

IRS Releases Draft W-2 Form for 2011; Announces Relief for Employers

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WASHINGTON — The IRS today issued a draft Form W-2 for 2011, which employers use to report wages and employee tax withholding. The IRS also announced that it will defer the new requirement for employers to report the cost of coverage under an employer-sponsored group health plan, making that reporting by employers optional in 2011.

The draft Form W-2 includes the codes that employers may use to report the cost of coverage under an employer-sponsored group health plan. The Treasury Department and the IRS have determined that this relief is necessary to provide employers the time they need to make changes to their payroll systems or procedures in preparation for compliance with the new reporting requirement. The IRS will be publishing guidance on the new requirement later this year.

Although reporting the cost of coverage will be optional with respect to 2011, the IRS continues to stress that the amounts reportable are not taxable. Included in the Affordable Care Act passed by Congress in March, the new reporting requirement is intended to be informational only, and to provide employees with greater transparency into overall health care costs.

Source: www.irs.gov