



Alert

Employee Benefits & Executive Compensation
Client Service Group

To: Our Clients and Friends

April 5, 2011

W-2 Reporting of Employer-Provided Health Care Costs

Last week, the Internal Revenue Service (“IRS”) issued Notice 2011-28, which provides interim guidance on W-2 reporting of the cost of employer-provided group health care coverage. This reporting requirement, found in Internal Revenue Code Section 6051(a)(14), was added as part of the 2010 health care reform legislation. This reporting obligation is intended only to inform participants of the cost of their health coverage, not to impose additional taxation. Employer-provided health insurance continues to be excludable from an employee’s income. Employers can rely on this Notice to report the cost of coverage until further guidance is issued.

The reporting requirements generally will be applicable beginning with W-2s for the 2012 tax year (i.e. the W-2s provided to employees in January 2013), but employers may choose to report earlier. The reporting requirements for certain small employers, those issuing less than 250 Form W-2s in the preceding calendar year, will continue to be optional (at least through the 2012 tax year) until further guidance is issued.

The interim guidance is presented in a questions and answer (Q&A) format and addresses a variety of topics, including the following:

- General reporting requirements,
- Employers subject to the reporting requirements,
- Methods for reporting the cost of coverage,
- Types of coverage included, and
- Calculation methods.

The IRS has requested comments on this interim guidance by July 17, 2011.

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Action Item

Although reporting is not required until January 2013, it is important for employers to review Notice 2011-28 in a timely manner to ensure that the appropriate systems and procedures are in place.

If you have any questions regarding anything discussed in this Alert, the attorneys and other professionals of the Employee Benefits and Executive Compensation group of Bryan Cave LLP are available to answer your questions.

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