

# Business Office

## *Payroll/W-2 and Tax Reporting*

### **General**

By January 31<sup>st</sup> of each year, the New Mexico Tech Payroll Office mails Wage and Tax Statements (W-2 forms) to all employees who had earnings in the previous calendar year. The W-2 reports the employee's total income and tax information for the previous year and is used by the employee in preparing individual income tax returns. The same information is reported by New Mexico Tech to the Internal Revenue Service (IRS), the Social Security Administration, and the New Mexico Taxation and Revenue Department.

### **Wage and Tax Information Reported**

The dollar values reported on the W-2 form are total amounts for the calendar year. The amounts reported on the form are defined below.

#### **Wages**

Wages reported consist of gross pay, with certain adjustments. Gross pay includes all earnings disbursed through regular payrolls and special compensation payments and is reported for the year to date on each paycheck stub and earnings statement.

#### **Wages and State Wages**

Employees report the amount shown on the W-2 in box titled "wages" and "state wages" when preparing income tax returns. New Mexico Tech computes this amount as follows:

- Total gross pay
- Total value of taxable fringe benefits
- Total payments made by payroll deduction for
- Retirement contributions
- Insurance premiums
- Payments for tax-deferred annuities

#### **Social Security Wages**

New Mexico Tech computes FICA taxable income as follows:

- Total gross pay
- Total value of taxable fringe benefits
- Total payments made by payroll deduction for insurance premiums

## **Taxes Withheld**

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Total Federal and State income taxes withheld from gross pay are reported on the W-2 form. Employees report these amounts when preparing income tax returns. Total regular FICA tax withheld from gross pay is also reported on the W-2.

## **Cashier**

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The Cashier is housed within New Mexico Tech's General Accounting Office in Brown Hall.

## **Other Deductions**

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The amounts withheld from an employee's gross pay for tax-deferred annuities are reported on the W-2.

## **Earned Income Credit**

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The total amount paid to the employee as advance Earned Income Credit (EIC) payments is reported on the W-2.

## **Cashier**

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The total value of all taxable fringe benefits received by a New Mexico Tech employee are included in wages reported on the W-2. Taxable fringe benefits include discounted childcare, tuition assistance, courtesy cars, reimbursed moving expenses and premium costs for group life insurance coverage over \$50,000.

## **Multiple W-2 Forms**

In certain circumstances, an individual may receive two separate W-2 forms.

### **FICA and FICA Medicare Tax**

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Two W-2s are issued if an employee's status changes during the year from an employment category paying only FICA Medicare Tax to an employment category paying FICA and FICA Medicare Tax (or vice versa). Each W-2 reports wage and tax information associated with each status separately, without duplication in the totals reported. The employee should compute the total of each pair of fields or boxes for use in preparing tax returns.

### **More than Three Fringe Benefits**

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The space provided on the W-2 form for itemizing taxable fringe benefits is adequate for listing three items only. If an employee has more than three taxable fringe benefits, a second W-2 is issued. In this case, the employee should not compute the totals of amounts on the two W-2s.

## **Mailing Address**

W-2 forms are mailed to an employee's home address. It is the employee's responsibility to verify and maintain accurate address information on the payroll database. The home address currently on record is printed on each paycheck stub and earnings statement. Address changes or corrections should be reported

to the Payroll Office. Employees who submit a change of address by January 15<sup>th</sup> will receive their W-2s at the new address.

W-2 forms mailed to an incorrect address will be returned to the Payroll Office. In this case, employees may pick up the W-2 form or a copy from the Payroll Department. Identification bearing a photograph is required for each employee picking up the W-2 form. If an employee wishes that another individual pick up the W-2 form, written authorization from the employee, a copy of the employee's identification and the individual's own identification are necessary.

### **Frequent Flyer Miles**

Since it is next to impossible to account for frequent flyer miles, New Mexico Tech employees are prohibited from seeking or accepting frequent flyer miles.

Recent IRS ruling #9547001 states an employer's travel reimbursement plan does not qualify because the employer does not keep track of frequent flyer miles and reports them on the employee's Form W-2. Accordingly, the travel-form will note that frequent flyer miles will be prohibited for all New Mexico Tech's reimbursed travel.