

Important W-2 & 1099 Changes for 2014

(As of March 11, 2014)

W-2

Returned Wage Reports from the Social Security Administration (SSA)—Effective January 2015, the SSA will return Form W-2 electronic and paper wage reports under the following conditions:

- Medicare wages and tips are less than the sum of social security wages and social security tips,
- Social security tax is greater than zero; social security wages and social security tips are equal to zero, and
- Medicare tax is greater than zero; Medicare wages and tips are equal to zero.

Also, Forms W-2 and W-2c electronic and paper wage reports for household employers will be returned under the following conditions:

- The sum of social security wages and social security tips is less than the minimum yearly earnings subject to social security and Medicare tax withholding for a household employee, and
- The Medicare wages and tips are less than the minimum yearly earnings subject to social security and Medicare tax withholding for a household employee.

If the above conditions occur in an electronic wage report, the SSA will notify the submitter by email or postal mail to correct the report and resubmit it to the SSA. If the above conditions occur in a paper wage report, the SSA will notify the employer by email or postal mail to correct the report and resubmit it to the SSA.

Third-party Sick Pay Recap Reporting—The IRS expects to change the third-party sick pay recap reporting and filing requirements for wages paid in 2014. Information about this change will be included in the 2014 Publication 15-A.

W-2G - Reprogramming required

The following fields were updated to be consistent with other 2 up 1099s:

- PAYER'S federal identification number
- PAYER'S telephone number
- WINNER'S name and address
- VOID and CORRECTED check boxes

W-3 - Reprogramming required

The title of the Contact name, Telephone number, Email address, and Fax number boxes on Form W-3 has been changed to the Employer's contact person, Employer's telephone number, Employer's email address, and Employer's fax number, respectively. The Employer's fax number box has been replaced with the Employer's email address box to allow for a longer employer's email address.

1098

Mortgage Insurance Premiums—Mortgage insurance premiums paid or accrued after December 31, 2013, 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.

1099-C - Reprogramming required

Motor Vehicle Odometer Mileage Entry—Donees of motor vehicles must enter the odometer reading of the motor vehicle in the new box 2a.

1099-B - Reprogramming required

Redesign—The form has been redesigned to conform to the box numbers on Form 8949. A new box has been added at the top center of the form to enter a code that will assist the recipient in reporting the transaction on Form 8949 and/or Schedule D.

Additional State Copies—Copy 1 (For Payer State) and Copy 2 (For Recipient State) were added for 2014.

Boxes 14 through 16 (state boxes) allow for a second data entry.

New Reporting Requirements—Brokers are required to report the adjusted basis of certain debt instruments upon a sale of the debt instrument. In addition, brokers are required to report the adjusted basis of certain securities futures contracts and options upon a sale or closing transaction as well as the gross proceeds from the sale or closing transaction. Brokers also must report whether any gain or loss from these transactions is short-term, long-term, or ordinary. Furthermore, there are reporting requirements for a transfer of a debt instrument, an option, or a securities futures contract to another broker and for an organizational action that affects the basis of a debt instrument, an option, or a securities futures contract.

1099-CAP - Reprogramming required

The following fields were updated to be consistent with other 3 up 1099s:

- CORPORATION'S federal identification number
- SHAREHOLDER'S identification number
- SHAREHOLDER'S name

1099-INT - Reprogramming required

Boxes 10 and 11 were added to accommodate the new reporting requirements for a debt instrument that is a covered security and that is acquired by a taxpayer with market discount, bond premium, or acquisition premium.

Continued on back.

1099-K - *Reprogramming required*

Box 1b, Card Not Present transactions—Box 1b was added to the form to be used to enter the gross amount of total reportable payment card/third party network transactions for the calendar year where the card was not present at the time of the transaction or the card number was keyed into the terminal, such as in the case of online, phone, or catalogue sales. Reporting in box 1b is optional for 2014.

2nd TIN notification box—The 2nd TIN notification box was added to Copies A and C.

1099-LTC - *Reprogramming required*

- Box 1 increased by one row
- INSURED'S identification number field increased by one row and the heading changed from *INSURED'S social security no.* to *INSURED'S taxpayer identification no.*
- INSURED'S name decreased by one row

1099-MISC - *Reprogramming required*

Box 11, Foreign tax paid, and Box 12, Foreign country or U.S. possession, were deleted. This information is reported on Form 8966, Foreign Asset Tax Compliance Act Report.

1099-OID - *Reprogramming required*

Boxes 5 and 6 headings changed from *Foreign tax paid* and *Foreign country or U.S. possession* to *Market discount* and *Acquisition premium* respectively. Boxes 5 and 6 are now used for the new reporting requirements for a debt instrument that is a covered security and that is acquired by a taxpayer with market discount, bond premium, or acquisition premium.

1099-R

New distribution code—Use Distribution Code K to report distributions of IRA assets not having a readily available fair market value (FMV)

5498 - *Reprogramming required*

Box 15a, FMV of certain specified assets, was added to report the fair market value (FMV) of investments in the IRA that are specified by category code(s) in box 15b.

Box 15b, Code(s), was added to enter codes A through H for reporting the type(s) of investments held in an IRA for which the fair market value (FMV) is required to be reported in box 15a.