

# W-2 Errors Can Cost You At Tax Time And Beyond <sup>TM</sup>

(NAPSA)—If putting more money in your pocket in the months ahead, and ensuring that you receive the Social Security benefits you are entitled to when you retire are important to you, keep reading.

Many taxpayers don't pay enough attention to one of the most important tax documents, namely, IRS Form W-2, your annual Wage and Tax Statement. Simple, easily correctable mistakes on your W-2 can cost you, now and in the future.

The American Payroll Association, the nation's leader in payroll training, offers these easy tips to help workers check the accuracy of their W-2.

## **Timing is Everything**

Employers are required, by law, to mail W-2 forms to their employees by January 31. If you haven't received your W-2 soon after that date, contact your payroll department and request that your Form W-2 be reissued.

## **Sorry, Wrong Number!**

Your Social Security number is your account number with the government. It's how the IRS keeps track of taxes deducted from your paycheck and how the Social Security Administration tracks your earnings and calculates your benefits. Check to make sure that the name and Social Security number entered on your W-2 form match your Social Security card. Mistakes on your W-2 could cause an incorrect amount of earnings to be reported to the SSA. Let your payroll department know immediately if you find a mistake, so it can be corrected as soon as possible.

## **Game, Set, Match**

Locate your last pay stub of the year. The amount entered in Box #1 of your W-2 form may not be the same as the total annual income shown on your last pay stub. This doesn't automatically mean that either the W-2 or the pay stub is wrong. Instead, it could mean that some of your wages weren't subject to withholding for income tax. If the numbers don't match, ask one of your company's payroll professionals to tell you why.

## **Playing the Field**

If you are a freelance or contract worker who has received \$600 or more from any one company in 2001, you should receive Form 1099-MISC, Statement for Recipients of Miscellaneous Income, from the company. If you haven't received the form by early February, contact the company's Accounts Payable department.

## **One-Day Wonders**

Every employer you worked for during 2001 must send you a Form W-2—even if you worked for only one day. You will need one of these from each employer you worked for during the past year.

## **Losing It!**

Whatever the reason, if your W-2 form pulls a disappearing act, simply contact your payroll professional and request another one. Your employer can replace the lost form with a "reissued statement." This will take a little time to process, so be prepared to wait. Your employer might charge you a fee for providing you with a new W-2.

## **Going, Going, Gone!**

If your regular paycheck withholdings seem high, remember that the law requires 90 percent of an

employee's tax liability to be withheld during the year—or at least match the employee's tax liability in the previous year. If you receive a large tax refund, you've had too much withheld and you may want to adjust your withholding.

## **You Earned It, You Deserve It!**

Once you've finished your tax computation, you might want to rethink that big refund you're going to get.

If you have married or had children since you last filled out your Form W-4, Employee's Withholding Allowance Certificate, it may be a good idea to fill out a new Form W-4 with the correct marital status and number of withholding allowances. Form W-4 tells your employer how many withholding allowances you're claiming, a number that will determine the amount withheld from your wages for federal income tax. Keep your withholding down to the legal minimum. The point is for you to get the use and enjoyment of more of your money when you earn it, whether in increased purchasing power or investments, rather than making an unintentional interest-free loan to the government.

Changing your Form W-4 is as easy as visiting one of the professionals in your company's payroll department and it is also a good time to discuss withholdings and even benefits to make sure you are getting the most out of every paycheck.

For more information about your W-2 form and other topics relating to your paycheck, visit [www.nationalpayrollweek.com](http://www.nationalpayrollweek.com).