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# Taxable Gross Explanation

Revised 1/8/21



OFFICE OF THE  
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*Illinois State University*

Payroll

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Taxable gross is displayed in the Paycheck Summary section of an employee's pay statement. Taxable gross is calculated as follows:

**1. Add Total Gross Earnings (Paycheck Summary section)**

Total gross earnings are displayed in the Paycheck Summary section of an employee's pay statement. The total gross earnings consists of all cash payments made through the payroll possess. Gross earnings NOT include any taxable fringe benefits listed in the earnings section.

**2. Subtract Non-Taxable Gross Earnings (Earnings section).**

Currently, there are no cash earnings processed through payroll that are considered non-taxable earnings.

**3. Subtract Treaty Benefit Earnings (Taxes section)**

The aggregate total of earnings exempt from taxation based upon a treaty benefit is noted in the tax section as 1042 gross earnings.

**4. Add Taxable Fringe Benefits (Earnings section)**

Taxable fringe benefits are not included in the total line for Current and Calendar Year-to-Date (YTD) Earnings. However, these are included in the Federal Taxable Gross. Taxable Fringe Benefits in the Earnings Section are notated with Non-Cash descriptor.

Taxable Fringe Benefits include, but are not limited to:

- Educational Assistance (Tuition)
- Employer-Provided Vehicle
- Gift Cards
- Moving expenses
- Membership

**5. Add Taxable Employer-Paid Benefits (\*) (Employer Paid Benefit section)**

Employer paid benefits noted with an asterisk (\*) on the Pay Statement are taxable and subject to Federal and State income tax withholding.

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The value of employer-provided group-term life insurance in excess of \$50,000 is considered a taxable benefit that's added to your taxable wages and reported in Box 12, Code C, of an employee's Form W-2.

## 6. Subtract Before-Tax Deductions Total

Before-tax deductions will reduce an employee's Federal and State taxable gross wages.

Before-Tax deductions include, but are not limited to:

- State University Retirement System (SURS)
- Repurchased SURS
- Medical and Dental Insurance Premiums
- Parking
- 403(b)/457 Traditional Contributions
- Flex Spending Plans (MCAP and DCAP)

## 7. Equals Federal Taxable Gross. The Federal taxable gross is the amount inserted in Box 1 on the employee's Form W-2.

## 8. Subtract After-Tax Deductions and Taxable Fringe Benefits for health insurance that an employer paid or withheld from an employee's pay to provide coverage for the employee's partner in a same-sex civil union.

## 9. Equals Illinois Taxable Gross. The State taxable gross is the amount inserted in Box 16 on the employee's Form W-2.