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Form W-2 Reporting Delayed

The Affordable Care Act provides generally that the aggregate cost of employer-sponsored health coverage must be reported on a Form W-2. For this purpose, the aggregate cost is to be determined under rules similar to the rules for COBRA continuation coverage. This rule is effective for taxable years beginning on or after January 1, 2011. See, Code Section 6051(a)(14).

This morning, the IRS issued Notice 2010-69, which stated that the Form W-2 reporting requirement is not mandatory for Forms W-2 issued for2011. Accordingly, an employer will not be treated as failing to meet the requirements for 2011, 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 on Forms W-2 issued for 2011. Because this delay applies for the 2011 calendar year, the requirement would not apply until 2012 (e.g., Forms W-2 issued in January 2013 for the 2012 calendar year).

A link to the draft instructions is as follows: http://www.irs.gov/pub/irs-utl/draft_w-2.pdf