

Important W-2 & 1099 Changes for 2012

Form W-2

Employee social security tax withholding—The reduced rate of 4.2% for social security tax withholding (for employees only) is extended for wage payments made in 2012.

Foreign agricultural workers—Compensation of \$600 or more that is paid to H-2A visa agricultural workers must be reported in box 1 on Form W-2 if the worker furnishes a valid taxpayer identification number. If the worker does not furnish a valid taxpayer identification number, report the payments on Form 1099-MISC.

Form W-3c - Reprogramming required

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

1099s

Filers of Forms 1098 (except 1098-C), 1099, and 5498 may truncate a recipient's social security number, individual taxpayer identification number, or adoption taxpayer identification number on paper payee statements for tax year 2012.

Form 1096 - Reprogramming required

Although generally the form did not change, there were slight modifications to the field placement for the following fields: Filer's name and address box, Telephone number, Fax number, Box 6 check boxes for Forms W-2G, 1097-BTC, 1099-INT, 1099-K, 1099-LTC, and 5498-SA, and Box 7 check box.

Form 1098 - Reprogramming required

Mortgage insurance premiums paid or accrued after December 31, 2011, are no longer eligible to be treated as interest paid by the payer/borrower. Box 4 on Form 1098, formerly used for reporting these premiums paid or accrued, has been reconfigured for providing other information.

Form 1099-B - Reprogramming required

New boxes—New boxes have been added to Form 1099-B for reporting the stock or other symbol (box 1d), quantity sold (box 1e), whether basis is being reported to the IRS, (box 6b), and state income tax withheld (boxes 13-15). Other boxes on the form have been moved or renumbered.

Sales by S corporations—Brokers must report on Form 1099-B sales of covered securities by an S corporation if the S corporation acquired the covered securities after 2011.

Form 1099-C - Reprogramming required

Box 6 is now titled Identifiable Event Code and requires the entry of a code for the identifiable event. For 2012, all codes are optional except for Code A—Bankruptcy.

Form 1099-DIV - Reprogramming required

Exempt-interest dividends—Exempt-interest dividends from a mutual fund or other regulated investment company (RIC) are now reported on Form 1099-DIV. Those amounts will no longer be reported on Form 1099-INT.

State tax withheld—Boxes 12 through 14 have been added to Form 1099-DIV to report state income tax withheld.

Form 1099-INT - Reprogramming required

Exempt-interest dividends—Exempt-interest dividends from a mutual fund or other regulated investment company (RIC) are no longer reported on Form 1099-INT. Those amounts will now be reported on Form 1099-DIV.

State tax withheld—Boxes 11 through 13 have been added to Form 1099-INT to report state income tax withheld.

Form 1099-K - Reprogramming required

Type of transactions—Two check boxes have been added to indicate the type of transactions being reported, either payment card or third party network transactions.

Number of purchase transactions—Box 3 is now used to report the number of purchase transactions. Providing this information for tax year 2012 is optional.

Form 1099-MISC

Foreign agricultural workers—Compensation of \$600 or more paid in a calendar year to an H-2A visa agricultural worker and any backup withholding must be reported on Form 1099-MISC if the worker fails to provide the employer with a taxpayer identification number. If the worker does furnish a valid taxpayer identification number, report the payments on Form W-2.

Form 1099-OID - Reprogramming required

Boxes 8 through 10 have been added to Form 1099-OID to report state income tax withheld.