Understanding Box 14 Codes (Form W-2)

Employers use Box 14 to report details not reported elsewhere on Form W-2 to provide additional information to employees. These items typically include state-specific deductions, employee donations, certain retirement contributions, or informational items.

Information listed in Box 14 may or may not affect the federal tax return. TaxSlayer has provided the most commonly used codes and descriptions that **might** affect a tax return in the Box 14 dropdown menu on the W-2 entry screen. Even so, the majority of the listed codes do not apply to Texans who did not live or work in any other state during the tax year. Unlisted codes entered as "Other (Not Listed Here)" will not affect the return.

The IRS does not provide specific codes for Box 14, so employers can use their own descriptions to identify the items reported. As a result, what is printed in Box 14 may not match a code listed in TaxSlayer's dropdown menu exactly. If there is a code that closely resembles one of the code types listed in this resource, make sure to select the relevant code from the menu. The most common code that will make a difference on VITA returns prepared in the Tax Help Program is "Retirement (Not in Box 12) - Carry to Form 8880," since the taxpayer may be eligible to receive a credit for contributing to a retirement plan voluntarily.

See below to determine whether Box 14 variations might mean the same thing as a listed code.

What do the codes listed in the dropdown stand for?

TaxSlayer currently provides 22 of the most common Box 14 codes from across the country that might affect the outcome of the return.

More than half of these codes are state-specific. If a Box 14 code starts with a state abbreviation (CA, KS, MA, MD, ME, MN, NJ, NY, OR, RI, or WA), the tax return must be sent to Drop Off. If the taxpayer did not live or work in any of the listed states, these codes will not apply.

The other codes TaxSlayer includes in the Box 14 dropdown are:

- Clergy Housing Allowance
- Retirement (Not in Box 12) - Carry to Form 8880
- Retirement (Not in Box 12) - Do not carry to Form 8880
- RRTA Additional Medicare Tax
- RRTA Tier 2 Tax
- RRTA Tier 2 Wage

See the last two pages of this resource for more information on the RRTA codes and the Clergy Housing Allowance. For taxpayers that live and work in Texas, the most relevant listed codes will be one of the two "Retirement (Not in Box 12)" categories, or "Other (Not listed here)."

Retirement (Not in Box 12) - Carry to Form 8880

Form 8880 is used to figure the Retirement Savings Contribution Credit.

If a Box 14 amount represents a voluntary retirement contribution, meaning the contribution is **not required** as a condition of employment, select "Retirement (Not in Box 12) - Carry to Form 8880."

Navigate to *Deductions > Credits > Credit for Qualified Retirement Savings Contributions* to confirm the Box 14 entry carried over to Form 8880 under "**Elective Deferrals from W-2(s)**." Check the tax return print file from the *Summary* page to make sure Form 8880 appears. Any available credit on Form 8880 Line 12 will flow to Schedule 3 Line 4, which will then be included on Form 1040 Line 20. This is the main Box 14 code that might impact returns in our program.

Retirement (Not in Box 12) - Do not carry to Form 8880

Certain public employees must make mandatory contributions to retirement accounts as a condition of employment. Taxpayers who are eligible for VITA that must make mandatory retirement contributions will most often be teachers or state employees.

In Texas, the most common Box 14 codes will include a variation of the letters "TRS" for the Teacher Retirement System of Texas, or "ERS" for the Employees Retirement System of Texas. Mandatory retirement contributions are not eligible for the Retirement Savings Contribution Credit. If a Box 14 amount represents a mandatory retirement contribution, select "Retirement (Not in Box 12) - Do not carry to Form 8880." This selection will not affect the federal tax return.

If a W-2 Box 14 code is not listed in the dropdown

Because there is no standard list of Box 14 codes, TaxSlayer includes a catchall dropdown category called "Other (Not listed here)." This is the most common selection VITA volunteers will use to enter Box 14 codes encountered in the Tax Help Program. If the item is not specifically listed in the dropdown, the IRS has not provided a place or specific instructions for reporting it.

If there is no corresponding listed code for any Box 14 entry, **combine** the amounts and make **one entry** under "Other (Not Listed Here)." The entry will not affect the federal tax return.

How to report more than four Box 14 entries

In the rare case that more than four Box 14 codes *are* all listed in the dropdown, TaxSlayer requires a second W-2 to be entered with the same employer information.

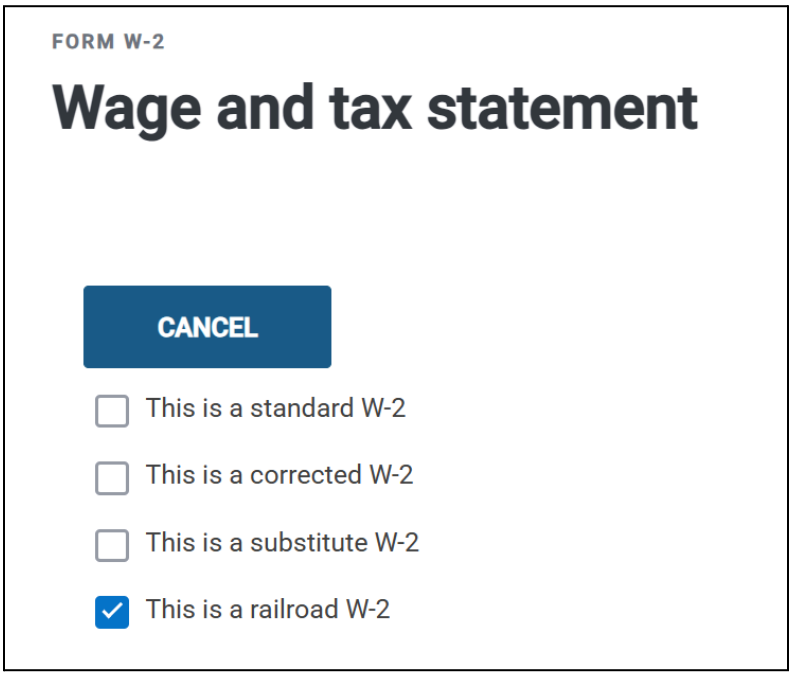
Due to the limited number of listed codes that are not state-specific, this scenario should not happen on a Form W-2 issued to a taxpayer that only lived and worked in Texas.

Railroad Retirement Tax Act (RRTA) Codes

When taxpayers work for a railroad, they are not subject to the same tax withholding rules as most other taxpayers. Railroad employees' paychecks, retirement, and pension are covered by the Railroad Retirement Tax Act (RRTA), which has tiers of taxes.

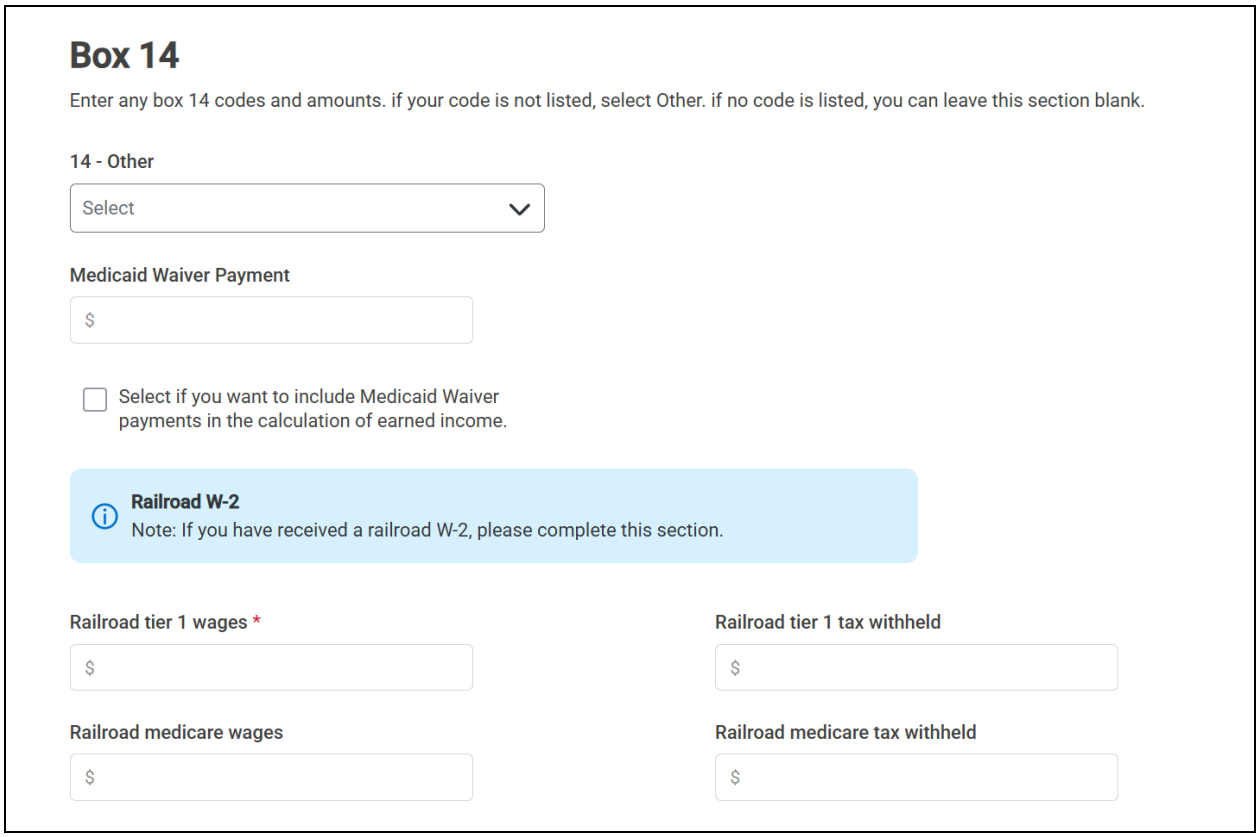
Railroad employers use Box 14 to report total RRTA compensation, Tier 1, Tier 2, Medicare (excluding Additional Medicare Tax), and any Additional Medicare Tax withheld for each employee covered by RRTA tax. Generally, the Tier 1 component is treated as a Social Security benefit for federal income tax purposes. The Tier 2 component is treated like a contributory pension. Read more about Tiers 1 and 2 on the U.S. Railroad Retirement Board website.

If the taxpayer is a railroad employee, select this option on the Form W-2 entry screen:



When "This is a railroad W-2" is selected, a more detailed section appears for Box 14 entries below a light blue alert box (see next page). The additional fields address entries related to Tier 1 wages and tax withheld, as well as Medicare wages and tax withheld. Enter the amounts from the railroad W-2 in the corresponding boxes. The RRTA entries have an impact on the tax return.

In the first "14 - Other" dropdown menu, select "RRTA Tier 2 Wage" and enter the corresponding amount from the railroad W-2. Create a new line by selecting "RRTA Tier 2 Tax" from a second "14 - Other" dropdown menu. Create the third line by selecting "RRTA Additional Medicare Tax" from a third "14 - Other" dropdown menu. Do not combine these RRTA entries; create three separate lines for each amount. These three "14 - Other" entries, along with the four entries under the light blue box, should cover the information reported on a railroad W-2.



Clergy Housing Allowance

A housing allowance for clergy may also be called a minister's housing allowance, a parsonage allowance, or a rental allowance. This amount is excludable from gross income for income tax purposes, but not for self-employment tax purposes. For more information on earnings for clergy and reporting of self-employment tax, refer to Tax Topic 417, Earnings for Clergy.

If a clergy housing allowance is listed on Form W-2 Box 14, the return is out of scope for VITA.