

TO: ALL UNIVERSITY OF MASSACHUSETTS EMPLOYEES
DATE: JANUARY 15, 2010
SUBJECT: 2009 TAX REPORTING

This memo provides an explanation of some of the important changes for this year and other information for the 2009 Form W-2, Wage and Tax Statement.

For **federal** tax purposes, the following pre-tax benefits are excluded from the gross taxable federal wages in **Box 1 (Wages, Tips, Other Compensation)** on the employee's Form W-2:

- certain contributions to the Commonwealth Retirement Plan (SERS)
- contributions to the Optional Retirement Program (ORP)
- contributions to the Dependent Care Assistance Plan (DCAP)
- contributions to the 457 Deferred Compensation Plan
- contributions to the 403(b) Tax Sheltered Annuity Plan
- certain contributions to the Pre-Tax Parking and Transit Pass Programs
- certain payments of Health Insurance Premiums
- contributions to Health Care Saving Account (HSCA)
- contributions to Health Care Saving Account HCSA Fee (HCSAF).

For **Massachusetts state** tax purposes, the following pre-tax benefits are excluded from the gross taxable state wages in **Box 16 (State Wages, Tips, etc.)** on the employee's Form W-2:

- certain contributions to the Dependent Care Assistance Plan (DCAP)
- contributions to the 457 Deferred Compensation Plan
- contributions to the 403(b) Tax Sheltered Annuity Plan
- certain contributions to the Pre-Tax Parking and Transit Pass Programs
- certain payments of Health Insurance Premiums
- contributions to Health Care Saving Account (HSCA)
- contributions to Health Care Saving Account HCSA Fee (HCSAF)

Generally, state wages (Box 16) are higher than federal wages (Box 1) because contributions to SERS and ORP are excluded from federal wages but not from state wages. State wages include the value of tuition and fee waivers for graduate level courses for employee dependents.

Box 14 Codes (if applicable): 14A – Post-Tax Retirement; 14 B – Pre-Tax Transit Passes; 14C – Pre-Tax Retirement; 14E – Pre-Tax Health Insurance Premiums; 14N – Cell Phone Allowance; 14O – Pre-Tax Health Care Spending Account and HCSA Fee; 14P – Pre-Tax Parking (Federal); 14S – Personal Use Auto; 14T – Housing Allowance; 14U – Imputed Income for Health Insurance; 14X – Taxable Tips

Note to employees eligible to participate in the University's 403(b) Elective Deferral Savings Plan:

If you own a controlling interest (over 50%) of an outside business and you make contributions to a qualified retirement plan or simplified employee pension plan under the outside business, the IRS requires that you report these contributions to the University. Such contributions must be aggregated with your contributions to the University's 403(b) plan to ensure that the IRS' limit on annual additions (also referred to as the "415 limit") is not exceeded. If the above situation applies to you, it is important that you report these contributions to the University of Massachusetts, Treasurer's Office, 333 South Street, Suite 450, Shrewsbury, MA 01545, Attention: 403(b) Plan Administrator, (774) 455-7575.

Note to foreign employees about 1042-S Forms:

If you are an employee who has claimed exemption from income tax withholding based on a tax treaty, your exempt treaty wages will be reported on a 1042-S form. Your taxable wages (if applicable) will be reported on a W-2 form. If you were not a U.S. citizen or U.S. resident for some portion of the tax year and you received a vendor payment or certain scholarships and awards, you may receive one or more 1042-S forms.

The 1042-S forms will be delivered to the foreign employees separately from the W-2 forms. They will be distributed by March 15, 2010 in accordance with IRS requirements.

Please contact your Human Resource or Payroll Office:

1. to obtain a reprint of your Form W-2 if your copy is misplaced or lost, or
2. to obtain a Form W-2C (Statement of Corrected Income and Tax Amounts) if your name, social security number or any of the information reported on Form W-2 is incorrect, or
3. for information about the contents of specific boxes on Form W-2, or
4. if you have any additional questions.