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## **Health Care Reform Act IRS Delays W-2 Health Care Cost Reporting**

The Health Care Reform Act provides that, for taxable years beginning on or after January 1, 2011, the cost of coverage under an employer-sponsored health care plan must be reported on participants' Forms W-2. However, on October 12, 2010, the Internal Revenue Service (the "IRS") announced that it will delay this requirement for one year.

Specifically, to provide employers the time they need to make changes to their payroll systems and procedures, the new Form W-2 reporting requirements will be *optional* for 2011. The IRS has also indicated that they intend to issue additional guidance on these new reporting requirements by the end of 2010.

Note that, even though it will eventually be required to be reported on Form W-2, the cost of coverage under an employer-sponsored health care plan is generally not taxable. The new reporting requirements are intended to be informational only and will not change the taxation of these benefits.

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