

TO: ALL UNIVERSITY OF MASSACHUSETTS EMPLOYEES
DATE: JANUARY 18, 2012
SUBJECT: 2011 TAX REPORTING

This memo provides an explanation of some of the important changes for this year and other information for the 2011 Form W-2, Wage and Tax Statement.

For **federal** tax purposes, the following pre-tax benefits are excluded from the gross taxable federal wages in **Box 1 (Wages, Tips, Other Compensation)** on the employee's Form W-2:

- certain contributions to the Commonwealth Retirement Plan (SERS)
- contributions to the Optional Retirement Program (ORP)
- contributions to 401(a) Gap Plan
- contributions to the Dependent Care Assistance Plan (DCAP)
- contributions to the 457(b) Deferred Compensation Plan
- contributions to the 403(b) Elective Deferral Savings Plan
- certain contributions to the Pre-Tax Parking and Transit Pass Programs
- certain payments of Health Insurance Premiums
- contributions to Health Care Saving Account (HSCA)
- contributions to Health Care Saving Account HCSA Fee (HCSAF).

For **Massachusetts state** tax purposes, the following pre-tax benefits are excluded from the gross taxable state wages in **Box 16 (State Wages, Tips, etc.)** on the employee's Form W-2:

- certain contributions to the Dependent Care Assistance Plan (DCAP)
- contributions to the 457(b) Deferred Compensation Plan
- contributions to the 403(b) Elective Deferral Savings Plan
- certain contributions to the Pre-Tax Parking and Transit Pass Programs
- certain payments of Health Insurance Premiums
- contributions to Health Care Saving Account (HSCA)
- contributions to Health Care Saving Account HCSA Fee (HCSAF)

Generally, state wages (Box 16) are higher than federal wages (Box 1) because contributions to SERS and ORP are excluded from federal wages, but not from state wages. State wages include the value of tuition and fee waivers for graduate level courses for employee dependents.

Box 14 Codes (if applicable) are as follows for 2011 (with five differences in the letters printed on the 2010 W-2s):

- 14O – Health Care Spending Account (including HCSA Fee)
- 14S – Personal Use Auto
- 14T – Housing Allowance
- 14U – Imputed Health Federal
- 14V – Pre-Tax Parking (printed in Box 14P in 2010)
- 14W – Qualified Transit/Parking (printed in Box 14B in 2010)
- 14X – Post-Tax Retirement (printed in Box 14A in 2010)
- 14Y – Pre-Tax Retirement (printed in Box 14C in 2010)
- 14Z – Pre-Tax Health Insurance (printed in Box 14E in 2010)

Note to foreign employees about 1042-S Forms:

If you are an employee who has claimed exemption from income tax withholding based on a tax treaty, your exempt treaty wages will be reported on a 1042-S form. Your taxable wages (if applicable) will be reported on a W-2 form. If you were not a U.S. citizen or U.S. resident for some portion of the tax year and you received a vendor payment or certain scholarships and awards (outside of payroll), you may receive one or more 1042-S forms.

The 1042-S forms will be delivered to the foreign employees separately from the W-2 forms. They are scheduled to be distributed by March 15, 2012 in accordance with IRS requirements.

Please contact your Human Resource or Payroll Office:

1. to obtain a reprint of your Form W-2 if your copy is misplaced or lost. You can do this yourself if you have access to the PeopleSoft self-service panel, but be careful when you print them as your SSN and address are there. or
2. to obtain a Form W-2C (Statement of Corrected Income and Tax Amounts) if your name, social security number or any of the information reported on Form W-2 is incorrect, or
3. for information about the contents of specific boxes on Form W-2, or
4. if you have any additional questions.