

MEMORANDUM

TO: Jim Hynes

FROM: Bill Cumming

DATE: December 27, 2012

RE: W-2 Reporting of Cost of Coverage for Multiemployer Plan Participants
Under the Affordable Care Act

This memo addresses the reporting requirements for the cost of health care coverage under the Affordable Care Act (ACA) on employee W-2 forms for multiemployer plan participants. The reporting provisions are contained in Section 6051(a)(14) of the Internal Revenue Code, which was enacted as a part of the ACA. Employers are required to begin reporting the cost of health care coverage on employee W-2 forms for 2012, although the IRS has also issued transition relief for 2012 and subsequent years, until such time as the IRS publishes additional guidance.

The required information will be reported in Box 12 of the W-2, with an identifier code of DD. Fortunately, the transition relief set out in IRS Notice 2012-9 provides that employers with employees participating in a multiemployer health plan are not required to report the cost of health care coverage for the multiemployer plan participation. As a result, if an employee participates in a multiemployer health care plan and does not receive health care benefits from any other source, then nothing need be reported on the W-2.

If, however, the employee receives other or additional health care coverage from the employer that requires reporting, then that additional cost of coverage will need to be reported in Box 12. For example, if the employer contributes to an FSA account for an employee in an amount in excess of the employee's salary reduction amount, that employer contribution will need to be reported.

In addition, if an employer was not required to file 250 or more W-2 forms in the preceding year, the transition relief provides that the cost of health care coverage does not have to be reported. In addition, if an employee terminated before the end of the calendar year and requested to receive a W-2 before the end of that calendar year, cost of health coverage need not be reported.

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We also note that the guidance in Notice 2012-9 supersedes the guidance contained in Notice 2011-28. As noted above, this guidance will be in effect until further pronouncements from the IRS. If employers desire additional information, they should consult the full text of Notice 2012-9, and contact their tax advisor.