

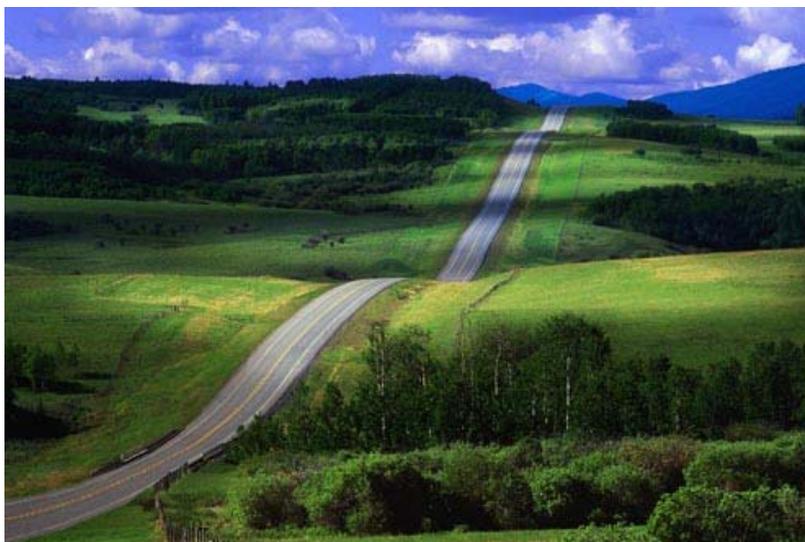
# Social Security *News*

Employer news from the Alaska Division of Retirement and Benefits

- Spring 2011
- Issue #12

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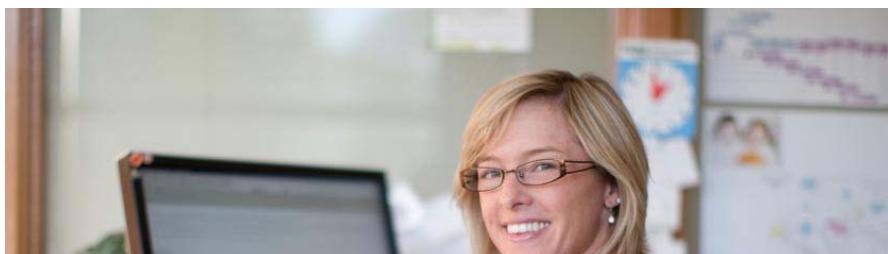


## Save the date - May 12 IRS Webinar

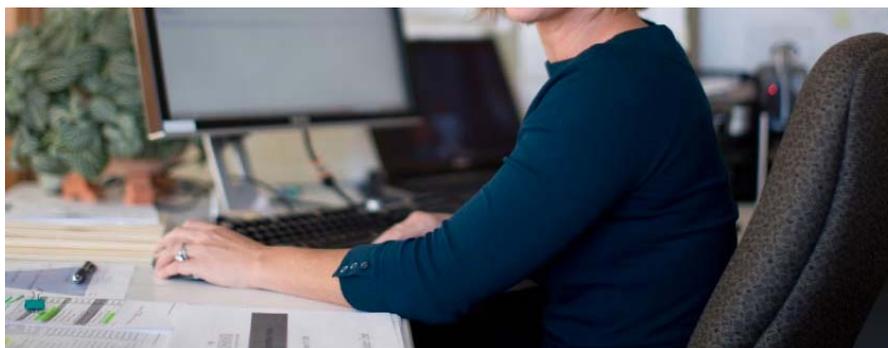
### International tax issues affecting governments

The IRS office of Federal, State, and Local Governments (FSLG) invites you to participate in a free [webinar](#) on May 12 entitled, “Payments Made to Foreign Persons: A Basic Overview for Government Entities.”

The discussion will cover such topics as U.S. sourced income; employer responsibilities for withholding on payments to aliens; Forms 1042 and 1042-S, and documentation required from nonresident aliens who receive



U.S. income. The webinar should be especially helpful to public universities and other units of government that employ nonresident aliens or do business with foreign vendors as well as tax practitioners and advisors to these organizations.



The webinar will begin at 2:00 p.m. Eastern Time, will be about one hour in length and will be [archived for later viewing](#).

Enrolled agents may receive Continuing Professional Education credit for their participation.

For more information, and to register on-line, please see the [announcement](#) on the FSLG website or [register on-line](#).



## Volunteer exclusion expires

### An exclusion for volunteer emergency responders expired December 31

*The Mortgage Forgiveness Debt Relief Act of 2007*, that provided a special tax benefit for volunteer firefighters and emergency responders (discussed in the [Fall 2009 issue of the Social Security newsletter](#)), expired December 31, 2010. The law allowed an exclusion of certain benefits received for performance of volunteer services from being considered as income. The exclusion is not available for individuals performing services in 2011.

If you have been using Publication 15-B, *Employer's Tax Guide to Fringe Benefits* (for use in 2011) for guidance, please refer to [these changes that have occurred](#) since its publication.

## Reporting group health plan cost on Form W-2

*The Affordable Care Act* requires employers to report the cost of coverage under an employer-sponsored group health plan. To give employers more time to update their payroll systems, [Notice 2010-69](#), issued last fall, made this requirement optional for all employers for tax year 2011. [Notice 2011-28](#) provides interim guidance for employers on reporting the cost of employee health plan coverage on Form W-2. It provides



further relief for smaller employers filing fewer than 250 W-2 forms by making the reporting requirement optional at least through tax year 2012. And, until further guidance is issued, an employer is not subject to the reporting requirement for *any* calendar year if the employer was required to file fewer than 250 W-2 forms for the *preceding* calendar year.

Any employers that choose to report earlier (on the 2011 Form W-2 generally furnished to employees in January 2012) may look

to Notice 2011-28 for guidance. This notice also includes information on how to report, what coverage to include, and how to determine the cost of the coverage.

This reporting to employees is for their information only, to inform them of the cost of their health coverage; the amounts reported are not included in taxable wages and are not subject to new taxes.

## New law repeals expanded information reporting requirements

*The Patient Protection and Affordable Care Act of 2010* expanded information reporting to include payments to corporations, “amounts in consideration of property,” and “other gross proceeds” made in the course of a trade or business (including operation of a governmental entity), beginning in 2012. A new law, *The Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011*, repeals these requirements. You are not required to file Form 1099-MISC for these payments for any year.

*The Small Business Jobs Act of 2010* provided that anyone receiving rental income from real estate would be treated as receiving income from a trade or business of renting property. This provision also is repealed; you are not considered to be in a trade or business solely because you receive rental income. See [Publication 527](#) for more information on rental income and expenses.

Existing information reporting requirements remain in effect. Payments of \$600 or more for nonemployee compensation made in the course of a trade or business are generally required to be reported on Form 1099-MISC. Certain payments to corporations are required to be reported. See the [Instructions for Form 1099-MISC](#) for more information.

## IRS discontinues automatic mailing of certain forms



The IRS will no longer send businesses and government entities additional tax packages in the mail. Most importantly, the [Form 941, Employer's Quarterly Federal Tax Return](#) (PDF), will no longer be mailed. You may go to [IRS.gov](#), then click on [Forms and Publications](#) and follow the directions for getting this form.

The IRS took these steps due to the continued growth in electronic filing as well as to help reduce costs.

In addition to the [Form 941](#) (PDF), there are a number of other forms and publications that the IRS will no longer mail.

## Reminder: Social Security to change how numbers are issued

### Change will be implemented beginning June 2011

Were you aware that the first three digits of the Social Security Number (SSN) had a geographical significance? Since the inception of SSNs, the first three digits were determined by the zip code of the mailing address shown on the application for an SSN -- but this is slated to change in 2011. In an effort to

increase the number of SSNs available for use by the Social Security Administration (SSA) and in order to help reduce identity theft, SSA plans to change the methodology by which SSNs are issued. In June 2011, SSA will begin to issue SSNs randomly, regardless of the address on the application. As a result, SSA will have the ability to continue to issue SSNs in all areas of the country for many more years without having to make additional changes.

Your computer systems or information technology staff may need to revise their programs to account for these changes.

### What will change?

- Anticipated implementation date is June 2011.
- SSA will no longer issue SSNs based on geography.
- SSA will issue SSNs with the number “8” in position 1.
- SSA will include all possible SSNs with the number “7” in position 1. Currently, SSNs that start with “7” are for certain states and other specific groups.
- Effective June 2011, SSA will no longer update the High Group List. SSA offers verification services that are more accurate than using the High Group List.



### Resources for more information:

- [Information and instructions to verify social security numbers](#)
- [Social Security Number allocations](#)
- [Social Security Number randomization](#)

Have questions about any of the information at these links? Send an e-mail to [ssn.randomization@ssa.gov](mailto:ssn.randomization@ssa.gov)

The following people are your contacts in the Audit Section:

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### [Back issues \(to 2008\)](#)

Send comments to: [Kay Gouyton](#) or the editor, [Barbara Kelly](#)

The Audit Section operates under the guidance of IRS Publication 963 and the State & Local coverage Social Security Handbook, SSA Publication no. 16-055.

Please refer to [IRS.gov](http://irs.gov) and [SSA.gov](http://ssa.gov) for additional information.

Social Security *News* is published by

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*333 Willoughby Avenue, 6th Floor*  
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*Juneau, AK 99811-0203*

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