

TAX SKILLS

Reading and Checking a Form W-2

Detailed practice, calculation, decision-making, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Brief
YOUR CHALLENGE Interpret major W-2 boxes, reconcile payroll totals, calculate an estimated refund or balance, and respond safely to a possible error.			

Taxes Connect Paychecks and Annual Filing

Employers use Form W-2 to report wages and certain taxes withheld. Employees use it when preparing an individual income tax return. A withholding amount is a payment made during the year; it is not automatically the final tax liability.

Term	Student-friendly meaning
Form W-2	Annual wage and tax statement issued by an employer.
Wages	Compensation reported under the rules for a particular box.
Withholding	Money sent toward a tax obligation during the year.
Tax liability	Calculated tax owed before comparing payments.
Refund	Amount generally returned when eligible payments exceed liability.
Balance due	Amount still owed when liability exceeds eligible payments.
CLASSROOM USE All people, employers, figures, brackets, and documents in this packet are fictional. Never place a real Social Security number, employer ID, bank number, or tax document in classroom work.	

Part 1 - Read a Fictional Form W-2

Use the fictional Northstar Market statement. Boxes shown are selected for practice.

Box	Fictional entry	What it reports	Check or question
1 Wages, tips, other compensation	\$18,400		
2 Federal income tax withheld	\$1,240		
3 Social Security wages	\$18,900		
4 Social Security tax withheld	\$1,171.80		
5 Medicare wages and tips	\$18,900		
6 Medicare tax withheld	\$274.05		
16 State wages	\$18,400		
17 State income tax withheld	\$610		

Which boxes report income and which report money already withheld? Why might boxes 1, 3, and 5 differ?

Part 2 - Check Payroll Totals

Kai worked 26 pay periods. Use the totals below to check the W-2.

Item	Per-pay amount or rule	Annual calculation	Result
Federal taxable wages	\$707.69 x 26		
Federal withholding	\$47.69 x 26		
Social Security tax	6.2% of \$18,900		
Medicare tax	1.45% of \$18,900		

Calculate and compare with the fictional W-2. Allow a few cents of rounding for payroll totals. Identify any mismatch.

Part 3 - Separate Tax Liability from Withholding

Use the classroom-only assumption that Kai’s calculated federal income tax is \$1,080.

Measure	Amount	Calculation	Meaning
Federal tax liability	\$1,080	Given	
Federal income tax withheld	\$1,240	Box 2	
Expected refund or balance due			
Effective federal income-tax rate			

Use refund = withholding - liability. Use effective rate = liability / box 1 wages. Explain why a refund is not a bonus from the government.

Part 4 - Respond to a Possible W-2 Error

Suppose Kai’s final pay records show \$18,700 of box 1 wages, but the W-2 shows \$18,400.

Action	Safe / unsafe / incomplete?	Reason	Better step
Change the W-2 number personally.			
Compare final pay statement and payroll records.			
Contact the employer using a verified channel.			
File using the number Kai thinks is right without guidance.			
Keep copies of communications and corrected forms.			

Create a safe sequence for checking and correcting the difference. Do not invent a correction.

Part 5 - Write a W-2 Review Note

Summarize the document without including sensitive identifiers.

Review check	My evidence
Box 1 wages	
Federal withholding	
Social Security wages/tax	
Medicare wages/tax	
State wages/withholding	
Payroll reconciliation	
Estimated refund/balance	
Question or correction step	

Write 150-200 words. Include four box numbers, two calculations, and one limitation of the classroom estimate.
