



NEW - IRS W-2 Form Reporting Guidance

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The following is important Form W-2 reporting information for Payroll and Accounting departments with regards to Flexible Benefit Plans.

The Internal Revenue Service has issued interim guidance to employers on the reporting requirements on each employee's annual Form W-2 for the cost of the health insurance coverage they sponsor for employees. The Patient Protection and Affordable Care Act provides that employers are required to report the cost of employer-provided health care coverage on the Form W-2.

Notice 2010-69 (<http://www.irs.gov/pub/irs-drop/n-2010-69.pdf>), issued last fall, made this requirement optional for all employers for the 2011 Form W-2. We now have some guidance with Notice 2011-28. This transition relief will continue until the issuance of further guidance.

Using a question-and-answer format, Notice 2011-28 (<http://www.irs.gov/pub/irs-drop/n-11-28.pdf>) also provides guidance for employers that are subject to this requirement for the 2012 Forms W-2 and those that choose to voluntarily comply with it for either 2011 or 2012. While the entire notice is pertinent for reporting, we suggest that all payroll and accounting departments should pay special attention to questions 16 - 19 for Flex Plans and HRAs. The notice includes information on how to report, what coverage to include and how to determine the cost of the coverage.

We will continue to update you as more information becomes available to us.