



January 3, 2012

## IRS Revises Form W-2 Reporting Requirements

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I submitted comments in July 2011 to the IRS regarding how to value on-site medical clinic coverage for the Form W-2 reporting requirements. See, <http://www.kilpatricktownsend.com>. I argued that on-site clinics should be exempted, or alternatively suggested a simplified valuation methodology. This afternoon the IRS issued revised Form W-2 reporting requirements in Notice 2012-09. <http://www.irs.gov/pub/irs-drop/n-12-09.pdf>

I am very pleased to report that the IRS adopted an exemption. Not only did the IRS exempt on-site clinics, the IRS also exempted all wellness programs and all EAPs, as long as the employer does not charge a premium for this coverage.

Specifically, the IRS said the following:

Q-32: Is the cost of coverage provided under an employee assistance program (EAP), wellness program, or on-site medical clinic required to be included in the aggregate reportable cost reported on Form W-2?

A-32: Coverage provided under an EAP, wellness program, or on-site medical clinic is only includible in the aggregate reportable cost to the extent that the coverage is provided under a program that is a group health plan for purposes of § 5000(b)(1). An employer is not required to include the cost of coverage provided under an EAP, wellness program, or on-site medical clinic that otherwise would be required to be included in the aggregate reportable cost reported on Form W-2 because it constitutes applicable employer-sponsored coverage, if that employer does not charge a premium with respect to that type of coverage provided to a beneficiary qualifying for coverage in accordance with any applicable federal continuation coverage requirements.