

New Code W for the 2004 Form W-2, Box 12

Announcement 2004-2

Purpose

The purpose of this announcement is to advise employers about an additional code for use on the 2004 Form W-2. This code will be used to identify the amount of an employer's contribution to an employee's Health Savings Account (HSA).

Health Savings Accounts (HSA)

A new code (**Code W—Employer's contribution to an employee's Health Savings Account (HSA)**) for use in box 12 on the 2004 Form W-2 has been added to the 2004 Instructions for Forms W-2 and W-3.

The Medicare Prescription Drug Improvement and Modernization Act of 2003 requires reporting of an employer's contributions to an employee's HSA on Form W-2. The amount that an employer contributes to an employee's HSA will be shown in box 12 of Form W-2, using Code W.

Generally, employer contributions to an employee's MSA are not subject to income, social security/Medicare, or Railroad Retirement taxes and will not affect amounts otherwise reported in boxes 1, 3, and 5 of Form W-2.
