



One Philly: *How to Navigate Your 2022 W-2*

January 2023



Presented By: OnePhilly Team

How To Calculate the W2 Totals

Tax Name	Tax Rate	Box on W2
Federal Income Tax (FIT)	Different for every employee (See IRS publication 15) and based on the W4 withholding and whether they are single or married	2
*Social Security (SS)	6.2%	4
Medicare	**1.45%	6
City Wage Tax (<i>Note</i> : Rate decrease effective 7.1.2022 from 3.8398% to 3.79% for residents and from 3.4481% to 3.44% for non-residents)	3.79% (R) & 3.44% (NR)	19
State Unemployment (SUI)	0.06% (Taxable wage base \$10,000)	14
State Income Tax (SIT)	3.07%	17

*No Social Security taxes are withheld when gross earnings exceed \$147,000.

An additional 0.9% is withheld on only the gross earnings that exceed \$200,000. For example, gross earnings of \$210,000 in total would be assessed 1.45% on the \$200,000 and 1.45% **PLUS 0.9% (**Total**: 2.35%) on the \$10,000. **NOTE**: Rates are applied from Oracle Vertex and are cumulatively applied based on the tax rates as given.

How to Calculate the Boxes on the W2 Form

Form W-2 Wage and Tax Statement 2022		OMB No. 1545-0008		Department of the Treasury - Internal Revenue Service			
Control number 1457609748		Employer identification number 23-6003047		COPY B To Be Filed With Employee's FEDERAL Tax Return			
Employer's name, address and zip code City of Philadelphia 1401 JFK Blvd, MSB 13th Philadelphia PA 19102		Employee's SSN XXX-XX-		1 Wages, tips, other compensation 92869.15		2 Federal income tax withheld 10214.23	
		7 Social security tips		3 Social security wages 115718.47		4 Social security tax withheld 7174.55 6.2% of Box 3	
		8 Allocated tips		5 Medicare wages and tips 115718.47		6 Medicare tax withheld 1677.92 1.45% of Box 5	
Employee's first name and init		Last Name		Suffix		9	
Employee's address and ZIP code		12a C Inputed Income		928.72		13 Statutory Employee <input type="checkbox"/>	
		12b DD Cost of ER Sponsored Health Coverage		10497.58		Retirement Plan <input checked="" type="checkbox"/>	
		12c G 457 Deferred Compensation		14462.00		Third-party sick pay <input type="checkbox"/>	
		12d				14 Other	
15 State PA		Employer's State ID number 690234872		16 State wages, tips etc. 115230.45		17 State income tax 3537.52 3.07% of Box 16	
18 Local wages, tips etc. 115718.47		19 Local income tax 4214.77 3.79% of Box 18		20 Locality name Philadelphia		0.06% of Box 3	

This information is being furnished to the Internal Revenue Service

Tax Rates for 2022 are shown in the Gold Boxes

Employee/Employers Medical Contributions/ Details Found in Balance Detail Report

❖ The amount of taxable income shown in **Box 1** is decreased by the amount of pre-tax deductions

Last 2022 Online Paystub Mapped to W-2 Form

Payslip Earnings and Deductions

Total Earnings	Current	YTD
Gross Earnings	1,999.14	115,718.47
Net Earnings	1,275.05	62,996.52

Post Tax Deductions	Current	YTD
Life Ins Supp	0.00	1,131.52
Critical Ill Ins	0.00	573.04
ADD Ins Supp	0.00	105.82
Deferred Comp Loan	0.00	245.40

Pension Plan	YTD	LTD
Plan J	8,387.32	84,736.77

Taxes	Current	YTD
Federal Tax	439.81	10,214.23
Social Security	123.95	7,174.55
Medicare	28.99	1,677.92
PA State Tax	61.37	3,537.52
Philadelphia	68.77	4,214.77
PA Unemployment	1.20	69.14

Pre Tax Deductions	Current	YTD
Medical	0.00	488.02
Def Comp Flat	0.00	14,462.00
Pen_Plan J3	0.00	8,387.32
Flex Credit Pretax	0.00	-488.02

The **YTD** Gross Earnings of **115,718.47** as shown on the paystub above are more than what is shown in **Box 1** of the W-2 on **Slide #3**.

This is because of the Pre-Tax Deductions shown to the right totaling **22,849.32** decrease the taxable income to the amount of **92,869.15** as is shown in **Box 1**.

W2 FAQs

Q: What are some of the reasons the Federal, State and City gross totals would be different on a W2?

A: These totals will vary based on an employees pre- and post-tax deductions and tax year wage base limits. The FIT gross (gross minus pre-tax exemptions) is reduced by the pre-tax deductions such as Healthcare Benefits, Deferred Comp 457 contributions (Flat and Catch Up), Flexible Spending Accounts (FSA), Dependent Care and Pension contributions. **NOTE:** It's not a one size fits all tax exemption method, there are pre-tax deductions that are not exempt from certain taxes such as SIT and City tax withholdings.

Q: If the Social Security Number is incorrect on a W2, how can it be corrected and a new W2 issued?

A: An incorrect Social Security Number (SSN) must be reported to OHR by way of the employee's Department HR Manager. Reporting an incorrect SSN must be accompanied with supporting documentation before a correction will be made in Oracle. Once the SSN has been corrected in Oracle a W2 Copy can be requested by the employee by way of their department's HR Manager.

Q: An employee earning a salary of \$85,000 per year, with a pre-tax deduction for Pension contributions only, was on IOD during an extensive period of the tax year. Why is the amount shown in Box 1 on their W2 less than expected based on their annual salary?

A: A non-uniform employee on IOD75 is only assessed FICA (Medicare & Social Security) tax for the hours of IOD; a uniform employee on IOD H&L is assessed City tax only so the taxable gross shown in Box 1 of the W2 is reduced by the amount of compensation received for IOD75 and IOD H&L.

W2 FAQs

Q: An employee contributed \$43,000 to their Deferred Comp but, Box 12c 'G' only shows \$41,000 in contributions, why?

A: The maximum pre-tax and/or Roth contribution allowed for Deferred Comp (\$20,500) and Catch Up (\$20,500 or \$7,500) is \$41,000 or \$28,000. If the employee contributed more than \$41,000 or \$28,000 based on their Catch Up selection, they should contact Nationwide (nyceb1@nationwide.com) for additional assistance.

Q: An employee earned \$225,000 during the tax year. Will the tax rate for Medicare be 1.45%?

A: No, when an employee earns more than \$200,000, the earnings over \$200,000 are assessed an additional 0.9% in addition to the standard 1.45%.

Q: Employee is questioning why they did not pay Social Security in their last two paychecks of the year when they are not Social Security exempt.

A: There are a few circumstances when this can occur: 1.) If an employee earns more than \$147,000, Social Security taxes are no longer withheld; 2.) The maximum Social Security withholding amount for the tax year 2022 is \$9,114.00. This means no employee in the current tax year will pay more than \$9,114.00 in Social Security taxes.