Notice to Employee

Refund. Even if you do not have to file a tax return, you should file to get a refund if box 2 shows federal income tax withheld or if you can take the earned income credit. Earned income credit (EIC). You may be able to take the EIC for 2011 if (a) you do not have a qualifying child and you earned less than $13,660 ($18,740 if married filing jointly), (b) you have one qualifying child and you earned less than $36,052 ($41,132 if married filing jointly), (c) you have more than one qualifying child and you earned less than $40,964 ($46,044 if married filing jointly), or (d) you have three or more qualifying children and you earned less than $43,998 ($49,078 if married filing jointly). You and any qualifying children must have valid social security numbers (SSNs). You cannot take the EIC if your investment income is more than $3,150. Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return. Clergy and religious workers. If you are not subject to social security and Medicare taxes, see Pub. 517, Social Security and Medicare Tax on Unreported Tip Income, with your income tax return to report the allocated tip amount. On Form 4137 you will figure the social security and Medicare tax owed on the allocated tips, and you will report this tax on Form(s) W-2 that you must report as income and on other tips you did not report to your employer. By filing Form 4137, your social security tips will be credited to your social security record (used to figure your benefits).

Box 10. This amount is the total dependent care benefits that your employer paid to you or incurred on your behalf (including amounts from a section 125 (cafeteria) plan). Any amount over $5,000 is also included in box 1.

Complete Form 2441, Child and Dependent Care Expenses, to see if you can claim a credit for the amount of qualified dependent care expenses. See your Form 1040 instructions for Form 1040. Note. If you have a social security and/or Tier I railroad retirement (RTA) tax withhold, you may be able to claim a credit for the net amount against your federal income tax.

1. Complete Form 8839, Qualified Adoption Expenses, to compute any taxable and nontaxable amounts. V—Income from exercise of nonstatutory stock option(s) (included in boxes 1, 3 (up to social security wage base), and 5). See Pub. 525 and instructions for Schedule D (Form 1040) for reporting requirements. W—Employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria) plan) to your health savings account. Report on Form 8889, Health Savings Accounts (HSAs).

Y—Deferrals under a section 403(b) nonqualified deferred compensation plan Z—Income under section 409A on a nonqualified deferred compensation plan. This amount is also included in box 1. It is subject to an additional 20% tax plus interest. See “Total Tax” in the Form 1040 instructions.

AA—Designated Roth contributions under a section 401(k) plan BB—Designated Roth contributions under a section 403(b) plan DD—Cost of employer-sponsored health coverage. The amount reported with Code DD is not taxable. EE—Designated Roth contributions under a governmental section 457(b) plan FF—Nontaxable sick pay for a prior year.

G—Uncollected social security or RTA tax on taxable cost of group health coverage is for the current year.

H—Total Tax line of your tax return.

5. See “Total Tax” in the Form 1040 instructions. B—Uncollected Medicare tax on tips. Include this tax on Form 1040. See “Total Tax” in the Form 1040 instructions. C—Taxable cost of group-term life insurance over $50,000 (included in boxes 1, 3 (up to social security wage base), and 5)

D—Elective deferrals to section 401(k) cash or deferred arrangement. Also includes deferrals under a SIMPLE retirement account that is part of section 401(k) arrangement.

E—Elective deferrals under a section 403(b) salary reduction Agreement (continued on back of Copy C) instructions for Employee (continued from back of Copy C) F—Elective deferrals under a section 403(b) salary reduction SEP G—Elective deferrals and employer contributions (including nonelective deferrals) to a section 403(b) deferred compensation plan H—Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan. See “Adjusted Gross Income” in the Form 1040 instructions for how to deduct.

J—Nontaxable sick pay (information only, not included in boxes 1, 3, or 5) K—20% excise tax on excess golden parachute payments. See “Total Tax” in the Form 1040 instructions. L—Substantialized employee business expenses (not reported on Form 1040). M—Uncollected social security or RTA tax on taxable cost of group-term life insurance over $50,000 (former employees only). See “Total Tax” in the Form 1040 instructions.

N—Uncollected Medicare tax on taxable cost of group-term life insurance over $7,000. If you were at least age 50 in 2011, your employer may have allowed an additional deferral of up to $5,500 ($2,500 for section 403(b) plan and 408(p) SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals. For code G, the limit on elective deferrals may be higher for the last 3 years before you reach retirement age. Contact your plan administrator for more information. Amounts in excess of the overall elective deferral limit must be included in income. See the “Wages, Salaries, Tips, etc.” line instructions for Form 1040. Note. If a year follows code D through H, S, Y, AA, BB, or EE, you made a make-up pension contribution for a prior year(s) when you were in military service. To figure whether you made excess deferrals, consider these amounts for the year shown, not the current year. If you correctly reported the contributions are for the current year.

A—Uncollected social security or RTA tax on tips. Include this tax on Form 1040. See “Total Tax” in the Form 1040 instructions.

B—Uncollected Medicare tax on tips. Include this tax on Form 1040. See “Total Tax” in the Form 1040 instructions.

C—Taxable cost of group-term life insurance over $50,000 (included in boxes 1, 3 (up to social security wage base), and 5)

D—Elective deferrals to a section 401(k) cash or deferred arrangement. Also includes deferrals under a SIMPLE retirement account that is part of section 401(k) arrangement.

E—Elective deferrals under a section 403(b) salary reduction Agreement (continued on back of Copy C) instructions for Employer (continued from back of Copy C)

F—Elective deferrals under a section 403(b) salary reduction SEP

G—Elective deferrals and employer contributions (including nonelective deferrals) to a section 403(b) deferred compensation plan

H—Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan. See “Adjusted Gross Income” in the Form 1040 instructions for how to deduct.

J—Nontaxable sick pay (information only, not included in boxes 1, 3, or 5)

K—20% excise tax on excess golden parachute payments. See “Total Tax” in the Form 1040 instructions.

L—Substantialized employee business expenses (not reported on Form 1040).

M—Uncollected social security or RTA tax on taxable cost of group-term life insurance over $50,000 (former employees only).

N—Uncollected Medicare tax on taxable cost of group-term life insurance over $7,000.

O—You made a make-up pension contribution for a prior year(s) when you were in military service. To figure whether you made excess deferrals, consider these amounts for the year shown, not the current year. If you correctly reported the contributions are for the current year.

P—Excludable moving expense reimbursements paid directly to employee (not included in boxes 1, 3, or 5)

Q—Nontaxable combat pay. See the instructions for Form 1040 for Form 1040-A details on reporting this amount.

R—Employer contributions to your Archer MSA. Report on Form 8853, Archer MSAs and Long-Term Care Insurance Contracts.

S—Employee salary reduction contributions under a section 408(p) SIMPLE (not included in box 1)

T—Adoption benefits (not included in box 1).

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