

January 18, 2013

To Our Valued Clients,

We recently released an [article](#) outlining changes brought about by the Affordable Care Act, and briefly touched on new reporting requirements for businesses. In response to questions from some of our clients, we felt it might be beneficial to elaborate on these new requirements, which will affect 2013 Form W-2s.

Reporting on the Form W-2 is currently only required for businesses with more than 250 employees that provide "applicable employer-sponsored coverage" under a group health plan. Tax-exempt organizations and federal, state, and local government entities are also subject to this requirement. Reporting the cost of health care coverage does not mean that the coverage is taxable. The reporting is for informational purposes only and will provide employees with useful and comparable consumer information on the cost of their health care coverage.

The value of the health care coverage will be reported in Box 12 of the form W-2, with Code DD to identify the amount. The amount reported should include both the portion paid by the employer and the portion paid by the employee. Employers are not required to issue W-2s in order to report the value of health care coverage for retirees or other current or former employees that would not otherwise receive a Form W-2.

Further information on Form W-2 reporting of employer-sponsored health coverage can be found on the [IRS website](#). Please let us know if we can assist you or answer any questions. Contact us at (209) 527-4220 or [contactus@gccpas.net](mailto:contactus@gccpas.net).

Best Regards,



Grimbleby Coleman