SCHEDULE
W-2
INSTRUCTIONS

INSTRUCTIONS FOR THE PREPARATION OF
ALABAMA DEPARTMENT OF REVENUE
Wages, Salaries, Tips, etc.

2024

General Instructions for completing Schedule W-2

The Schedule W-2 must be completed to report all wages, salaries, tips, etc. received. In order to receive proper credit for your Alabama income tax withheld, this schedule must be completed fully. A copy of each W-2 form received must be attached to the Form 40, 40A or 40NR. You should use the amount shown in the box headed *"State Wages"* on your Form W-2.

Line Instructions for Completing Schedule W-2

Column A. Employee's Social Security Number on W-2 – Enter the Employee's Social Security Number.

Column B. Employer's Identification Number (EIN) – Enter the Employer's Identification Number (EIN) as shown in box (b) of the Form W-2.

Column C. Statutory Employee – Select this box if the Statutory Checkbox is marked in box (13) of the Form W-2.

Column D. Schedule C/C-EZ Filed? – Select this box if the Statutory Checkbox is marked in box (13) of the Form W-2 ***AND*** you are reporting the income and business expenses for this W-2 on Schedule C or C-EZ.

Column E. State Code – Enter the State Code shown in Box (15) of the Form W-2. If "AL" is not listed, enter "OS" for other states.

Column F. Alabama Employer's State ID Number – If the State Code in Column E is "AL", then enter the State ID Number as shown in Box (15) of the Form W-2. If the State Code in Column E is not "AL", then leave this box blank.

Column G. Alabama State Income Tax Withheld – If the State Code in Column E is "AL", then enter the State income tax shown in Box (17) of the Form W-2. If the State Code in Column E is "OS", then leave this box blank.

Column H. Federal Wages – Enter the amount of Federal Wages shown in Box (1) of the Form W-2. Please see **"Wages earned in more than one state"** and **"Difference in Federal and State Wages"** sections for additional information.

Column I. Alabama State Wages – If the State Code in Column E is "AL", enter the amount of Alabama State Wages shown in Box (16) of the Form W-2. If the State Code in Column E is not "AL," then leave this box blank.

Column J. Additional Taxable Wages – Other States – For full-year and part-year residents, total all "State Wages" shown in Box (16) for W-2s without state code equal to "AL." For part-year residents, only include the "State Wages" earned during your period of residence in Alabama. Please see **"Wages earned in more than one state"** and **"Wages received with no State Wages"** for additional instructions.

Line 16. Total Alabama Tax Withheld From W-2s – Total lines 1 through 15, Column G.

Line 17. Alabama Tax Withheld from 1099s and W-2Gs – Enter the total Alabama Income Tax Withheld from Schedule RS, Part V, line 4, 1099s, and/or Form W-2Gs with state code AL. Do not include state tax withheld for other states. Report the income from these statements on Page 2, Part I of your Form 40 or 40NR return.

Line 18. Total Wages and Total Alabama Tax Withheld from W-2s, 1099s and/or W-2Gs – Total lines 16 and 17 of Column G and total lines 1 – 15 of Columns H, I and J and enter the amounts here.

For Forms 40 and 40A, report the amount in Column G on Page 1, Line 5a, Column A and the total of Columns I and J on Page 1, Line 5b, Column B. For Form 40NR, report the amount from Column G, H and I on Page 1, Line 5, Columns A, B and C. Statutory employees please see instructions on how to report income.

Instructions For Special Situations

Statutory employees. If you were a statutory employee, the "Statutory employee" box of your W-2 form should be checked. If you are deducting business expenses as a statutory employee, do not report your income in the total on Line 18. The amount shown in Box (1) of your W-2 form and your expenses should be reported on Schedule C. If you are not deducting business expenses, report your income in the totals on line 18.

Difference in Federal and State Wages. In some cases amounts deducted from wages as retirement contributions may qualify for deferral on the Federal return, but do not qualify for deferral on the Alabama return.

Full-Year Residents (Form 40 and 40A)

Wages earned in more than one state. If you are a resident of Alabama and received a W-2 with wages earned in more than one state, all "State Wages" are taxable to Alabama. Complete Columns (A) through (J) with corresponding information from the Form W-2 received.

If the state code shown in Box (15) of the Form W-2 is "AL", enter "AL" in Column E, the Alabama State ID Number from Box (15) in Column F and the Alabama Income Tax Withheld from Box (17) in Column G. Also, enter the "State Wages" shown in Box (16) of the Form W-2 in Column I (Alabama State Wages). In Column J ("Additional Taxable Wages – Other Wages"), enter the total of the remaining "State Wages" amounts shown in Box (16) in Column J.

If none of the state codes shown in Box (15) of the Form W-2 is "AL", then enter "OS" in Column E, total all State Wage amounts shown in Box (16) of the Form W-2 and enter total in Column J ("Additional Taxable Wages – Other States"). Leave Columns F, G and I blank.

Next, enter the "Federal Wages" shown in Box (1) of the Form W-2 in Column H or the total state wages if greater than the federal wages.

Wages received with no "State Wages" information. If you are a resident of Alabama and received a W-2 with no "State Wages" information shown in Box (15) and/or (16) of the Form W-2, enter "OS" in Column E and enter the amount shown in Box (1) of the Form W-2 in Column H ("Federal Wages") and in Column J ("Additional Taxable Wages – Other States").

Leave Columns F, G and I blank.

Part-Year Residents (Form 40)

If you were a resident of Alabama for only a part of the year, enter only the income earned during your period of residence in Alabama.

Non-Residents (Form 40NR)

Income from All Sources. Be sure to show the total income received from all sources. This includes the income earned in Alabama as well as the income earned outside of Alabama. The total income from all sources should be computed as if you were a resident of Alabama.

Alabama Income. The amount shown in the Box (16) of your Alabama Form W-2 should be included in Column I headed "Alabama State Wages."

Wages earned in more than one state. Complete Columns (A) through (J) with corresponding information from the Form W-2 received.

If the state codes shown in Box (15) of the Form W-2 is "AL", enter "AL" in Column E, the Alabama State ID Number from Box (15) in Column F and the Alabama Income Tax Withheld from Box (17) in Column G. Also, enter the "State Wages" shown in Box (16) in Column I (Alabama State Wages).

If none of the state codes shown in Box (15) of the Form W-2 is "AL" or no state code is shown, then enter "OS" in Column E and leave Columns F, G, I and J blank.

Next, enter the "Federal Wages" shown in Box (1) of the Form W-2 in Column H or the total state wages if greater than the federal wages.