

Tech Flex

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SUMMARIES OF BENEFITS AND COVERAGE DELAYED

It was reported in the September 2011 Tech Flex that the United States Treasury Department, Department of Labor (DOL) and Department of Health and Human Services (HHS) on August 17, 2011 released joint proposed regulations in relation to the Uniform Notice of Coverage Requirements enacted under the Patient Protection and Affordable Care Act (PPACA). This guidance addressed the specifics around the contents and delivery of a “Summary and Benefits Coverage” (SBC) to plan participants and required compliance that a SBC be provided to participants by March 23, 2012.

On November 17, 2011, the DOL issued its seventh set of frequently asked questions (FAQs) in relation to PPACA. One of these FAQs addresses the SBC requirement and provided for a delay in compliance with the SBC requirements until final regulations are issued and applicable.

In part the FAQ addressing the SBC stated:

“PHS Act section 2715 provides that group health plans and health insurance issuers shall provide the Summary of Benefits and Coverage and Uniform Glossary pursuant to standards developed by the Departments. **Accordingly, until final regulations are issued and applicable, plans and issuers are not required to comply with PHS Act section 2715.**

It is anticipated that the Departments’ final regulations, once issued, will include an applicability date that gives group health plans and health insurance issuers sufficient time to comply.”

For a copy of FAQs, please click on the link provided below.

<http://www.dol.gov/ebsa/faqs/faq-aca7.html>

For more information on the SBC requirement, please see the September 2011 Tech Flex on the following link.

http://westnsc.adp.com/fsa_cobra/tf/Tech_Flex_Newsletter_September_2011.pdf

2012 MEDICAL MILEAGE RATE ANNOUNCED BY IRS

Transportation expenses, such as automobile mileage that qualify as tax deductible medical expenses under Internal Revenue Code Section 213 generally can be paid or reimbursed on a tax-free basis by a health flexible spending arrangement, health reimbursement arrangement, or health savings account if the expense is “primarily for, and essential to, medical care.”

On December 9, 2011, the Internal Revenue Service via Notice 2012-01 announced that the standard mileage rate, effective January 1, 2012, for use of an automobile to obtain medical care is 23 cents. This represents a decrease of a half cent from the July 1, 2011 announced rate of 23.5 cents per mile.

For a copy of Notice 2012-01 please click on the link provided below:

<http://www.irs.gov/pub/irs-drop/n-12-01.pdf>

NEW JERSEY EMPLOYERS REQUIRED TO POST NOTICE

Recently the New Jersey Department of Labor and Workforce Development ("DLWD") issued a new notice that addresses an employer's obligation to maintain and report records regarding wages, benefits and taxes in accordance with New Jersey law. This notice must be posted and distributed to all employees and new hires.

Specifically, all New Jersey employers must have distributed this notice to all employees by December 7, 2011, and begin distributing to every newly hired employee beginning November 7, 2011. The distribution requirement may be met by either providing to the employee a hard or an electronic copy via email.

Employers must also "conspicuously post" this notice by either: (1) physically posting it in a place or places accessible to all employees in each of the employer's workplaces (such as on an employee bulletin board); or (2) posting it on the employer's Internet or intranet Web site, if the site is maintained by the employer for the exclusive use of its employees and all employees have access to it.

For a copy of the notice titled “Employer Obligation to Maintain and Report Records”, please click on the link provided below:

http://lwd.state.nj.us/labor/forms_pdfs/EmployerPosterPacket/MW-400.pdf

IRS RELEASES 2012 FORM W-4

The Internal Revenue Service released the 2012 version of the “Employee’s Withholding Allowance Certificate” (commonly known as Form W-4). Form W-4 provides the information necessary for the employer to determine the amount to withhold from the employee’s wages for federal income tax (FIT). The information provided on Form W-4 includes the number of withholding allowances the employee is claiming, his or her marital status and any additional amounts the employee wishes to have withheld. This information in conjunction with the withholding methods and tables presented in Publication 15 determine the amount of FIT that should be withheld from an employee’s pay.

The 2012 version of Form W-4 and its Instructions are generally unchanged from the 2011 version. However, the IRS added the following to the 2012 Instructions.

“Future developments. The IRS has created a page on IRS.gov for information about Form-4, at www.irs.gov/w4. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted on that page.”

For a copy of the 2012 Form W-4 and Instructions, please click on the link provided below:

<http://www.irs.gov/pub/irs-pdf/fw4.pdf>

To access the IRS Form W-4 “future developments” page, please click on the following link.

<http://www.irs.gov/formspubs/article/0,,id=235665,00.html>

IRS RELEASES 2012 AUTOMOBILE BUSINESS USE MILEAGE RATE

On December 9, 2011, the Internal Revenue Service issued via Notice 2012-01 the 2012 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, and moving purposes. As of January 1, 2012, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

- 55.5 cents per mile for business miles driven;
- 23 cents per mile driven for moving purposes; and
- 14 cents per mile driven in service to a charitable organization.

The 2012 rate of 55.5 cents for business miles is equal to the rate that went into effect on July 1, 2011. The rate of 23 cents per mile for moving purposes is a decrease of 0.5 cents per mile from the July 1, 2011 rate of 23.5 cents.

The standard mileage rates for business and moving purposes are based on an annual study of the fixed and variable costs of operating an automobile. The mileage rate for charitable miles is set by statute and remains at 14 cents per mile.

For a copy of IRS Notice 2012-01, please click on the link provided below:

<http://www.irs.gov/pub/irs-drop/n-12-01.pdf>

2012 FORM W-2 AND INSTRUCTIONS RELEASED

The Internal Revenue Service (IRS) released the 2012 Wage and Tax Statement commonly known as Form W-2 and its accompanying instructions. Form W-2 is used to report to the IRS wages paid to employees and also to report Federal Insurance Contributions Act (FICA) contributions to the Social Security Administration. Employers must complete a Form W-2 for each employee to whom they pay a salary, wage, or other compensation as part of the employment relationship. An employer must deliver the Form W-2 to employees on or before January 31 of the calendar year. The Form W-2 reports income on a calendar year (January 1 through December 31) basis, regardless of the fiscal year used by the employer or employee for other Federal tax purposes.

The modifications to the 2012 Form W-2 from the 2011 version include the following:

Future developments. The IRS has created a page on IRS.gov for information about Forms W-2 and W-3 and their instructions, at www.irs.gov/w2. Information about any future developments affecting Forms W-2 and W-3 and their instructions (such as legislation enacted after we release them) will be posted on that page.

New title for instructions. The title of the Instructions for Forms W-2 and W-3 has been changed to the General Instructions for Forms W-2 and W-3. These instructions now include instructions for U.S. possessions and corrected wage and tax statements. The separate Instructions for Forms W-2AS, W-2GU, W-2VI, and W-3SS, and the Instructions for Forms W-2c and W-3c will not be updated. In the 2012 instructions, references to Forms W-2 and W-3 include Forms W-2AS, W-2GU, W-2VI, and W-3SS, respectively, unless otherwise noted.

Form W-3, Kind of Employer. The specific instructions for the checkboxes in box b, Kind of Employer, of Form W-3 (box c for Form W-3c) include examples for various types of tax-exempt organizations.

Form W-3c, Box b. Box b of Form W-3c has been expanded to include an additional line for name, address, and ZIP code.

Form W-3c, Kind of Employer. Box c of Form W-3c has been expanded to include a new section, Kind of Employer, which contains five new checkboxes. All filers are required to check one of these new checkboxes.

Foreign agricultural workers. Employers must report on Form W-2 compensation of \$600 or more paid to H-2A visa agricultural workers.

Reporting the cost of group health insurance coverage. Employers must report the cost of employer-sponsored health coverage in box 12 using code DD. However, transitional relief applies to certain employers and certain types of plans.

For a copy of the 2012 Form W-2 and Instructions, please click on the links provided below:

Form W-2: <http://www.irs.gov/pub/irs-pdf/fw2.pdf>

Instructions: <http://www.irs.gov/pub/irs-pdf/iw2w3.pdf>

CALIFORNIA RELEASES 2012 EMPLOYER GUIDE

The California Employment Development Department (EDD) has released the “California Employers Guide 2012” (DE 44). This 139 page publication is provided to educate employers on California payroll tax reporting requirements in order to “avoid common pitfalls and costly mistakes.”

Changes to the 2012 version include the following.

E-verify may not be mandated - Effective January 1, 2012, the state or a city, county or special district may not require a private employer to use electronic employment verification systems except when required by federal law or as a condition of receiving federal funds.

State disability insurance - The state disability insurance taxable wage base in 2012 will increase from \$93,316 to \$95,585. The current 1.2% employee contribution rate will decrease to 1% of annual earnings up to the maximum taxable wage base. Consequently, the maximum employee contribution for 2012 will decrease from \$1,119.79 (2011 maximum) to \$955.85. It is important to note that the employee contribution rate includes paid family leave and that employer contributions are not required.

For a copy of the 2012 California DE 44, please click on the link provided below.

http://www.edd.ca.gov/pdf_pub_ctr/de44.pdf

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