

APPENDIX 3O

Form W-2 Preparation Checklist

Company: _____ Period: _____

Completed by: _____ Date: _____

Reviewed by: _____ Date: _____

Instructions: This checklist provides guidance for preparing and reviewing the 2023 Forms W-2 (*Wage and Tax Statement*). After each step is a question the accountant should answer by checking Yes, No, or N/A (not applicable). "No" answers indicate possible errors in the Forms W-2. Any additional steps performed or unusual matters noted while preparing the Forms W-2 and W-3 should be documented in the client's file.

Note: The checklist for the 2024 Forms W-2 will be posted on the Thomson Reuters PPC and Quickfinder updates website at www.thomsonreuters.com/en-us/help/ppc-and-quickfinder-updates/ppc-aa-updates.html when it becomes available in late 2024.

Inquiry	Yes	No	N/A
General			
1. Are the entries on Forms W-2 made by computer software or typed:			
a. In black ink and without erasures, whiteouts, or strikeovers?			
b. Without script type, inverted fonts, italics, or dual case alpha characters?			
c. Without crossing the lines separating the boxes?			
d. Without dollar signs and commas?			
e. With decimals and cents for all amounts?			
f. In order (either alphabetically by the employee's last names or numerically by social security numbers)?			
g. In a manner that all six copies of the form are legible?			
2. Are the Forms W-2 not stapled together or to Forms W-3?			
3. Does the employee learn of the earned income credit (EIC) through either:			
a. Using the "official" Form W-2 which contains the notice on the back of Copy B?			
b. Having the official IRS notification printed on the back of the employee's copy of a substitute Form W-2?			
c. Timely sending IRS Notice 797 (Possible Federal Tax Refund due to the Earned Income Credit)?			
Identifying Data			
4. Regarding employee names and social security numbers:			
a. Are names the same as shown on the employee's social security card (first, middle initial, last)?			

Inquiry	Yes	No	N/A
b. Have suffixes such as Jr. and Sr. been omitted from names on Copy A? (Note that suffixes can appear on Copy A if the suffix appears on the employee's social security card. However, the SSA prefers that employers do not enter suffixes on copy A.)			
c. Are employee names free of titles or academic degrees (such as Dr. or Ph.D.)?			
d. Do all W-2s contain correct social security numbers in the nontruncated xxx-xx-xxx format? Note that the copies of the Form W-2 sent to the employee (copies B, C, and 2) can have truncated SSNs.			
e. If an employee does not have a social security number, has the employee filed a Form SS-5?			
f. If the employee has filed Form SS-5 but still does not have a social security number when the Form W-2 is to be filed, has "applied for" been entered into box a. of the Form W-2?			
g. If the employee receives the social security number after the Form W-2 is filed, has the employer seen the SS card and has Form W-2c been filed?			
h. If the employee's name changed, is the original name used until the employer sees the corrected social security card.			
i. Has the employer made sure that an individual taxpayer identification number (TIN) is not entered as an SSN?			
5. Regarding employer names and EINs:			
a. Does the employer name and address match that used on the Forms 941, 943, 944, or Schedule H?			
b. Is only one address used, even if the employer is decentralized?			
c. Do all W-2s (and the W-3) contain the correct EIN in the xx-xxxxxxx format?			
d. Is the EIN the same as used on Forms 941, 943, or 944 during the year?			
e. If the employer has not received an EIN, has "applied for" been entered into box b?			
Forms Distribution			
6. Are Forms W-2 being given to employees:			
a. By January 31?			
b. If requested by a terminated employee, within 30 days of the employee's final wages or the request, whichever is later?			
c. For employers terminating business by the date the final employment tax return is due?			
7. Are the copies of the Form W-2 distributed as follows:			
a. Copy A to the SSA?			
b. Copy 1 to the state, city, or other local tax department?			
c. Copies B, C, and 2 to the employee?			
d. Copy D to the employer's payroll files?			
8. If a replacement Form W-2 is given to an employee (i.e., the form is reissued):			
a. Does the form have "REISSUED STATEMENT" written on it?			

Inquiry	Yes	No	N/A
b. Has only one Copy A (the original) been sent to the SSA?			
9. Are undeliverable Forms W-2 retained for 4 years?			
Filing Paper Forms			
10. If Forms W-2 are being filed on paper has the employer determined that it meets the requirements to <i>not</i> file electronically?			
11. Are paper Forms W-2 transmitted to the SSA using a single Form W-3?			
Electronic Filing			
12. If Forms W-2 are being filed electronically:			
a. Are the electronic filings meeting SSA specifications? (Detailed requirements for electronic filing are available at www.ssa.gov/employer/EFW2&EFW2C.htm .)			
b. If electronic filing is required, but the employer is requesting a waiver, has Form 8508 (<i>Request for Waiver from Filing Information Returns Electronically</i>) been filed at least 45 days before the returns are due?			
13. If electronic filing is used to file the Forms W-2, have no paper forms been sent to the SSA?			
Voids			
14. Are forms with errors marked "Void?"			
15. Are amounts shown on voided forms excluded from the totals reported on Form W-3?			
Multiple Forms W-2			
16. Are multiple Forms W-2 issued to the same employee if:			
a. There is a situation that requires issuing more than one form (e.g., using paper form when there are more than four codes in box 12)?			
b. The employer wishes to report sick pay separately?			
17. Does the second Form W-2:			
a. Contain the same information as the first form in boxes a, b, c, d, e, and f?			
b. Report additional items not included on the first Form W-2 in the appropriate boxes?			
c. Avoid repeating the same federal tax data contained on the first W-2?			
Statutory Employees			
18. Are payments to "statutory employees":			
a. Included in boxes 1, 3, and 5?			
b. Indicated by having the "statutory employee" box marked in box 13?			
19. Are all the following identified as "statutory employees":			
a. Driver agents (such as route driver/salespersons) paid only by commission?			
b. Full-time life insurance salespersons?			
c. Certain homeworkers?			
d. Full-time traveling or city salespersons?			

Inquiry	Yes	No	N/A
Reporting of Wage Data			
20. Have taxable, noncash, and nonpayroll wages, compensation, and other benefits been included on the Forms W-2?			
21. Have all fringe benefits and special compensation amounts that were added to the normal payroll data been clearly documented?			
22. Are the following wages and other compensation properly recorded:			
a. Dependent care assistance, nontaxable portion included in box 10?			
b. Dependent care assistance, excess taxable portion included in boxes 1, 3, 5, and 10?			
c. Business expenses under a nonaccountable plan included in boxes 1, 3, and 5?			
d. Taxable cost of employer-paid group-term life insurance coverage over \$50,000 on current or former employees included in boxes 1, 3, 5, and 12—code C?			
e. Section 401(k) [including a SIMPLE 401(k)] pre-tax employee contributions (including catch-up provisions) included in boxes 3, 5, 12—code D, and box 13 (Retirement plan)?			
f. Designated Roth contributions (including catch-up contributions) to a Section 401(k), 403(b), or 457(b) Plan included in boxes 1, 3, 5, and 12—Code AA, BB, or EE, respectively, and box 13 (Retirement plan)?			
g. SEP employee contributions (including catch-up provisions) included in boxes 3, 5, 12—code F, and box 13 (Retirement plan)?			
h. Section 501(c)(18)(D) plan employee contributions (including catch-up provisions) included in boxes 1, 3, 5, 12—code H, and box 13 (Retirement plan)?			
i. Taxable fringe benefits not included in boxes 10 or 12 (e.g., personal use of company auto) included in boxes 1, 3, and 5 (and, at the option of the employer, in box 14)?			
j. If the annual lease value of a company auto is included in the employee's income (i.e., is reported in box 1), is the value also reported either in box 14 or on a separate statement?			
k. Deceased worker's wages paid prior to death in boxes 1, 3, and 5? Deceased worker's wages paid after death (but in the same year employee died) in boxes 3 and 5, and on Form 1099-MISC?			
l. Deceased worker's wages paid after death and not in the same year the employee died reported to the estate or beneficiary on Form 1099-MISC?			
m. Reimbursed moving expenses in boxes 1, 3, and 5?			
n. Tips, allocated included in box 8 only?			
o. Tips, reported by the employee included in boxes 1, 5, and 7?			
p. Uncollected Social Security tax on tips included in box 12—code A?			
q. Uncollected Medicare tax on tips included in box 12—code B?			
r. Accident and health insurance premiums for more than 2% shareholder-employees paid by an S corporation included in box 1, and also boxes 3 and 5 if the exclusion under IRC Sec. 3121(a)(2)(B) is not satisfied?			

Inquiry	Yes	No	N/A
s. Employee business expenses with per diem or mileage allowances in excess of IRS federal rate allowances. Excess included in boxes 1, 3, and 5; and the allowed government rate reported in box 12—code L?			
t. Distributions or constructive receipts from a nonqualified plan or a nongovernmental Section 457 plan included in boxes 1 and 11?			
u. Distributions from a nonqualified plan or a nongovernmental Section 457 plan, or if no distributions were made, wage deferrals into a nonqualified or any Section 457 plan that are no longer subject to a substantial risk of forfeiture but were for prior year services in boxes 3, 5, and 11? (If distributions are made and deferrals are also reported in boxes 3 and 5, do not complete box 11. Instead, Form SSA-131 may need to be completed.)			
v. Nontaxable disability (sick) pay paid by a third-party insurer included in box 12—code J?			
w. All employer contributions to an employee's Archer medical savings account (Archer MSA) included in box 12—code R? All employer contributions to an employee's health savings account (HSA) included in box 12—code W?			
x. Employee salary reduction contributions (including catch-up contributions) to a SIMPLE retirement account [but not a SIMPLE 401(k)] included in box 12—code S?			
y. All employer payments for qualified adoption expenses under an adoption assistance plan included in box 12—code T?			
z. If the employer chooses to report, all current year deferrals plus any earnings on current or prior year deferrals under a Section 409A nonqualified deferred compensation plan—code Y? (The code Y reporting is not required for 2023.)			
aa. Deferred compensation that does not meet the Section 409A requirements and is currently taxable—code Z?			
ab. Differential wage payments to individuals on active military duty for more than 30 days included in box 1?			
ac. Aggregate cost of employer-provided health insurance included in box 12, using code DD? (Certain small employers do not have to report aggregate employer-provided health insurance.)			
ad. Coverage under a qualified small employer HRA (QSEHRA) reported in box 12, using code FF?			
ae. Income from a qualified equity grant under IRC Sec. 83(i) reported in box 12, using code GG?			
af. Aggregate deferrals under Section 83(i) elections as of the close of the year reported in box 12, using code HH?			
23. In box 12:			
a. Are codes A–HH reported to the left of the vertical line and the money amount to the right?			
b. On paper Copy A, are no more than four codes entered in box 12 (and additional codes entered on additional Forms W-2)?			

Inquiry	Yes	No	N/A
24. Is box 13 (Retirement plan) marked if the employee was an active participant in any of the following:			
a. A defined benefit plan, if the employee is eligible to participate (even though the employee has declined participation or does not meet the prescribed number of hours of service in a particular year?)			
b. A defined contribution plan, if contributions (employee or employer) or forfeitures are allocated to the employee's account {including a designated Roth contribution [other than a Roth contribution in a 457(b)] plan} in a plan year ending within the year covered by the Form W-2?			
Reconciliations and Checks			
25. Has the Form W-3 (summarizing the Forms W-2) been reconciled to the four quarterly Form 941 (or annual Forms 943 or 944) reports?			
26. Do all amounts on Form W-3 equal the total amounts for the corresponding boxes from the Forms W-2?			
27. For the individual Forms W-2, have checks been performed to ensure that:			
a. The totals of boxes 3 and 7 do not exceed \$160,200 in 2023?			
b. Box 4 does not exceed \$9,932 in 2023?			
c. Box 3 and box 5 are equal if the amount of wages paid was \$160,200 or less?			
d. Box 4 equals box 3 plus box 7 times 0.0620? If not, are differences reconciled by the amounts in box 12, codes A and M?			
e. Box 6 equals box 5 times 0.0145, plus box 5 times 0.009 (additional 0.9% Medicare tax) on amounts in excess of \$200,000? If not, are differences reconciled by the amounts in box 12, codes B and N and any additional 0.9% Medicare tax that was not withheld from employee's tips or from a former employee's taxable group-term life insurance coverage that was not reported in box 12 with Codes B and N?			
f. Box 7 agrees to the amounts reported by the employee?			
g. Box 8 amounts are excluded from boxes 1, 3, 5, or 7?			