



American Payroll Association

Government Relations • Washington, DC

September 12, 2017

Commissioner John Koskinen
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Deputy Commissioner Kirsten Wielobob
Services and Enforcement
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Re: Transition relief from Form W-2 late filing penalties

Dear Commissioner Koskinen and Deputy Commissioner Wielobob:

The American Payroll Association (APA) is requesting transition relief from penalties for late-filed Forms W-2 in this first year of the accelerated deadlines under the Protecting Americans from Tax Hikes Act (PATH Act). The goal of the earlier filing deadline is a laudable one – helping the IRS reduce instances of tax refund fraud by matching third-party information reports (i.e., Forms W-2) with individual taxpayer Forms 1040. At the same time, the Social Security Administration has reported the number of late-filed submissions more than doubled (from 25,000 to 50,000) and the number of Forms W-2c filed increased by approximately 35 percent (from 2 million to 2.7 million) so far in 2017. The correlation between the accelerated deadline and the significantly increased late and incorrect Form W-2 filings seems clear.

You and your team at the IRS have said many times that the agency is not looking to penalize employers, but to achieve full compliance. In addition to compliance alerts and outreach activities from the IRS, APA has worked to keep payroll professionals informed about the earlier deadline through our publications, social media activities, payroll education courses and webinars, and speaking engagements. We have partnered with the IRS on many presentations at APA conferences and meetings as well as through the IRS's monthly payroll industry conference calls. However, outreach takes time, especially to smaller employers. In addition, we know that our members have limited resources and the time offered in legislation and regulations to adjust processes and procedures is not always sufficient.

Therefore, APA is asking that the IRS waive late-filing penalties for 2016 Form W-2 submissions filed after January 31, 2017, but in time to meet the pre-PATH Act filing deadlines of February 28, 2017 for payer-filed Forms W-2 and March 31, 2017 for e-filed Forms W-2.

About APA

Established in 1982, APA is a nonprofit professional association serving the interests of more than 20,000 payroll professionals in the United States. APA's primary mission is to educate members and the payroll industry about the best practices associated with paying America's workers while complying with all applicable federal, state, and local laws and regulations. APA's Government Relations Task Force (GRTF) works with legislative and executive branches at the federal and state levels to assist employers with understanding their legal obligations with significant emphasis on minimizing the administrative burden on government, employers, and individual workers. The GRTF maintains a close relationship with the IRS to ensure that APA's members receive the latest information about federal tax compliance changes and that the IRS receives meaningful feedback on its programs, regulations, policies, guidance, and tax forms.

APA is pleased to continue our working relationship with the IRS to increase communication with payroll professionals toward the goal of full compliance. Thank you for considering our request for transition relief from penalties for late-filed Forms W-2.

Sincerely,

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