

## IRM PROCEDURAL UPDATE

**DATE: 01/08/2016**

**NUMBER: WI-21-0116-0067**

**SUBJECT: Toll-Free Procedures for IRS Test on W-2 Verification Code for Filing Season 2016 & Information Return Updates to Include ACA Forms**

**AFFECTED IRM(s)/SUBSECTION(s): 21.3.6**

**CHANGE(s):**

**IRM 21.3.6.4.5 Updated to include new ACA forms and edit TSO referral procedures.**

1. Refer customers to the Filing Information Returns Electronically (FIRE) webpage located on <http://www.irs.gov> for the following information returns. Form 1042-S, Form 1097, Form 1098, Form 1099, Form 3921, Form 3922, Form 5498, Form 8027, Form 8955-SSA, and Form W-2G. The FIRE webpage provides detailed information on how to prepare and file the above information returns including:
  - a. Alerts
  - b. Publications and Forms
  - c. How to transmit through FIRE
  - d. Customer Support Information

**NOTE:** Assistance with individual taxpayer returns or account related issues cannot be provided. Refer the customer to Help & Resources tab on <http://www.irs.gov> for help with individual tax issues.

2. The following forms have been developed to support ACA regulations:
  - Form 1094-B, Transmittal of Health Coverage Information Returns
  - Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns
  - Form 1095-B, Health Insurance Coverage
  - Form 1095-C, Employer-Provided Health Insurance Offer and Coverage

The Forms 1094/1095-B and Forms 1094/1095-C are information returns and fall under Section 6011(e)(2)(A) of the IRC. The following ACA resources can be found on <http://www.irs.gov>:

- Affordable Care Act (ACA) Tax Provisions - Refer to Affordable Care Act (ACA) Tax Provisions

- Form Instructions for Forms 1094-B and Form 1095-B - Refer to instructions at <https://www.irs.gov/pub/irs-pdf/i109495b.pdf>
  - Form Instructions for Forms 1094-C and Form 1095-C - Refer to instructions at <https://www.irs.gov/pub/irs-pdf/i109495b.pdf>
  - For information on the Affordable Care Act Information Returns (AIR) Program– Refer to Affordable Care Act Information Returns (AIR) Program Overview
3. ACA Forms 1094/1095-B and Forms 1094/1095-C, can be filed electronically through a new information return platform called ACA Information Return (AIR) system. **Technical Services Operation (TSO) provides assistance with:**
- ACA Application for Transmitter Control and e-Services registration for Responsible Official and Contacts on the application.
  - Validating ACA Assurance Testing System or Communication Testing results.
  - Addressing transmission issues in AIR (including transmission status and rejects and/or errors).

**TSO does not provide tax law support** (assistance in completing the Forms 1094/1095-B and Forms 1094/1095-C). Customers should be referred to the ACA pages on <http://www.irs.gov> for assistance in completing the forms.

#### **IRM 21.3.6.4.7 Updated to include temporary guidance regarding W-2 Verification Code test for filing season 2016.**

1. Information returns (wage and other income statements) must be provided to the payee by January 31 of the following year. Taxpayers should allow two weeks for delivery (February 14).

**EXCEPTION:** The Energy Improvement and Extension Act of 2008, changed the deadline from January 31 to February 15, when brokers, including brokerage firms, mutual fund companies and barter exchanges, must furnish year-end Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*, Form 1099-S, *Proceeds From Real Estate Transactions*, and Form 1099-MISC, *Miscellaneous Income*, to their customers. Where these forms are furnished by mail, the forms must be mailed, not received, by that date. Taxpayers should allow two weeks for delivery.

2. If employment is terminated before the close of the calendar year and the employee requests a Form W-2, *Wage and Tax Statement*, the Form W-2 must be furnished within 30 days of request or 30 days after last wage

payment, whichever is later. Refer to Pub. 505, *Tax Withholding and Estimated Tax*.

3. For statements furnished after December 21, 2000, employers may furnish Form W-2 information electronically on its web site if the employee voluntarily consents to receive this information electronically, in lieu of a paper Form W-2. If the employee elects/consents to receive the Form W-2 electronically (and the consent is not revoked or withdrawn), the employer is required to post the statement on an accessible web site by January 31 of the following year. The employee may withdraw consent, electronically or in writing, before being notified by the employer that the information is posted on the web site. The employer must confirm receipt of consent withdrawal, electronically or in writing. In the case of timely consent withdrawal, the employer is still obligated to provide a paper Form W-2. See Publication 1141, Treas. Reg. § 31.6051-1(j).
4. Payors may furnish certain information returns electronically on its website if a payee voluntarily consents to receive this information electronically, in lieu of a paper information return. Section 401 of Job Creation and Workers Assistance Act permits the electronic furnishing of all statements required under IRC sections 6041 through 6050W, if the recipient consents to receive the statement in a manner similar to the one permitted by regulations under section 6051 covering Forms W-2. The statements covered by these rules that allow furnishing electronically in lieu of furnishing a statement through the mail or through personal delivery include many returns in the Form 1099 series. See (3) above, Treas. Reg. 31.6051-1(j), and Pub. 1179 for rules on furnishing Forms W-2 electronically.
5. Forms W-2 must be filed with SSA by the last day in February of the following year. Forms 1099 and Forms 1098 must be filed with the IRS by the last day in February of the following year. For information returns required to be filed after December 31, 1999 with IRS, the due date for Forms 1099 and Form 1098 filed electronically is March 31 of the following year.
6. Requests for extension of time to file information returns (Form W-2, Form 1042-S, Form 1097, Form 1098, Form 1099, Form 3921, Form 3922, Form 5498, Form 8955-SSA, and Form W-2G) may be submitted on paper or electronically using a Form 8809, *Application for Extension of Time to File Information Returns*. Refer to IRM 3.11.180.2.1.3.1, *Form 8809, Request for Extension of Time to file*.
7. Taxpayers who are no longer employed by a company may request assistance in securing a Form W-2 if:
  - Employer has no forwarding address for employee
  - Employer may have considered taxpayer an independent contractor
  - Conditions of separation are less than favorable
8. If a taxpayer states he/she forgot to attach the Form W-2 to the return, advise the taxpayer to wait for a notice from the processing campus requesting the missing information. Advise the taxpayer to attach the Form W-2 to the notice and return it to the processing campus that issued the notice. Do not advise the taxpayer to send the Form W-2 prior to receiving the notice.
9. If taxpayer states the SSN on their Form W-2, *Wage and Tax Statement*, is incorrect, process as follows:

If	And	Then
The taxpayer states he/she discovered the SSN on their Form W-2, <i>Wage and Tax Statement</i> , was incorrect	Have already filed a return	Advise the taxpayer to contact their employer for a corrected Form W-2C , <i>Corrected Wage and Tax Statement</i> . It is not necessary to file Form 1040X, <i>Amended U.S. Individual Income Tax Return</i> , if the only change is to correct the SSN. Taxpayers should check their corrected Form W-2C against Social Security Administration (SSA) records found at <a href="http://www.ssa.gov">www.ssa.gov</a> . If the earnings shown on Form W-2C are not shown on SSA records, they should contact SSA at the telephone number shown on the web site.
The taxpayer states he/she discovered the SSN on their Form W-2, <i>Wage and Tax Statement</i> , is incorrect	Have not filed a return	Advise the taxpayer to contact their employer for a corrected Form W-2C , <i>Corrected Wage and Tax Statement</i> . Tell the taxpayer to attach the original Form(s) W-2 <b>and</b> any Form(s) W-2C o the return when they file. Taxpayers should check their corrected Form W-2C against Social Security Administration (SSA) records found at <a href="http://www.ssa.gov">www.ssa.gov</a> . If the earnings shown on Form W-2C are not shown on SSA records, they should contact SSA at the telephone number shown on the web site.

10. For Filing Season 2016, the IRS, in partnership with four payroll service providers, will test the use of a 16-character verification code to determine whether it can validate the information on a Form W-2. Basic information about this test is available at [IRS.gov](http://IRS.gov) under <https://www.irs.gov/Individuals/IRS-Tests-W-2-Verification-Code>. Many tax preparation software products will ask for a verification code from all users. For 2016, this test affects only electronic tax returns.

**NOTE:** Form W-2 will include a 16-character code in a new “Verification Code” box field on a limited number of Form W-2 copies provided to employees. **The verification code box field will not appear on the official blank Form W-2 under SERP or IRS.gov**

. A W-2 sample copy from the 4 payroll service providers can be viewed on SERP under the **JOB AIDS** page, see W-2 Verification Code.

11. If the taxpayer has a verification code, it will appear on copies B and C of Form W-2. The verification code box is labeled “Verification Code” on the

Form W-2, it is not a numbered box. (The box will not appear on copy A.) Many tax preparation software products will ask for a verification code from all users.

For inquiries from taxpayers or tax preparers:

If	Then
There is no verification code box or if the verification code box is blank	No action is necessary.
The verification code box contains the 16-character code	It should be entered on the electronic tax return if/when prompted by the software.
If the verification code box contains the 16-character code and the taxpayer is filing a paper return	No action is necessary.

**NOTE: For the purposes of the test, omitted and incorrect W-2 Verification Codes will not delay the processing of a tax return.** The IRS will analyze this pilot data in a “test-and-learn” review to see if it is useful in evaluating the integrity of W-2 information.

12. The four payroll service providers are ADP, Ceridian, Intuit, and Paychex. The verification code is being added to the companies’ versions of the Form W-2. For the vast majority of the Forms W-2, that verification code box will be blank. Many tax softwares are programmed this year to ask for a verification code from all users.