



New W-2 Reporting Requirement for Employers Under ACA Starts in 2012

As part of the Affordable Care Act (ACA), employers are required to report the cost of health benefits coverage under an employer-sponsored group health plan. This applies to both self-funded (ASO) and fully insured employer groups.

Originally slated to start with the 2011 tax year, the Internal Revenue Service (IRS) determined in the fall of 2010 that employers needed additional time to update their payroll systems, so it made reporting optional for the 2011 tax year. Reporting will be required starting with the 2012 tax year, for which reporting begins in January 2013. For small groups (employers that issue fewer than 250 W-2 forms), however, reporting will continue to be optional for the 2012 tax year and will only become mandatory for the 2013 tax year (for which reporting begins January, 2014).

Beginning in January, employers are required to track the total cost of health care coverage for tax year 2012. This information will be reported to the IRS on employee W-2 forms that will be issued in early 2013. This reporting is for informational purposes only and does not affect an employee's tax liability.

The IRS is expected to publish additional guidance at some point in 2012. Additional information, including a [draft 2012 Form W-2](#), is available at irs.gov.

Note: This information is not intended as legal advice. Clients should consult their legal and/or tax advisors for guidance related to their specific requirements.