

5.4 Exercises

Form W-2 John Doe works for Company A. In Exercises 1–6, use the incomplete W-2 shown. (See Examples 1 and 2.)

		a Employee's social security number 123-00-4567		OMB No. 1545-0008		This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.	
b Employer identification number (EIN) 12-3456789		1 Wages, tips, other compensation 36,127.65		2 Federal income tax withheld 3,597.90			
c Employer's name, address, and ZIP code Company A 14 Corporate Drive Anytown, CO 01234		3 Social security wages 37,245.00		4 Social security tax withheld			
		5 Medicare wages and tips 37,245.00		6 Medicare tax withheld			
		7 Social security tips		8 Allocated tips			
d Control number 01-234		9		10 Dependent care benefits			
e Employee's first name and initial Last name Suff. John R. Doe 213 Pearl Street Anytown, CO 01234		11 Nonqualified plans		12a See instructions for box 12 D 1,117.35			
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b			
		14 Other		12c			
				12d			
f Employee's address and ZIP code							
15 State	Employer's state ID number CO 0123-4567	16 State wages, tips, etc. 36,127.65	17 State income tax	18 Local wages, tips, etc. 37,245.00	19 Local income tax 372.45	20 Locality name	

Form W-2 Wage and Tax Statement
Copy C—For EMPLOYEE'S RECORDS (See Notice to Employee on the back of Copy B.)

2010

Department of the Treasury—Internal Revenue Service

Safe, accurate FAST! Use

1. Box 3 on the W-2 shows the taxable income for Social Security. Box 4 should show the amount of Social Security tax withheld. What amount should be in box 4?
2. Box 5 on the W-2 shows the taxable income for Medicare. Box 6 should show the amount of Medicare tax withheld. What amount should be in box 6?
3. Box 16 on the W-2 shows the taxable income for Colorado. Box 17 should show the amount of state income tax withheld. Colorado has a flat income tax of 4.63%. What amount should be in box 17?
4. John Doe contributes 3% of his salary to a 401(k) retirement plan. This amount is shown in box 12a. How much is John Doe's salary in 2010?
5. What percent of John Doe's salary should be withheld to pay federal, Social Security, Medicare, state, and local taxes?
6. In addition to John Doe's salary, Company A pays a 3% matching contribution to a 401(k) retirement plan and \$560 a month for John Doe's health insurance.
 - a. What is the total compensation package Company A is paying for John Doe? (Note: Worker's Compensation Insurance and Unemployment Insurance are not included for simplicity.)
 - b. How much does John Doe receive each year as "take-home pay"?

