



## W-2 REPORTING

What are the PPACA rules relating to W-2 reporting of the value of employer sponsored health coverage?

The PPACA requires employers who distribute 250 or more Form W-2s for the tax year to include the value of applicable employer-sponsored coverage on each employee's W-2 Form. This is not considered taxable income and is for informational purposes only. Employee premiums may still be made on a pre-tax basis.

Employers that choose not to report the aggregate cost of employer-sponsored coverage may be subject to tax penalties. While the Form W-2 has not changed, the IRS added a code "DD" that employers should put in box 12 to report the value.

It is important to note that this requirement applies to employers who distribute 250 or more W-2s, not simply to employers with 250 or more employees. A high-turnover employer with 200 employees may send out more than 250 W-2s.

**What gets reported on the W-2, total premium or just what the employee pays for coverage?**

Total premium reflecting both employer and employee contributions is required to be reported.