from sales and use tax?
- How do I change the withholding on my Form W-4 and NC-4?
- How do I consent to receive my Form W-2 electronically?
- How does an employer determine if an individual is an employee or an independent contractor?
- Who determines the worker classification?