

# New Code V for the 2001 Form W-2, Box 12

## Announcement 2000-97

### Purpose

The purpose of this announcement is to advise employers about an additional code for use on the 2001 Form W-2. This code will be used to identify the amount of compensation related to the exercise of an employer-provided nonstatutory stock option currently required to be included in an employee's wages in boxes 1, 3 (up to the social security wage base), and 5.

### Nonstatutory Stock Options

A new code (**Code V—Income from the exercise of nonstatutory stock options**) for use in box 12 on the 2001 Form W-2 has been added to the 2001 Instructions for Forms W-2 and W-3.

When an employee (or former employee) exercises nonstatutory stock option(s), employers are currently required to report the excess of the fair market value of the stock received upon exercise of the option over the amount paid for that stock on Form W-2 in boxes 1, 3 (up to the social security wage base), and 5. The change requires that any compensation related to the exercise of the nonstatutory stock option(s) currently included in boxes 1, 3 (if applicable), and 5 must also be shown in box 12, using **Code V**.