



TaxNewsFlash

United States

No. 2017-388
September 18, 2017

Proposed regulations: Truncated TINs for wage and tax statements furnished to employees

The U.S. Treasury Department and IRS today released for publication in the Federal Register a notice of proposed rulemaking (REG-105004-16) that proposes changes to existing regulations to allow the use of truncated social security numbers—that is, truncated taxpayer identification numbers (TTINs)—on statements that employers furnish to their employees, specifically on Form W-2.

The goal of these [proposed regulations](#) [PDF 307 KB] is to aid employer efforts to protect their employees from identity theft. Comments about these proposed regulations and requests for a public hearing must be received by December 18, 2017.

Summary

Employers use Form W-2, *Wage and Tax Statement*, as provided to each employee, to show that employee's total amount of wages and the amounts of tax deducted and withheld from those wages (and other information) for the calendar year.

Changes made under the *Protecting Americans from Tax Hikes (PATH) Act of 2015*, replaced a requirement that a social security number be included on a Form W-2 with a provision that "an identifying number for the employee" instead be required on Form W-2. Because a social security number is no longer required by statute, today's proposed regulations permit employers to truncate the employees' social security numbers as TTINs on copies of Forms W-2 provided to employees.

Also permitted is the use of TTINs on copies of Forms W-2 furnished to payees that report third-party sick pay as well as copies of Forms W-2 furnished to employees to report wages in the form of group-term life insurance.

However, the proposed regulations clarify that employers may **not** truncate an employee's social security number to appear in the form of a TTIN on a copy of a Form W-2 that is filed with the Social Security Administration.

Effective date

The proposed regulations will be effective on the date when final regulations adopting these rules are finalized and published in the Federal Register.

The preamble states that to allow state tax administrators additional time to develop systems to process copies of Forms W-2 filed with state income tax returns that may have TTINs, the proposed regulations will not apply to Forms W-2 required to be furnished before January 1, 2019. Thus, as proposed, the regulations would apply, at the earliest, to statements required to be filed and furnished after December 31, 2018.

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