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Oct. 21, 2013

Preparing for tax season is something individuals need to think about more than just once a year, especially since it seems that every year brings with it new changes related to W-2 and 1099 forms and reporting requirements. For Tax Year 2013, which most Americans will file by April 15, 2014, there are several important changes this year in the wake of the new Affordable Care Act, making it imperative for businesses to understand the changing W-2 and 1099 reporting environment.

[Greatland](#), a provider of W-2 and 1099 forms and products for businesses and tax professionals, is offering some early tips and pointers on some of the key changes that will affect businesses this year:

Affordable Care Act Provisions

Beginning in 2013, employers are required to withhold a 0.9% Additional Medicare Tax on wages paid to an employee in excess of \$200,000 in one calendar year.

In addition, to show employees the value of their health care benefits, a requirement is in effect for certain employers to report the cost of coverage under an employer-sponsored group health plan. This total will need to be recorded on an employee's W-2 in Box 12 using Code DD. Until the IRS issues final guidance, this reporting is not mandatory for employers who filed less than 250 W-2s. This reporting is for informational purposes only and is not taxable.

W-2 and 1099 Form Changes and New Additions

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mandatory. For added security, filers may truncate a recipient's social security number, individual taxpayer identification number and adoption taxpayer identification number. However, Truncated Taxpayer Identification Numbers (TTINs) may not be used on forms issued to the IRS, state or local governments, and a payee's Employer Identification Number may not be truncated. Also, a filer may not truncate its own identifying number on information returns or payee statements.

Additional state copies: Copy 1 (for payer state) and Copy 2 (for recipient state), were added to the following forms for 2013: 1099-DIV, 1099-G, 1099-INT, 1099-K, and 1099-OID.

Form 1099-MISC: Box 11 is now used to report the foreign tax paid on payments reported on Form 1099-MISC and Box 12 is used to enter the name of the foreign country or U.S. possession for which the foreign tax was paid. 1096 Error: The 2013 1096 instructions incorrectly directed filers to enter the total amount from boxes 1d and 14 on Form 1099-B in box 5 of Form 1096. The correct boxes on Form 1099-B to be entered in box 5 of Form 1096 should be boxes 2a and 7. It is also important to note that the IRS is not revising the official form.

Filing reminders for 2013

To eliminate confusion and to save time and money, the IRS recommends including perforations between forms for 1099s and W-2s (other than Copy A) to make separating forms easier for the recipient. Appropriate instructions for Forms 1099 and W-2 must be provided to the form recipient similar to those on the official IRS form to aid in proper reporting.

Businesses are required to e-file information if they process 250 or more W-2s or 1099s (per form type), and this threshold is based on filer, not the preparer.

The record retention rules for 2013 are as follows: Forms W-2 must be saved for four

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1099 to IRS)

March 31, 2014 – Due date to send Copy A to Federal agency electronically (W-2 to SSA, 1099 to IRS)

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