

PA W-2 RECONCILIATION WORKSHEET

Name _____ Social Security Number _____

Employer's identification number from Box b _____ FEDERAL WAGES (Box 1) FEDERAL WAGES (Box 1) MEDICARE WAGES (Box 5)

SECTION I – Starting Point

SECTION II – Additions COLUMN A COLUMN B COLUMN C

1. Company contribution to deferred compensation plan.			
2. Elective deferrals to IRC Section 401(k) - Code "D" in Box 12.			
3. Elective deferrals under IRC Section 403(b) salary reduction agreement - Code "E" in Box 12.			
4. Elective deferrals under IRC Section 408(k)(6) salary reduction agreement (SEP) - Code "F" in Box 12.			
5. Elective and non-elective deferrals under IRC Section 457(b) deferred compensation plan - Code "G" in Box 12.			
6. Elective deferrals to a Section 501 (C)(18)(D) tax-exempt organization plan - Code "H" in Box 12.			
7. Income from a nonqualified deferred compensation (NQDC) plan - Code "Z" in Box 12.			
8. Deferrals to a NQDC plan qualifying under IRC Section 409A - Code "Y" in Box 12.			
9. Other Additions (provide full descriptions)			
9a.			
9b.			
9c.			
9d.			
9e.			
10. TOTAL (add Lines 1 through 9e.)			

SECTION III – Subtractions COLUMN A COLUMN B COLUMN C

11. Company contribution to deferred compensation plan.			
12. Cost of group-term life - Code "C" in Box 12.			
13. Income from a NQDC plan - Code "Z" in Box 12.			
14. Deferrals to a NQDC plan qualifying under IRC Section 409A - Code "Y" in Box 12.			
15. Personal use of company vehicle.			
16. Distributions from a NQDC plan.			
17. Distributions from a NQDC plan previously taxed for Pennsylvania purposes.			
18. Other Subtractions (provide full descriptions)			
18a.			
18b.			
18c.			
18d.			
18e.			
19. TOTAL (add Lines 11 through 18e.)			

SECTION IV – Finishing Point

[Add Section I and Section II, Line 10 then subtract Section III, Line 19] MEDICARE WAGES (Box 5) PA WAGES (Box 16) PA WAGES (Box 16)

Instructions for PA W-2 RW

Interest Income

PA-40 W-2 RW IN (EX) 12-22

GENERAL INFORMATION

PURPOSE OF SCHEDULE

Use the PA W-2 RW to provide supplemental information regarding amounts reported on federal Form W-2, Wage and Tax Statement, so that the department may reconcile the wages to determine if the proper amount of gross compensation income is reported for Pennsylvania personal income tax purposes. The W-2 RW may also be used to provide additional information regarding nonqualified deferred compensation distributions previously taxed.

RECORDING DOLLAR AMOUNTS

Show money amounts in whole-dollars only. Eliminate any amount less than \$0.50 and increase any amount that is \$0.50 or more to the next highest dollar.

WHO MUST COMPLETE

The W-2 RW must be completed by taxpayers when the amount shown as Medicare wages in Box 5 of the W-2 are greater than Pennsylvania wages shown in Box 16 and there is insufficient information included on the W-2 to reconcile the wages without the additional information represented on the W-2 RW. The W-2 RW must also be completed when a PA resident taxpayer works in another state and Pennsylvania tax is not withheld from the wages when insufficient information is included on the W-2 to adjust the wages to the amount of world-wide wages a Pennsylvania resident would be subject to using Pennsylvania personal income tax rules.

SCHEDULE INSTRUCTIONS

IDENTIFICATION INFORMATION

NAME OF TAXPAYER ON W-2

Enter the name of the taxpayer shown on the W-2.

SOCIAL SECURITY NUMBER

Enter the Social Security number (SSN) of the taxpayer shown on the W-2.

EMPLOYER'S IDENTIFICATION NUMBER

Enter the federal employer identification number from Box b of the W-2 for the employer whose wages are being reconciled.

GENERAL INSTRUCTIONS

Column A reconciles the amount of federal wages in Box 1 of the W-2 to the amount of Medicare wages reported in Box 5 of W-2. Include those items of compensation, such as various types of retirement plan deferrals and any other items of compensation that are not included in federal wages but are included Medicare wages in Section II of the W-2 RW. Include those items of compensation included in federal wages that are not included in Medicare wages in Section III of the W-2 RW.

Column B reconciles federal wages in Box 1 of the W-2 to Pennsylvania wages in Box 16 or to what Pennsylvania wages should be (for wages earned by a Pennsylvania resident outside the state or by nonresidents). Include those items of compensation, such as various types of retirement plan deferrals and any other items of compensation that are not included in federal wages but are included Pennsylvania wages in Section II of the W-2 RW. Include those items of compensation included in federal wages that are not included in Pennsylvania wages in Section III of the W-2 RW.

Column C reconciles Medicare wages in Box 5 of the W-2 to Pennsylvania wages in Box 16 or to what Pennsylvania wages should be (for wages earned by a Pennsylvania resident outside the state or by nonresidents). Include those items of compensation, that are not included in Medicare wages but are included Pennsylvania wages in Section II of the W-2 RW. Include those items of compensation included in Medicare wages that are not included in Pennsylvania wages in Section III of the W-2 RW.



NOTE: The most common differences between federal, Medicare and Pennsylvania wages are included on Lines 1 thru 8 and Lines 10 thru 17. Other additions and subtractions not listed may be reported on Lines 9 and 17, respectively.



IMPORTANT: If including the W-2 RW with a PA-40, Personal Income Tax Return, all three columns of the W-2 RW must be completed.

LINE INSTRUCTIONS

SECTION I

STARTING POINT

Enter the amount of federal wages from Box 1 of the W-2 in the space above the headings for Columns A and B.

Enter the amount of Medicare wages from Box 5 of the W-2 in the space above the heading for Column C.

SECTION II

ADDITIONS

LINE 1

COLUMN A

Enter the amount of any company contributions to a deferred compensation plan not included in federal wages that are included in Medicare wages.

LINE 2

COLUMNS A AND B

Enter the amount of any elective deferrals the taxpayer/employee made to an IRC Section 401(k) cash or deferred arrangement plan shown as Code D in Box 12 of the W-2. If contributions were made but are not shown in Box 12 of the W-2, enter the amount from the last pay statement of the year from the employer.

LINE 3

COLUMNS A AND B

Enter the amount of any elective deferrals the taxpayer/employee made to an IRC Section 403(b) salary reduction agreement shown as Code E in Box 12 of the W-2. If contributions were made but are not shown in Box 12 of the W-2, enter the amount from the last pay statement of the year from the employer.

LINE 4

COLUMNS A AND B

Enter the amount of any elective deferrals the taxpayer/employee made to an IRC Section 408(k)(6) salary reduction agreement shown as Code F in Box 12 of the W-2. If contributions were made but are not shown in Box 12 of the W-2, enter the amount from the last pay statement of the year from the employer.

LINE 5

COLUMNS A AND B

Enter the amount of any elective and non-elective deferrals the taxpayer/employee made to an IRC Section 457(b) deferred compensation plan shown as Code G in Box 12 of the W-2. If contributions were made but are not shown in Box 12 of the W-2, enter the amount from the last pay statement of the year from the employer.

LINE 6

COLUMNS A AND B

Enter the amount of any elective deferrals the taxpayer/employee made to an IRC Section 501(C)(18)(D) tax-exempt organization plan shown as Code H in Box 12 of the W-2. If contributions were made but are not shown in

Box 12 of the W-2, enter the amount from the last pay statement of the year from the employer.

LINE 7

COLUMN A

Enter the amount of earnings on amounts deferred that are included in Box 1 when a nonqualified deferred compensation (NQDC) plan fails to satisfy the requirements under IRC Section 409A plan shown as Code Z in Box 12 of the W-2.

LINE 8

COLUMNS A AND B

Enter the amount of any deferrals the taxpayer/employee made to a nonqualified deferred compensation (NQDC) plan that are not required to be included in compensation under IRC Section 409A shown as Code Y in Box 12 of the W-2. If contributions were made but are not shown in Box 12 of the W-2, enter the amount from the last pay statement of the year from the employer.

LINES 9a THROUGH 9e

COLUMNS A AND B

Enter the amount of any items of compensation not shown on Lines 1 thru 8 that are not included in federal wages that are included in Medicare or Pennsylvania wages.

COLUMN C

Enter the amount of any items of compensation not shown on Lines 1 thru 8 that are not included in Medicare wages that are included in Pennsylvania wages.

LINE 10

COLUMNS A AND B

Add the amounts on Lines 1 thru 9e and enter the total for each column.

SECTION III

SUBTRACTIONS

LINE 11

COLUMN C

Enter the amount of any company contributions to a deferred compensation plan not included in federal wages that are included in Medicare wages.

LINE 12

COLUMNS B AND C

Enter the amount of the cost of group-term life insurance payments shown as Code C in Box 12 of the W-2. If payments were made but are not shown in Box 12 of the W-2, enter the amount from the last pay statement of the year from the employer.

LINE 13

COLUMN C

Enter the amount of earnings on amounts deferred that are included in Box 1 when the NQDC plan fails to satisfy the requirements under IRC Section 409A plan shown as Code Z in Box 12 of the W-2.

LINE 14

COLUMN C

Enter the amount of any deferrals the taxpayer/employee made to a NQDC plan that are not required to be included in compensation under IRC Section 409A shown as Code Y in Box 12 of the W-2. If contributions were made but are not shown in Box 12 of the W-2, enter the amount from the last pay statement of the year from the employer.

LINE 15

COLUMNS B AND C

Enter the amount of any personal use of company vehicle included in federal wages. This amount is sometimes included in Box 14 of the W-2. If not included as a separate amount in Box 14 of the W-2, enter the amount from the last pay statement of the year from the employer.

LINE 16


COLUMN A

Enter the amount of any distributions from a NQDC plan that were not previously included in Pennsylvania wages.

LINE 17

COLUMN B

Enter the amount of any distributions from a NQDC plan that were previously included in Pennsylvania wages.

 **IMPORTANT:** Proof that the amounts deferred for a NQDC plan were previously included in Pennsylvania wages is also required to be included with the return.

LINES 18a THROUGH 18e

COLUMNS A AND B

Enter the amount of any items of compensation not shown on Lines 11 thru 16 that are included in federal wages that are not included in Medicare or Pennsylvania wages.

COLUMN C

Enter the amount of any items of compensation not shown on Lines 11 thru 16 that are included in Medicare wages that are not included in Pennsylvania wages.

LINE 19

COLUMNS A, B AND C


Add the amounts on Lines 11 thru 18e and enter the total for each column.

SECTION IV

FINISHING POINT

COLUMNS A, B AND C

Add the amount from Section I and Section II, Line 10 and subtract the amount from Section III, Line 19 and enter the result for each column.

 **IMPORTANT:** The Finishing Point amounts from Columns B and C should be the same and equal the amount of Pennsylvania wages reported on Form W-2 provided by an employer for a Pennsylvania resident working in Pennsylvania. When the amounts do not match, include the amount from Column C in the total as Gross Compensation on Line 1a of the PA-40 Return.