



Reporting the Value of Health Insurance on W-2's – Voluntary for Year 2011

December 29, 2010

We have received questions from some of our clients with regard to reporting the value of the health insurance coverage on qualified employee's annual Form W-2 beginning in tax year 2011 (voluntarily) or 2012 mandatory.

There has been interim relief to employers with respect to reporting the cost of coverage under an employer-sponsored group health plan on Form W-2. Reporting the cost of such coverage will not be mandatory for W-2 forms issued in 2011. The Treasury Dept and the IRS have determined that this relief is appropriate to provide employers with additional time to make any necessary changes to their payroll systems or procedures in preparation for compliance with the reporting requirement.

The reporting requirement is not mandatory for Forms W-2 issued for 2011. Accordingly, an employer will not be treated as failing to meet the requirements and will not be subject to any penalties for failure to meet such requirements, merely because it does not report the aggregate cost of employer-sponsored coverage. The Treasury Dept. and the IRS anticipate issuing guidance on the reporting requirement before the end of the year.

We have not seen those guidelines yet.

Please see the following link for a draft of the new W-2:
http://www.irs.gov/pub/irs-utl/draft_w-2.pdf