Correcting 2015 Form W-2 errors
Correcting 2015 Form W-2 errors — how, why and when to act

Have you discovered errors on your 2015 Form W-2? That’s OK. It happens. But now it’s important to understand which mistakes require your attention, how to fix them, why taking care of them is important and what deadlines apply.

In this special report, we offer you Form W-2c essentials, including:

- How to fix these 10 common 2015 errors:
  - Incorrect Employer Identification Number or Social Security Number
  - Incorrect employer name
  - Incorrect employee name or address
  - Insufficient Additional Medicare Tax or federal income tax withholding
  - Incorrect use of box 13 retirement plan indicator
  - Social Security wage reporting errors for nonqualified deferred compensation
  - Excess contributions to a Health Savings Account or health flexible spending account
  - Wrong amount reported for employer-sponsored health insurance in box 12, Code DD

- Form W-2c mechanics
  - How long an employer has to correct a Form W-2
  - Penalties for filing late or incorrect Forms W-2
  - Employer liability for tax preparation and other costs incurred by employees because of a Form W-2c
  - Considerations when issuing a replacement Form W-2
  - Other payroll tax returns affected by a Form W-2c
  - Sample employee request for a Form W-2/W-2c replacement

For the Forms W-2 filing due dates, see our year-end checklist here.

For the top 10 FAQs for preparing Forms W-2, see our report here.

For all of our year-end essentials, see our website here.
Ten common 2015 Form W-2 errors and how to fix them

Despite best efforts to produce accurate Forms W-2, employees and their tax advisors may raise questions that bring some errors to light. Fortunately, the IRS and most state/local taxing authorities give businesses some time to resolve these errors with employees before filing the governmental copies of Forms W-2. For instance, the IRS gives employers until February 29, 2016 (March 31 if filing electronically), to file Forms W-2, Copy A. (For the state Forms W-2 filing due dates, see our 2014 year-end checklist here.)

Note! Effective for tax year 2016 filed in 2017, the due date for filing Forms W-2 is January 31 whether filed on paper or electronically.

Here we will discuss the top 10 Form W-2 errors for tax year 2015 and how to fix them.

### Top 10 Form W-2 errors for tax year 2015

1. **Name and Social Security Number errors**
   The IRS requires that employers correct errors made in the employee’s name or Social Security Number (SSN). How to correct these errors depends on the facts and circumstances as shown in the chart below. *(General Instructions for Forms W-2 and W-3.)*
   Keep in mind that an error includes leaving the employee name or SSN blank on the Form W-2 or showing the SSN as “000 00 0000” or “applied for.”
   Also remember that if employees have changed their name (e.g., marriage or divorce) they are required to complete Form W-4. Remind employees that if the last name on the Form W-4 differs from that on their Social Security card, they must check box 4 on the Form W-4.

<table>
<thead>
<tr>
<th>Nature of name or Social Security Number error</th>
<th>Correction to Form W-2c</th>
<th>Correction to Form W-2c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee name or SSN was incorrectly reported on original Form W-2.</td>
<td>Complete boxes d-i for up to the statute of limitations. Tell employee to correct the Form W-2 attached to Form 1040.</td>
<td>Complete boxes d-i for up to the statute of limitations.</td>
</tr>
<tr>
<td>Employee obtains new or reissued Social Security card (e.g., change in US resident status or name change).</td>
<td>Complete boxes d-i only for most current year.</td>
<td>Complete boxes d-j only for most current year.</td>
</tr>
<tr>
<td>Name and SSN were blank on original Form W-2.</td>
<td>Call SSA at +1 800 772 6270 for instructions.</td>
<td>Call SSA at +1 800 772 6270 for instructions.</td>
</tr>
</tbody>
</table>

2. **Missing or incorrect employer name**
   Technically, the employer is responsible for accurately completing the employee and SSA copy of the Form W-2, including the employer’s name.
   Whether a penalty will apply for incorrectly reporting the employer’s name is uncertain. The IRS states in the Form W-2 instructions that an inconsequential error or omission is not considered a failure to include correct information for purposes of imposing the penalties under IRC §6721 and §6722.
   An inconsequential error or omission is defined by the IRS as one that does not prevent or hinder the SSA/IRS from processing the Form W-2, from correlating the information required to be shown on the form with the information shown on the payee’s tax return, or from otherwise putting the form to its intended use. Errors and omissions that are never inconsequential are those relating to:
   - A TIN
   - A payee’s surname
   - Any money amounts *(General Instructions for Forms W-2 and W-3.)*
   Keep in mind that if the error in completing this field makes it such that the employee doesn’t recognize the employer name, this could result in employee confusion and concern sufficient to necessitate a correction.
3. Error in the Employer Identification Number (EIN) or tax year

An error in the EIN or tax year on Form W-2 can create numerous time-consuming issues for employers, including a mismatch in the wages and taxes reported on Forms W-2 and those reported on Forms 941. For this reason, a penalty is imposed for EIN and tax year reporting errors.

Correcting the tax year or EIN reported on Form W-2 involves a two-step process. (*General Instructions for Forms W-2 and W-3.*)

**Step 1:** Correct the originally issued Forms W-2 by preparing Forms W-2c and W-3c as follows:
- Show the incorrect tax year in box c and/or the incorrect EIN in box b.
- In the previously reported column, show the money amounts originally reported.
- In the corrected amounts column, show zeroes.

Give employees a copy of Forms W-2c and file Forms W-2c and W-3c with the SSA.

**Step 2:** Correct the originally issued Forms W-2 by preparing Forms W-2c and Form W-3c as follows:
- Show the correct tax year in box c and/or the correct EIN in box b.
- In the previously reported column, show zero in the money amounts.
- In the corrected amounts column, show the money amounts originally reported.

Give employees a copy of Forms W-2c and file Forms W-2c and W-3c with the SSA.

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Form W-2c, *Corrected Wage and Tax Statement*

<table>
<thead>
<tr>
<th>Box</th>
<th>Previously Reported</th>
<th>Correct Information</th>
<th>Previously Reported</th>
<th>Correct Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wage, tips, other compensation</td>
<td>Wage, tips, other compensation</td>
<td>2 Federal income tax withheld</td>
<td>3 Federal income tax withheld</td>
</tr>
<tr>
<td>2</td>
<td>Social security wages</td>
<td>Social security wages</td>
<td>4 Social security tax withheld</td>
<td>4 Social security tax withheld</td>
</tr>
<tr>
<td>3</td>
<td>Medicare wages and tips</td>
<td>Medicare wages and tips</td>
<td>5 Medicare tax withheld</td>
<td>6 Medicare tax withheld</td>
</tr>
<tr>
<td>4</td>
<td>Social security tips</td>
<td>Social security tips</td>
<td>9 Allocated tips</td>
<td>8 Allocated tips</td>
</tr>
<tr>
<td>5</td>
<td>Other employer-provided benefits</td>
<td>Other employer-provided benefits</td>
<td>10 Dependent care benefits</td>
<td>10 Dependent care benefits</td>
</tr>
<tr>
<td>6</td>
<td>State income tax</td>
<td>State income tax</td>
<td>17 State income tax</td>
<td>17 State income tax</td>
</tr>
<tr>
<td>7</td>
<td>Local income tax</td>
<td>Local income tax</td>
<td>19 Local income tax</td>
<td>19 Local income tax</td>
</tr>
</tbody>
</table>

**State Correction Information**

<table>
<thead>
<tr>
<th>Box</th>
<th>Previously Reported</th>
<th>Correct Information</th>
<th>Previously Reported</th>
<th>Correct Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>State</td>
<td>State</td>
<td>15 State</td>
<td>15 State</td>
</tr>
</tbody>
</table>

**Locality Correction Information**

<table>
<thead>
<tr>
<th>Box</th>
<th>Previously Reported</th>
<th>Correct Information</th>
<th>Previously Reported</th>
<th>Correct Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Local wages, tips, etc.</td>
<td>Local wages, tips, etc.</td>
<td>18 Local wages, tips, etc.</td>
<td>18 Local wages, tips, etc.</td>
</tr>
<tr>
<td>19</td>
<td>Local income tax</td>
<td>Local income tax</td>
<td>19 Local income tax</td>
<td>19 Local income tax</td>
</tr>
<tr>
<td>20</td>
<td>Local name</td>
<td>Local name</td>
<td>20 Local name</td>
<td>20 Local name</td>
</tr>
</tbody>
</table>
Ten common 2015 Form W-2 errors and how to fix them

Continued

4. Error in the employer address
A Form W-3c is not used to correct an employer's address on Form W-2. Instead, the employer should file Form 8822-B, Change of Address or Responsible Party-Business, with the IRS. For more information about the Form 8822-B, read our blog. (General Instructions for Forms W-2 and W-3.)

If the only error on the Form W-2 is the employee's address, the employer has one of three options below for correcting the error, but note that regardless of the choice for correcting this error, a Form W-3c should not be filed with the SSA (unless, of course, you are correcting other errors on the Form W-2).

(1) Give the employee a corrected Form W-2 with "reissued statement" printed on it
(2) Mail the original Form W-2 to the employee's correct address
(3) Issue a Form W-2c showing the correct address and all other correct information

5. Error in withholding federal income tax or Additional Medicare Tax
The IRS does not allow for corrections in the reporting of federal income tax or Additional Medicare Tax withheld on Form W-2 unless the correction is “administrative.”

As explained in the Form 941-X reporting instructions, “You may correct federal income tax and Additional Medicare Tax withholding errors for prior years if the amounts shown on Form 941 do not agree with the amounts you actually withheld, that is, an administrative error.”

It is the intention of the IRS that an employee not be allowed to have federal income tax or Additional Medicare Tax withheld from current wages for the purpose of correcting under- or overwithholding in a previous year. (Form 941-X instructions.)

Example 1. Employee Mark discovers in January 2016 that his federal income tax withholding in 2015 was $500 less than his 2015 federal income tax liability. To avoid any penalty arising from the income tax withholding shortage, Mark requests that the employer withhold an additional $500 from wages paid in 2016 and show the additional $500 on a 2015 Form W-2c as federal income tax withholding for 2015. In this example, the federal income tax withholding correction is not an administrative error, and a Form W-2c correcting box 2 (federal income tax withholding) is not allowed. The $500 additional federal income tax withheld in 2016 must be applied to the 2016 Form W-2.

An exception to this rule applies if the employer had a contractual agreement with the employee that it would pay the federal income tax and/or Additional Medicare Tax withholding required of the employee. In instances where a “gross-up” agreement is in place, filing a Form W-2c to reflect the increase in federal income tax withholding may be allowed.
Example 2. In January 2016, Joan’s employer discovered that it neglected to report on the 2015 Form W-2 imputed income of $350 attributable to her personal use of a company vehicle in 2015. Joan’s employment agreement stipulates that her employer will pay any federal income tax that is required to be withheld on this fringe benefit. Joan’s employer may issue a Form W-2c for 2015 reflecting both the gross-up on the wages and the federal income tax withholding it paid on her behalf.

In the facts outlined in Example 2, the employer intended to pay the employee’s federal income tax withholding liability on the value of the vehicle use. (The employer agreement to pay an employee’s taxes should be in a written document that was in force prior to or at the time of receiving the taxable benefit or wage payment.)

In this case, the additional amount of federal income tax withholding that is the result of the gross-up calculation does not represent an “amount withheld” from the employee’s wages, but rather an amount the employer failed to report and deposit. Therefore, the adjusted federal income tax withholding shown on the Form W-2c would more likely than not be considered an administrative error and would be allowed.

6. Box 13 “retirement plan” indicator checked in error

Incorrectly checking the “retirement plan” indicator on Form W-2, box 13, can cause the employee to receive notices from the IRS and other taxing authorities about potential additional tax assessments. That is why it is vital for employers to fix this error immediately, particularly if employees have brought this error to their attention.

Form W-3c, box 13, is used for this purpose. If you checked the box and should not have, check box 13, “retirement plan,” in the previously reported column of Form W-2c and leave it blank in the corrected amounts column. (General Instructions for Forms W-2 and W-3.)

The chart below provides an overview of the circumstances under which box 13, “retirement plan,” is checked.

<table>
<thead>
<tr>
<th>Type of retirement plan</th>
<th>Employee conditions</th>
<th>Should you check the “retirement plan” box?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit plan (for example, a traditional pension plan)</td>
<td>Employee qualifies for employer funding into the plan, due to age/years of service – even though the employee may not be vested or ever collect benefits.</td>
<td>Yes</td>
</tr>
<tr>
<td>Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)</td>
<td>Employee is eligible to contribute but does not elect to contribute any money in this tax year.</td>
<td>No</td>
</tr>
<tr>
<td>Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)</td>
<td>Employee is eligible to contribute and elects to contribute money in this tax year.</td>
<td>Yes</td>
</tr>
<tr>
<td>Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)</td>
<td>Employee is eligible to contribute but does not elect to contribute any money in this tax year, but the employer does contribute funds.</td>
<td>Yes</td>
</tr>
<tr>
<td>Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)</td>
<td>Employee has contributed in past years but not during the current tax year under report.</td>
<td>No (even if the account value grows due to gains in the investments)</td>
</tr>
<tr>
<td>Profit-sharing plan</td>
<td>Plan includes a grace period after the close of the plan year when profit sharing can be added to the participant’s account.</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Ten common 2015 Form W-2 errors and how to fix them

Continued

7. Amounts vested in nonqualified deferred compensation plan not included in Social Security and Medicare taxable wages

Under the special-timing rule, nonqualified deferred compensation can be included in Social Security and Medicare wages at the time there was no longer a risk of forfeiture (at vesting). Treas. Reg. §31.3121(v)(2)-1(d)(1)(ii) states that if an amount deferred for a period is not taken into account for FICA purposes at the time of vesting, the non-duplication rule of IRC §3121(v)(2)(B) and Treas. Reg. §31.3121(v)(2)-1(a)(2)(iii) will not apply and, instead, the benefits attributable to the amount deferred are included as wages subject to FICA taxes in accordance with the “general timing” rule (i.e., when the amounts are distributed to the employee).

Accordingly, a Form W-2c could be issued for each of the open tax years (years 2012 through 2015) that reflects in Social Security and Medicare wages and tax the deferrals that vested in each of the years. Because years before 2012 are now outside the statute of limitations, the FICA wages and taxes owed will be determined in the year(s) of distribution. Note that the statute of limitations for tax year 2012 ends on April 18, 2016 (April 15 is a federal holiday). (IRS Publication 509.)

> Pay attention to box 11. Keep in mind that errors in reporting nonqualified deferred compensation in Form W-2, box 11, must also be corrected. The proper reporting of nonqualified deferred compensation in box 11 of the Form W-2 helps individuals who have reached or will reach early-retirement age to potentially avoid difficulties with the SSA regarding their Social Security benefits.

For Form W-2 reporting purposes, wages are reported in the year paid, not the year earned. For purposes of the Social Security earnings test, wages are taken into account in the year they are earned (and not the year paid).

To proactively account for these timing differences, the SSA and IRS require that certain nonqualified deferred compensation contributions and distributions be reported in box 11. Accurate box 11 reporting is important not only to employees who are at or near retirement age, but also to employers, as penalties can be assessed for failure to report amounts accurately.

For more information on the reporting of nonqualified deferred compensation, see Publication 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration. (Instructions for Forms W-2 and W-3 (rev. January 2015).) Note that other special wage payments (wages related to services performed in a prior year) are reportable on Form SSA-131, Employer Report of Special Wage Payments.

8. Excess contributions were made in 2015 to an employee’s Health Savings Account (HSA)

If contributions are erroneously made to an employee’s HSA that exceed the maximum annual contribution allowed in IRC §223(b), the employer may correct the error in one of two ways. (IRS Notice 2008-59.)

(1) The employer may request that the financial institution return the excess amount to the employer. If applicable, the employer refunds the excess contribution to the employee. The employer issues a Form W-2c showing a corresponding reduction in the amount reported in box 12, Code W.

Form W-2, boxes 1, 3 and 5, should not reflect the excess contribution refunded to the employer (or the employee). Accordingly, a Form W-2c and a FICA refund may be owed the employee and employer.

(2) The employer may choose not to recover the excess contributions. In that case, the excess contributions must be reflected on Form W-2, boxes 1, 3 and 5. If the excess amounts were not properly included on Form W-2, a Form W-2c will be necessary.

If an increase is made to Form W-2c, boxes 1, 3 and 5, the employer is liable for any Social Security and Medicare tax it failed to withhold and pay on this amount. The employer is also liable for any federal income tax and Additional Medicare Tax it failed to withhold. The liability for federal income and Additional Medicare Tax can be abated (but not the penalties) by obtaining Form 4669 from the employee.

> For the annual limits that applied to Health Savings Accounts in 2015, see our report here.

> For more information about Health Savings Accounts, health flexible spending accounts and other medical reimbursement accounts, see our special report here.
9. Excess pretax contributions were made in 2015 to an employee’s health flexible spending account (FSA)

For 2015, an employee’s annual pretax contributions to a health flexible spending account (FSA) are limited to $2,550. (Rev. Proc. 2014-61.) If an employee’s annual pretax contribution exceeded $2,550 in 2015, the excess should be reflected in Form W-2c, boxes 1, 3 and 5.

The employer is liable for any Social Security and Medicare tax it failed to withhold and pay on this amount. The employer is also liable for any federal income tax and Additional Medicare Tax it failed to withhold. The liability for the federal income and Additional Medicare Tax can be abated (but not the penalties) by obtaining Form 4669 from the employee.

• For the rates and limits that applied in 2015, see our report here.
• For more information about Health Savings Accounts, health flexible spending accounts and other medical reimbursement accounts, see our special report here.

10. An incorrect amount was reported in box 12, Code DD (aggregate value of employer-sponsored health coverage)

Employers most frequently debate the need for a Form W-2c when the only correction involves errors in box 12 that have no clear consequence to employees or impact on other payroll tax returns. The need to correct box 12, Code DD, is an example of this type of error.

The IRS has clarified that if the employer provided health insurance to employees and failed to include the value in box 12, Code DD (applicable to employers that filed 250 or more Forms W-2 in 2014), or if the employer reported the incorrect amount, a Form W-2c is required. It makes no difference that the employee won’t rely on this information.

Under IRC §6721 and §6722, penalties can be imposed for incorrect reporting in box 12, Code DD, of $260 per Form W-2 (for Copy A and Copy C) up to a maximum of $3,193,000 per tax year. (See page 8 for more information on Form W-2 reporting penalties.)

For more information on the Form W-2 reporting of the value of employer-sponsored health coverage, see the IRS website here.

Watch this! Form W-2 reporting in box 12, Code DD, should not be confused with the new information reporting requirements of the Affordable Care Act that apply beginning in tax year 2015 (filed in 2016). The Form W-2 and ACA reporting requirements are separate filing obligations. The new series of Forms 1094 and 1095 are subject to the same penalties as Forms W-2.
2015 Form W-2c facts

- All consequential Form W-2 errors must be corrected, including informational boxes 10, 11, 12 and 13.
- For tax year 2015, there is no de minimis threshold at which a Form W-2c is not required. No matter how small the dollar amount of the error, it must be corrected. (A limited de minimis exception applies beginning in tax year 2016, filed in 2017.)
- Penalties for an incorrect Form W-2 (employee and SSA copy) can be as high as $260 with a maximum annual penalty of $3,193,000.
- Employers are not required to reimburse employees for tax preparation or other related costs they incur as a result of receiving a Form W-2c. However, a minimum $5,000 civil penalty could apply if employees tell you the Form W-2 is wrong and you don't fix it.
- The statute of limitations for filing a Form W-2c is three years. For example, the deadline for correcting the 2012 Form W-2 is April 18, 2016.
- To avoid penalties, a Form W-2c is generally required within 30 days after you become aware of an error.
- Be mindful of employee privacy when issuing replacement Forms W-2 or W-2c.
- Changes in the money amounts on Form W-2 may also require corrections to other payroll tax returns (e.g., Form 941, Form 940, state unemployment insurance returns).

How long does an employer have to correct an error on a Form W-2?

Employers are required to correct errors on Forms W-2 as quickly as possible. The penalty for filing an incorrect W-2 with the SSA increases over time. See the next section.

What is the penalty for filing a late or incorrect Form W-2?

- $50 per Form W-2 if you correctly file within 30 days of the due date (April 30, 2016, if you filed electronically); maximum penalty of $532,000 ($186,000 for small businesses)
- $100 per Form W-2 if you correctly file more than 30 days after the due date but by August 1, 2016; maximum penalty of $1,596,500 per year ($532,000 for small businesses)
- $260 per Form W-2 if you file after August 1, 2016, or you do not file required Forms W-2; maximum penalty of $3,193,000 per year ($1,064,000 for small businesses)

The penalty for providing an incorrect W-2 to the employee is $260 per incorrect Form W-2, to a maximum of $3,193,000 per year ($1,064,000 for small businesses).

Note that after August 1, 2016, the correction will be considered to have been filed in a timely manner if made within 30 days of (1) discovering the failure or (2) removing the impediment to correcting the failure. (IRC §6721(b); IRC 6721(d); IRC §6722; General Instructions for Forms W-2 and W-3, rev. January 2016.)

Is the employer required to compensate employees for tax preparation and other costs incurred as result of receiving a Form W-2c?

The IRS does not require employers to reimburse employees for direct or indirect expenses they incurred as a result of incorrect Form W-2 reporting. This is not to say that employees don't have other avenues for seeking financial restitution. In fact, case law shows that some employees have successfully brought suit against their employers for these kinds of damages. (Clemens v. Revlon, Inc., 838 F.2d 1389 (5 Cir. 1988).)

In addition, the Internal Revenue Code makes a provision for civil damages for "any person who willfully files a fraudulent information return with respect to payments purported to have been made to another person." The maximum award of damages under this provision is the greater of (1) $5,000 or (2) the amount of actual damages (including the costs of the action) and, in the court's discretion, reasonable attorneys' fees. (IRC §7434.)

The most compelling reason to consider reimbursing employees' direct costs for Form W-2 reporting errors is good employee relations. In an effort to keep employees content and productive, some employers reimburse their employees for direct costs they incur as a result of receiving a Form W-2c (e.g., the cost of filing amended federal, state and local tax returns). Generally, such reimbursement is made only when employees are given a Form W-2c after they filed their original federal, state and local income tax returns.
What are the procedures for issuing a replacement Form W-2?

Employers can reissue a Form W-2 using either the IRS official form or an acceptable substitute that meets the requirements published in IRS Publication 1141, General Rules and Specifications for Substitute Forms W-2 and W-3.

If you are furnishing the employee with a paper replacement of Form W-2 (or Form W-2c), it must be labeled “REISSUED STATEMENT.” You do not have to add “REISSUED STATEMENT” on Forms W-2 that are provided to employees electronically.

Do not file Copy A of a reissued Form W-2 with the SSA.

For more information on electronic storage and access to Form W-2 data, see IRS REG-107186-00, 66 F.R. 10247, and T.D. 8942, 66 F.R. 10191. (General Instructions for Forms W-2 and W-3, rev. January 2016.)

• Deadlines for issuing replacement forms. The deadline for providing federal Forms W-2 to employees (February 1, 2016, for tax year 2015) applies only to the original issuance. The IRS doesn’t specify a period in which lost W-2s must be replaced. While employers should be sensitive to employees’ federal, state and local tax filing deadlines, there is generally no need to issue replacement forms on demand.

To eliminate daily interruptions caused by responding to requests for duplicate W-2s and to make the process more efficient, some payroll departments designate a specific time each week for issuing replacement forms. Some employers schedule temporary help to assist in the preparation and distribution of replacement forms. Electronic delivery of Forms W-2, where permitted, can significantly reduce the time and effort involved in replacing lost forms.

• Keep privacy rights in mind. In the effort to respond to employee requests for replacement Forms W-2, don’t throw caution to the wind. The Form W-2 contains confidential information about the employee’s earnings. It’s the employer’s responsibility to take reasonable steps to ensure that copies of Forms W-2 don’t wind up in the wrong hands. An employer can show that a reasonable effort was made to maintain the confidentiality of Form W-2 information by using such delivery methods as a secure email system, confidential intercompany mail, the U.S. Postal Service or other reliable delivery service to an address provided by the employee through some form of written or PIN-verified request. It is not a prudent practice to accept phone requests for duplicate Forms W-2, particularly when the request involves sending the form to a location other than the employee’s address of record.

To streamline the processing of replacement Forms W-2 (or Forms W-2c) and to protect confidentiality, some employers require that employees complete and sign a request form. The request form includes mailing instructions and a signature area for the employee. Written requests can be processed in date-received order and can also function as essential documentation of the employer’s reasonable effort to protect the confidentiality of the Form W-2 information. A sample request form appears on page 11.
Other payroll returns affected by Form W-2c

Do I need to file any other returns when correcting the Form W-2?

The wage and tax information reported on Form W-2 is reconciled to other federal, state and local returns, meaning that a difference in the amount of wages or taxes reported on Forms W-2 and Forms 941 and 944 for the tax year could result in IRS notices – even penalty assessments. Similarly, an unexplained difference between federal taxable wages reported to the IRS and to state and local taxing authorities can create audit adjustments that could have monetary consequences (e.g., penalty and interest). For these reasons, it is imperative that employers take the following steps when preparing Forms W-2c:

- Store in a “batch file” of all Forms W-2c furnished to employees
- Establish a regular schedule (e.g., monthly) for filing the Form W-2c “batch”
- When preparing to file the W-2c batch, review the following matrix to determine other payroll tax returns that may be affected

Form W-2c related-return checklist: other returns that may be required

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Box 1: Federal taxable wages</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Box 2: Federal income tax withheld</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Box 3: Social Security wages</td>
<td>✔</td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Box 4: Social Security tax withheld</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Box 5: Medicare taxable wages</td>
<td>✔</td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Box 6: Medicare tax withheld</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Box 7: Social Security tips</td>
<td>✔</td>
<td></td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>
Sample employee request for a replacement Form W-2

Employee request for replacement Form W-2

I am requesting a replacement Form W-2 for tax year ________.

Personal data
Employee name: __________________________________________________
(Print name)
Social Security Number: __ __ __- __ __- __ __ __ __
Phone: (        ) ___________________________________

Mailing address
Street: ______________________________________________________
City, State, ZIP: _____________________________________________

Method of delivery
___ company email ___ first-class mail ___ pick up ___ intercompany mail
Employee signature __________________________ Date: ______________
(Sign here)

For office use only
Date request received: ________________________________
(Month) (Day) (Year)
Date replacement provided: ___________________________
(Month) (Day) (Year)
Replacement prepared by: _____________________________
(Print name)

Copy 1 – Payroll, Copy 2 – Human Resources, Copy 3 – Employee's copy
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SCORE No. YY3808
CSG No. 1602-1826264 SW
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