



Using Federal Tax Returns in Need Analysis

The following information, compiled by NASFAA since 1983, is a reference tool on how to use various Internal Revenue Service (IRS) federal income tax returns, forms, and schedules in need analysis.

Line item and data element references in the 2007 Federal Tax Forms and Schedules Comparison and the 2008-09 Guide to Implied Income and Assets refer to IRS forms and schedules for the 2007 tax year and the 2008-09 Free Application for Federal Student Aid (FAFSA).

This reference document includes a section, Highlights of IRS Form W-2, which addresses using the W-2 for verifying certain sources of income that may not be accurately reported on the FAFSA. These income items include untaxed earnings and tax-deferred income contributed to pension and savings plans. Other forms of untaxed (or pretaxed) income may also be reported here.

The use of electronic tax filing options increases each year. Financial aid administrators must understand which filings are acceptable for Title IV verification purposes. For details on acceptable documentation, consult the Application and Verification Guide section of the Department of Education's (ED's) 2008-09 *Federal Student Aid Handbook* at <http://www.ifap.ed.gov/IFAPWebApp/currentSFAHandbooksPag.jsp>.

A good source of individual tax information is IRS Publication 17, *Your Federal Income Tax*. This free publication is available directly from the IRS. You may also download it from the IRS Web site at <http://www.irs.gov/pub/irs-pdf/p17.pdf>.

Another good source of information on individual tax returns, *Individuals' Filled-In Tax Return Forms*, is published by CCH Group (formerly known as the Commerce Clearing House). The price for the 2007 edition (latest available) is \$37.00 per copy, plus applicable sales tax and shipping charges. You may order this publication via the CCH Web site, <http://tax.cchgroup.com/Books/default>, or by calling 1-800-248-3248.

The IRS Publication 17 is similar in content but less comprehensive than the CCH publication. Either of these publications is a useful resource for reviewing the more esoteric tax returns that a financial aid office may receive.

Common 2007 Federal Tax Forms

Form	Title	Brief Description
1040	U.S. Individual Income Tax Return	Self-explanatory
1040A	U.S. Individual Income Tax Return	Short version of 1040
1040EZ	Income Tax Return for Single and Joint Filers With No Dependents	Specialized short version of 1040
1040NR	U.S. Nonresident Alien Income Tax Return	Self-explanatory
1040NR-EZ	U.S. Income Tax Return for Certain Nonresident Aliens with No Dependents	Specialized short version of 1040NR
1040X	Amended U.S. Individual Income Tax Return	Submitted when changes are made after original 1040 has been filed
1041	U.S. Income Tax Return for Estates and Trusts	Specialized return for estates and trusts
1065	U.S. Return of Partnership Income	Specialized return for partnerships
1098-E	Student Loan Interest Statement	Shows student loan interest paid by the student to the lender
1099-DIV	Dividends and Distributions	Taxable and nontaxable distributions (e.g., dividends paid on stocks, capital gains) and liquidation distributions
1099-G	Certain Government Payments	Unemployment compensation, state and local income tax refunds, agricultural payments, and taxable grants
1099-INT	Interest Income	Self-explanatory
1099-MISC	Miscellaneous Income	Rent or royalty payments; prizes and awards that are not for services, such as gambling, TV, or radio show winnings
1099-Q	Payments from Qualified Education Programs	Gross distribution (including in-kind distributions) paid from section 529 qualified tuition program (QTP) and section 530 Coverdell education savings account (CESA)
1099-R	Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	Distributions from pensions, annuities, profit-sharing and retirement plans (including section 457 state and local government plans), IRAs, insurance contracts, etc.
1099-S	Proceeds from Real Estate Transactions	Sales or exchanges of certain real estate
1116	Foreign Tax Credit (Individual, Estate, or Trust)	Credit for taxes paid to foreign country or U.S. possession
1120	U.S. Corporation Income Tax Return	Self-explanatory
1120S	U.S. Income Tax Return for an S Corporation (Small Business)	Specialized version of 1120

Form	Title	Brief Description
1120X	Amended U.S. Corporation Income Tax Return	Self-explanatory
2106/ 2106-EZ	Employee Business Expenses/ Unreimbursed Employee Business Expenses	Computation of allowances for employee expenses such as lodging, meals, entertainment, and transportation
2120	Multiple Support Declaration	Indicates that person paying less than half of dependent's support will not claim dependent
2350	Application for Extension of Time to File U.S. Income Tax Return (for U.S. Citizens and Resident Aliens Abroad)	Self-explanatory
2441	Child and Dependent Care Expenses	Special computation to reduce tax liability for qualified taxpayer
2555/ 2555-EZ	Foreign Earned Income/Foreign Earned Income Exclusion	Reports foreign earned income and/or housing exclusion (U.S. citizens and resident aliens only)
3468	Investment Credit	Shows computation of investment tax credit for selected activities
3800	General Business Credit	Shows computation of tax credit for selected business activities
3903	Moving Expenses	Self-explanatory; includes U.S. citizens or residents moving to a new principal place of work outside U.S. or its possessions
4136	Credit for Federal Tax Paid on Fuels	Computation of credits for federal tax on fuels
4137	Social Security and Medicare Tax on Unreported Tip Income	Self-explanatory
4506/ 4506-T	Request for Copy of Tax Return/ Request for Transcript of Tax Return	Self-explanatory
4562	Depreciation and Amortization	Details depreciation and amortization schedule for business and investment property
4684	Casualties and Thefts	Details losses due to casualties (e.g., fire, flood) and theft
4797	Sale of Business Property	Reports gains/losses from sale or exchange of certain business property (similar to Schedule D)
4835	Farm Rental Income and Expenses	Reports profits/losses for taxpayers who rent out farm property
4852	Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRA's Insurance Contracts, Etc.	Self-explanatory

Form	Title	Brief Description
4868	Application for Automatic Extension of Time to File U.S. Individual Income Tax Return	Self-explanatory
4952	Investment Interest Expense Deduction	Reports expense deductions for investment interest
4970	Tax on Accumulation Distribution of Trusts	Self-explanatory
4972	Tax on Lump-Sum Distributions	Reports taxable lump-sum distributions from retirement plans
5305-E	Coverdell Education Savings Trust Account	Identifies Coverdell trust account beneficiaries
5305-EA	Coverdell Education Savings Custodial Account	Identifies Coverdell custodial account beneficiaries
5329	Additional Taxes on Qualified Plans (including IRAs) and Other Tax Favored Accounts	Self-explanatory
5754	Statement by Person(s) Receiving Gambling Winnings	Self-explanatory
6198	At-Risk Limitations	Used to figure current-year profit or loss from an at-risk activity
6251	Alternative Minimum Tax—Individuals	Alternative computation of tax for high-income taxpayers with substantial deductions
6252	Installment Sale Income	Alternative computation of capital gains spread over time
7004	Application for Automatic 6-Month Extension of Time to File Certain Business Income Tax, Information, and Other Returns	Self-explanatory
8271	Investor Reporting of Tax Shelter Registration Number	For claiming or reporting deductions, losses, credits, other tax benefits, or income from ownership interest in a tax shelter
8283	Noncash Charitable Contributions	Self-explanatory
8308	Report of a Sale or Exchange of Certain Partnership Interests	Self-explanatory
8332	Release of Claim to Exemption for Child of Divorced or Separated Parents	Custodial parent agrees not to claim a dependent; allows noncustodial parent to
8379	Injured Spouse Allocation	Filed when all or part of an overpayment was, or is expected to be, used to offset a spouse's past-due federal tax, child or spousal support, federal nontax debt (e.g., student loan) or state income tax

Form	Title	Brief Description
8453	U.S. Individual Income Tax Transmittal for an IRS e-file Return	Form used to send required paper forms or supporting documentation for electronically filed tax return
8582/ 8582-CR	Passive Activity Loss Limitations/ Passive Activity Credit Limitations	Reports limitations on passive activity losses and credits
8586	Low-Income Housing Credit	Reports tax credits for S corporations, partnerships, estates, and trusts
8594	Asset Acquisition Statement	Filed by both purchaser and seller of assets for group transfers of business assets
8606	Nondeductible IRAs	Part I reports nondeductible contributions to traditional IRAs and distributions from traditional, SEP, and simple IRAs; Part II outlines conversions from traditional, SEP, or simple IRAs to Roth IRAs; Part III shows distributions from Roth IRAs
8615	Tax for Children Under Age 18 Who Have Investment Income of More Than \$1,700	Self-explanatory
8810	Corporate Passive Activity Loss and Credit Limitations	Used by personal service corporations and closely held corporations to report limitations on passive activity losses
8812	Additional Child Tax Credit	Used to calculate additional child tax credit for certain low-income individuals
8814	Parent's Election to Report Child's Interest and Dividends	Self-explanatory
8815	Exclusion of Interest from Series EE and I U.S. Savings Bonds Issued After 1989	Shows excludable savings bond interest for qualified higher education expenses
8825	Rental Real Estate Income and Expenses of a Partnership or an S Corporation	Self-explanatory
8829	Expenses for Business Use of Your Home	For claiming deductions and depreciation related to business use of home
8839	Qualified Adoption Expenses	For claiming credit for qualified adoption expenses
8863	Education Credits (Hope and Lifetime Learning Credits)	For claiming Hope or Lifetime Learning tax credits
W-2	Wage and Tax Statement	Shows wages earned, taxes withheld, and certain tax deferred and nontaxable contributions or payments not in wages

Common 2007 Federal Tax Schedules

Schedules	Form	Title	Brief Description
Schedule A	1040	Itemized Deductions	Medical and dental expenses, taxes paid, interest paid, gifts to charity, casualty and theft losses, moving expenses, job expenses and miscellaneous deductions
Schedule B	1040	Interest and Ordinary Dividends	Interest, ordinary dividends and foreign accounts and trusts
Schedule C	1040 1040NR 1041	Profit or Loss from Business (Sole Proprietorship)	Income, losses, and deduction details for a sole proprietor operating a business or practicing a profession
Schedule C-EZ	1040 1040NR 1041	Net Profit from Business (Sole Proprietorship)	Simplified Schedule C for businesses with expenses less than \$5,000 and meeting certain criteria, to report business expenses and claim business vehicle deduction
Schedule D	1040 1040NR	Capital Gains and Losses	Sale or exchange of personal capital assets (e.g., stocks, bonds, other security, real estate); may include previous years' losses and installment sales gains
Schedule E	1040 1040NR 1041	Supplemental Income and Loss	Income and losses from rental real estate, royalties, partnerships, estates, trusts, S corporations, real estate mortgage investment conduits, and windfall profits
Schedule EIC	1040 1040A	Earned Income Credit	Tax credit available to qualified low-income taxpayers with children living at home; may result in taxpayer receiving tax refund greater than taxes paid
Schedule F	1040 1040NR 1041 1065 1065-B	Profit or Loss from Farming	Income, losses, and deduction details for business or investment farming
Schedule J	1040 1040NR	Income Averaging for Farmers and Fishermen	Income tax computation by averaging all or part of taxable income farming or fishing over previous three years
Schedule J	1041	Accumulation Distribution for Certain Complex Trusts	For certain domestic complex trusts, accumulation distribution in excess of amounts properly paid, credited, or required to be distributed during current tax year
Schedule K-1	1041 1065 1065-B 1120-S	Partner's, Shareholder's, or Beneficiary's Share of Income, Credits, Deductions, etc.	Self-explanatory

Schedules	Form	Title	Brief Description
Schedule R	1040	Credit for the Elderly or the Disabled	Computation to reduce tax liability for qualified low-income taxpayers
Schedule SE	1040	Self-Employment Tax	Computation of tax for self-employed taxpayers who complete Schedule C or C-EZ (business), F (farm), or K-1 (partner/shareholder/beneficiary) or are qualified church employees; half of self-employment tax is treated as an offset to income to recognize that taxpayer is paying both employer and employee share of self-employment (FICA) tax
Schedule 1	1040A	Interest and Ordinary Dividends for Form 1040A Filers	Self-explanatory
Schedule 2	1040A	Child and Dependent Care Expenses for Form 1040A Filers	Computation to reduce tax liability for qualified taxpayers
Schedule 3	1040A	Credit for the Elderly or the Disabled for Form 1040A Filers	Computation to reduce tax liability for qualified low-income taxpayers

2008-09 Guide to Implied Income and Assets

This chart was designed to assist financial aid administrators when using 2007 federal tax forms and schedules to verify the accuracy of information supplied by students and their families when applying for federal student aid. Note that, except under certain verification regulations, the collection of tax forms (e.g., Form W-2) is optional. Consult the Application and Verification Guide section of the *FSA Handbook* for acceptable documentation guidance. This chart suggests aspects of a family's cash flow and asset strength which may be reflected on federal tax documents. Implied income or assets should be verified by following up with the aid applicant and appropriate family members. This chart is merely a guide to be used while assessing a family's financial data and while exercising professional judgment in individual cases. For references to FAFSA data, **(S)** refers to a **student** data element and **(P)** refers to a **parent** data element.

Implied Income and Assets	Methodology	IRS Tax Form or Schedule	Comments and Follow-Up
Additional Untaxed Income	<ul style="list-style-type: none"> • Housing, food, and other living allowances • Depreciation is reported in many places on tax forms and schedules <ul style="list-style-type: none"> ➤ Business depreciation ➤ Rental property depreciation ➤ Farm depreciation 	<ul style="list-style-type: none"> • Schedule SE • Form W-2, Box 14 • Form 4562 • Form 1040, Schedule C, Line 13 • Form 1040, Schedule E, Line 20 • Form 1040, Schedule F, Line 16 	<ul style="list-style-type: none"> • May indicate other forms of untaxed income (e.g., parsonage living allowances for clergy members) to be reported in FAFSA question 41(S) or 85(P) • Business, rental property, or investment farm depreciation could be a paper loss rather than an actual (or real) loss of income in many circumstances • May indicate untaxed income to be reported in FAFSA question 41(S) or 85(P)

Implied Income and Assets	Methodology	IRS Tax Form or Schedule	Comments and Follow-Up
Conversions (Rollovers) from Traditional IRAs to Roth IRAs	<ul style="list-style-type: none"> Artificially inflates income, reflecting resources not available to family 	<ul style="list-style-type: none"> Form 1040, Lines 15a and 15b Form 1040A, Lines 11a and 11b Form 1040NR, Lines 16a and 16b Form 1099-R Form 8606 	<ul style="list-style-type: none"> Reflects taxable amount of IRA distributions but could include IRAs other than Roth conversion Identifies taxpayer and gross distributions from pensions, annuities, retirement or profit-sharing plans, IRAs, insurance contracts, etc. Part II outlines Roth IRA conversions Net amount of Roth conversion is reported in line 16 and may include portions of conversions made during the tax year that were spread over designated period Part III reflects actual distributions taken from a Roth IRA and included in taxable income on tax return
Savings Principal	<ul style="list-style-type: none"> Interest earned divided by appropriate interest rate equals implied principal Stock sales, etc. Excludable interest on Series EE and I U.S. Savings Bonds 	<ul style="list-style-type: none"> Form 1040, Lines 8a and 8b Form 1040A, Lines 8a and 8b Form 1040EZ, Line 2 Form 1040NR, Lines 9a and 9b Form 1040, Line 13 Form 1040NR, Line 14 Schedule D, Lines 3 and 10 Schedule B, Line 3 Schedule 1, Line 3 Form 8815, Line 14 	<ul style="list-style-type: none"> Suggests asset ownership and value that should be reported in FAFSA questions 43-44(S) or 87-88(P) Cash received from sale may be available as other savings or investments to be reported in FAFSA questions 43-44(S) or 87-88(P) Suggests value that should be reported in FAFSA question 43(S) or 87(P)

Implied Income and Assets	Methodology	IRS Tax Form or Schedule	Comments and Follow-Up
Investment Principal	<ul style="list-style-type: none"> • Stock sales, etc. 	<ul style="list-style-type: none"> • Form 1040, Line 13 • Form 1040A, Lines 9a, 9b, and 10 • Form 1040NR, Line14 • Schedule D, Lines 3 and 10 	<ul style="list-style-type: none"> • Cash received from sale (gain or loss) may be available for other savings or investments reported in FAFSA questions 43-44(S) or 87-88(P)
Investment Property Ownership and Assets		<ul style="list-style-type: none"> • Form 1040, Line 17 • Form 1040NR, Line18 • Schedule E, Part I • Form 4562, Part IV 	<ul style="list-style-type: none"> • Suggests property ownership and may imply asset value that should be reported in FAFSA question 44(S) or 88(P)
Business Holdings and Assets		<ul style="list-style-type: none"> • Form 1040, Line 12 • Form 1040NR, Line13 • Schedule C (or C-EZ) 	<ul style="list-style-type: none"> • Suggests business ownership and may imply asset value that should be reported (except excludable family-owned small business) in FAFSA question 45(S) or 89(P)
Partnership, Estate, Trust, and S Corporation Ownership Interests		<ul style="list-style-type: none"> • Schedule E, Parts II and III • Schedule K-1 • Form 1041 • Form 1065 • Form 1120S • Form 4562 • Form 8582 	<ul style="list-style-type: none"> • Suggests assets and may imply value that should be reported in FAFSA questions 44-45(S) or 88-89(P)
Investment Farm Holdings and Assets		<ul style="list-style-type: none"> • Form 1040, Line 18 • Form 1040NR, Line19 • Schedule F 	<ul style="list-style-type: none"> • Do not include farm on which family resides and materially participates in its operation • Entries may imply value that should be reported in FAFSA question 45(S) or 89(P)

2007 Federal Tax Forms and Schedules Comparison

This chart indicates the location of need analysis data elements on the various 2007 federal tax forms and schedules. These data elements may be subject to verification or resolution of conflicting information requirements. Consult the Application and Verification Guide section of the *FSA Handbook* for acceptable documentation guidance. For referenced FAFSA data, **(S)** refers to a **student** data element and **(P)** refers to a **parent** data element.

Need Analysis Data Element	1040	1040A	1040EZ	FAFSA
Exemptions Claimed	Line 6d	Line 6d	Line 5	37(S) 81(P)
Adjusted Gross Income (AGI)	Line 37	Line 21	Line 4	35(S) 79(P)
Earnings from Work	Lines 7 + 12 + 18 + Schedule K-1, Line 14 Form W-2, Box 1	Line 7 Form W-2, Box 1	Line 1 Form W-2, Box 1	38-39(S) 82-83(P)
Nontaxable Combat Pay Election (tax filers only)	Line 66b Form W-2, Box 12a-d, Code Q	Line 40b Form W-2, Box 12a-d, Code Q	Line 8b Form W-2, Box 12a-d, Code Q	38-39, 41(S) 82-83, 85(P)
U.S. Income Tax Paid	Line 57	Line 35	Line 10	36(S) 80(P)
Earned Income Credit (EIC)	Line 66a	Line 40a	Line 8a	40(S) 84(P)
Additional Child Tax Credit	Line 68	Line 41	N/A	40(S) 84(P)
Social Security Benefits (untaxed portions)	Lines 20a minus 20b	Lines 14a minus 14b	N/A	40(S) 84(P)
Tax-Exempt Interest	Line 8b	Line 8b	N/A	41(S) 85 (P)
IRA Distributions (untaxed portions)	Lines 15a minus 15b (excludes rollovers)	Lines 11a minus 11b (excludes rollovers)	N/A	41(S) 85(P)

Data Element	1040	1040A	1040EZ	FAFSA
Pension and Annuity Distributions (untaxed portions)	Lines 16a minus 16b (excludes rollovers)	Lines 12a minus 12b (excludes rollovers)	N/A	41(S) 85(P)
Tax-Deferred Contributions to Traditional IRA, SEP, SIMPLE and Other Qualified Plans	Lines 28 + 32 Form W-2, Box 12a-d, Codes D, E, F, G, H, S	Line 17 Form W-2, Box 12a-d, Codes D, E, F, G, H, S	N/A	41(S) 85(P)
Foreign Income Exclusion	Form 2555, Line 45 Form 2555-EZ, Line 18	N/A	N/A	41(S) 85(P)
Credit for Tax on Special Fuels (nonfarmers only)	Form 4136, Line 18*	N/A	N/A	41(S) 85(P)

* After the paper version of the FAFSA was published by ED and the FAFSA on the Web site went live on January 1, 2008, the IRS Form 4136 line item for reporting the credit for tax on special fuels was changed from line 17 to line 18. Though NASFAA has notified ED of the IRS form change and the need to correct FAFSA Worksheet B, both the paper and on-line versions of FAFSA Worksheet B still reflected the incorrect line item as of the time NASFAA's Using Federal Tax Returns in Need Analysis was published. IRS Form 4136, line 18, is the correct line item to use for reporting the credit for tax on special fuels for the 2008-09 award year.

Highlights of IRS Form W-2

Employers must file an IRS Form W-2 for taxable wages paid to each employee from whom income, Social Security, or Medicare taxes were (or would have been under certain conditions) withheld for the tax year. Every employer engaged in a trade or business and who pays remuneration, including noncash payments, for services performed by an employee must also file a Form W-2 for the employee.

While the Form W-2 is not required for verification purposes, the financial aid administrator may opt to collect it for purposes of verifying certain forms of taxable or untaxed income not reflected elsewhere. Consult the Application and Verification Guide section of the *FSA Handbook* for verification and conflicting information documentation requirements. Many of the boxes on the Form W-2 are self-explanatory; comments are provided for selected items.

Box 1 — Wages, tips, other compensation: Includes all wages, tips, and noncash payments subject to federal income tax prior to payroll deductions. The wages listed in Box 1 may be less than those listed in Box 3 “Social security wages” or Box 5 “Medicare wages and tips.” An “untaxed” or “pretaxed” difference in these amounts occurs when an employee contributes to certain tax-deferred retirement, savings, or cafeteria plans. The actual amount of pretaxed income that is deferred may appear in Box 12 with a letter code indicating the plan type. In some cases, this amount constitutes untaxed income that should be reported on the FAFSA.

Box 2 — Federal income tax withheld: This indicates taxes withheld on behalf of the employee, not taxes paid to the IRS by the employee; therefore, this amount is not used to verify the income taxes paid amount reported on the FAFSA [questions 36(S) or 80(P); see also Federal Tax Forms and Schedules Comparison).

Box 3 — Social Security wages: This indicates total wages paid to the employee (before payroll deductions) up to the taxable limit of \$97,500 (for 2007 tax year).

Box 5 — Medicare wages and tips: If the amount in Box 5 is greater than the amount in Box 1, this is an indication of “untaxed” or “pretaxed” income that may be included in Box 12. Due to state variations in treatment of such income, you may want to follow up if you note a discrepancy. Unlike Box 3, Box 5 has no taxable limit.

Box 8 — Allocated tips: This is a form of earnings not reported in Box 1, but should be included in earnings reported on line 7 of Form 1040 or 1040A, or line 1 of Form 1040EZ.

Box 11 — Nonqualified plans: This reflects the total amount of distributions made to an employee from a nonqualified plan or a nongovernmental section 457(b) plan. Any amount in this box is included as taxable income on the tax return and is not reported as untaxed income on the FAFSA.

Box 12 (a through d) — Note that amounts reported with codes D through H, and S are included in FAFSA Worksheet B and should be reported as untaxed income on the FAFSA [questions 41(S) or 85(P)]. Amounts identified by other codes (except code C) are not reported on the FAFSA, although a financial aid administrator may include these amounts as untaxed income on a case-by-case basis under professional judgment or for purposes of awarding institutional financial aid funds.

Code	Description
A	Uncollected Social Security or Railroad Retirement Tax Act (RRTA) tax on tips
B	Uncollected Medicare tax on tips
C	Taxable cost of group-term life insurance over \$50,000 (may be included as income in Boxes 1, 3, and 5)
D	Elective deferrals under a section 401(k) cash or deferred arrangement plan
E	Elective deferrals under a section 403(b) salary reduction agreement
F	Elective deferrals under a 408(k)(6) salary reduction SEP
G	Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan
H	Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan
J	Nontaxable sick pay (not included in Boxes 1, 3, or 5)
K	20 percent excise tax on excess golden parachute payments
L	Substantiated employee business expense reimbursements (nontaxable)
M	Uncollected Social Security or RRTA 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 \$50,000 (former employees only)
P	Excludable reimbursed moving expenses paid directly to employee (not included in Boxes 1, 3, or 5)
Q	Nontaxable combat pay
R	Employer contributions to an Archer Medical Savings Account (MSA)
S	Employee salary reduction contributions to a section 408(p) SIMPLE retirement account (not included in Box 1)
T	Adoption benefits (not included in Box 1)
V	Income from the exercise of nonstatutory stock options (included in Boxes 1, 3, and 5)
W	Employer contributions to a Health Savings Account (HSA)
Y	Deferrals under a section 409A nonqualified deferred compensation plan
Z	Income under section 409A on a nonqualified deferred compensation plan
AA	Designated Roth contributions to a section 401(k) plan
BB	Designated Roth contributions under a section 403(b) plan

Box 14 — Other: Use of this box is optional and at the employer's discretion *may* be used by the employer to record other income information it wishes to provide the employee. Examples include, but are not limited to:

- State disability insurance taxes withheld;
- Union dues;

- Uniform payments;
- Health insurance premiums deducted;
- Nontaxable income;
- Educational assistance payments;
- Parsonage and utilities allowances for members of the clergy; and
- For pension plans:
 - Nonelective employer pension plan contributions made on behalf of an employee,
 - Voluntary after-tax contributions deducted from an employee's pay,
 - Required employee contributions, and
 - Employer matching contributions.

The Department of Education (ED) has previously indicated that income listed in Box 14 of the Form W-2 may be disregarded under certain circumstances. There are a few reasons for this:

- 1) Several of the items that the IRS suggests could be reported in Box 14 are already captured on the FAFSA (e.g., in adjusted gross income);
- 2) Box 14 could include certain nonelective pension plan contributions that should not be counted in the need analysis; and
- 3) Because employers are not required to provide information in Box 14, it is unlikely that employers will be consistent in what they report there.

There are exceptions however. If Box 14 reflects something **obvious** that should have been but was not included on the FAFSA, the financial aid administrator is required to resolve that conflicting information. For example, a commonly misreported form of untaxed income is the parsonage allowance, which is specifically requested on FAFSA Worksheet B. Since clergy parsonage allowances are frequently reported in Box 14, the Form W-2 is useful for verifying this particular type of untaxed income. Consult the Application and Verification Guide section of the *FSA Handbook* for additional guidance.