The following information is prepared to help employees better understand their W-2 forms.

A. Annual Salary vs. Amount Actually Received
Wages and other compensation, as shown on the W-2, reflect monies actually paid to an employee during the calendar year, NOT ANNUAL SALARY. The amount reported on the W-2 form may include one or more of the following: supplemental payments, retroactive arrears, etc.

B. Pay Statements
Each pay period, employees receive pay statements containing the details of their pay: gross earnings, withheld taxes, health premiums, TDA deductions, pension deductions, taxable benefits, etc., and year-to-date totals. Pay Statements are available to active employees on NYCAPS Employee Self-Service at www.nyc.gov/ess. They are also a means to assist in verifying the W-2 Wage and Tax Statement information.

C. Singular W-2 Form
The City of New York combines all earnings for one Social Security number onto one W-2 form (e.g., Department of Education, CUNY, Parks, Third-Party Sick Pay, and UFT Paid Parental leave are combined). Only NYC Housing Authority and NYC Municipal Water Finance Authority employees who are also NYC employees will receive a separate W-2 form.

D. Date of Service vs. Date of Check
The W-2 form includes all checks dated in calendar year 2021. Any checks for arrear payments received in 2021 for service performed during a prior year will be included in the 2021 W-2 form.

E. Social Security/Medicare
Social Security (SS)/Medicare regulations stipulate that 2021 FICA deductions must be made at the rate of (SS) 6.2% of $142,800.00 and (Medicare) 1.45% of all earnings. For Medicare wages in excess of $200,000.00, the rate is 2.35%. This yields a maximum SS deduction of $8,853.60. If, in error, more than $8,853.60 was deducted during the year, a refund payment will be issued by the NYC Office of Payroll Administration.

F. Cost of Employer-Sponsored Health Coverage
As part of the Patient Protection and Affordable Care Act of 2010, employers are required to report to each employee the aggregate (employer and employee/retiree) cost of employer-sponsored group health plans. The amount appears in Box 12 labeled as "DD". The amount in Box 12 is for informational purposes only and per the W-2 instructions is not taxable.

G. Tax Deferred Compensation Plan & Tax Deferred Annuity (TDA) (401(k), 403(b), 457 and ROTH)
Your retirement system, insurance company, or Deferred Compensation Plan (DCP) will provide you with a statement or periodic statements which will show cumulative contributions made during the year. The W-2 form provides for TDA contributions to appear as a separate item in Box 12 labeled as “AA”, “D”, “E”, “EE”, or “G”. Box 1 “Wages,...” on the W-2 form will be reduced by this amount for “D”, “E” and “G”. Please contact your TDA provider for further information.

H. Pension IRC414H
Pension members and NYS Voluntary Defined Contribution Program (VDC) participants’ W-2 form’s will show a gross wage reduced by the amount of their pension contributions. This contribution, shown in Box 14 and labeled as "IRC414H," is NOT subject to Federal income tax. However, it is subject to FICA, State and City taxes. Please contact your pension system or NYS VDC for information. The Internal Revenue Service (IRS) defines a NYC employee as belonging to a pension plan if there is a plan available for the employee to join regardless of whether the employee opts to join. Therefore, "retirement plan" in Box 13 is checked.

I. IRC125
As a result of nondiscrimination testing for highly compensated employees, the City’s Dependent Care Assistance Program (DeCAP) year 2021 goal amount is $5,000.00. However, federal law allows a maximum benefit of $10,500.00 in 2021. Employees should consult with a tax advisor regarding additional tax deductions on their federal tax return. The Health Care Flexible Spending Account (HCFSA) allows a minimum contribution of $260.00 to a maximum contribution of $2,750.00. Health insurance plan premium deductions for basic and/or optional riders are deducted from the employee's payroll statement. The following are the payroll deductions covered under IRC section 125: employee health insurance deductions, DeCAP and HCFSA. IRC125 deductions are treated on a pre-tax basis for Federal tax purposes, and these deductions reduce gross wages, TDA, FICA wages and taxes. However, they are subject to State and City taxes. The aggregate amount of the deductions is shown in Box 14 labeled as “IRC125.” Additionally, DeCAP
The employees/retiree’s domestic partner. This contribution for health benefits provided to an employee’s/retiree’s domestic partner has been reported to the IRS. Imputed income (IMP) is the taxable value of the employer administrative service fee on the employee’s gross and FICA wages. All of these fringe benefit contributions will also be affected by LoDI wages. Affected employees who believe that an error exists on their W-2 form must contact their agency’s payroll/personnel office.

The 3 FFCRA reporting categories reported in Box 14 are: FFCRA-A reflects leave wages paid because the employee is subject to a Federal, State, or local quarantine; or isolation order related to COVID-19; has been advised by a health care provider to self-quarantine related to COVID-19; or is experiencing COVID-19 symptoms and is seeking a medical diagnosis.

FFCRA-B reflects leave wages paid because the employee is caring for an individual subject to a Federal, State, or local quarantine; or isolation order related to COVID-19; is caring for an individual who has been advised by a health care provider to self-quarantine related to COVID-19; or is caring for their child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons.

FFCRA-C reflects family leave wages paid because the employee is caring for his or her child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons.

Union/Disability (Third Party Sick Pay)

Union short-term disability payments to employees are treated as regular wages for the purposes of SS/Medicare deductions.

Line-of-Duty Injuries (LoDI) (Uniformed Agencies/ D.A.’s)

IRS regulations provide favorable tax treatment of your wages during the approved leave period of injury. Wages will be treated on a pre-tax basis. LoDI will reduce gross and FICA wages for all days an employee is out on LoDI. TDA contributions will also be affected by LoDI wages. Affected employees who believe that an error exists on their W-2 form must contact the DoE. The DoE LoDI Hotline email is W2Unit@schools.nyc.gov.

Department of Education W-2 Inquiry Only

DoE written inquiries may be emailed to W2Unit@schools.nyc.gov.

Errors on the W-2 Wage and Tax Statement

Employees who believe an error exists on their W-2 forms must contact their agency. Amended W-2’s (Form W-2c) are used for W-2 corrections. If, after review, the W-2 has been determined to be incorrect, form W-2c will be available at www.nyc.gov/ess. Only corrected data will appear on the W-2c. Income tax authorities are notified of corrections. The employee must file income tax returns with both the W-2c and the original W-2 forms.

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