

Handling Duplicate Form W-2 Requests

We are in a new year. Payroll departments are beginning to turn their thoughts to processing Forms W-2. Their main concern is to get the original form out to employees. But that's not the only process that payroll needs to consider at this busy time. Though payroll may not have produced the original W-2s yet, it still needs to make sure that the entire process for requesting a duplicate form is in place prior to the end of the year. Now is the time to do this, before the employees need the process and while there is still time to distribute the procedures to employees.

Having procedures in place early in December ensures that your employees can use the proper form and submission methods that the department has installed. It also allows for time to distribute the information and relieves the payroll department of having to handle this task during the hectic January-to-February timeframe. One thing history tells us is that employees will always need duplicate Forms W-2 no matter how hard payroll has tried to prevent their asking.

The reasons that employees request duplicate Forms W-2 are as varied as the employees themselves. Payroll departments have heard it all. From "I never received it. Are you sure you mailed it out?" and "I thought you knew I moved six months ago?" to "I didn't know that was my W-2 and threw it out." Regardless of the reason, the process will go smoother for both parties if the procedures are in place and distributed as soon as possible before the original forms are mailed. When tax season starts, employees need their copies of the form; they don't want to wait for their W-2.

Setting up the procedures. We must first review the basic regulations. Number one is timing. If the employees want the duplicate forms right now, does payroll have to give it to them RIGHT NOW? The IRS doesn't have specific regulations for the timing of reissuing duplicate forms. The only requirement is that they be issued in "a reasonable amount of time"—and that is left up to the individual payroll department. That is why it is important to let employees know how long it will take to receive the form once their request has been submitted.

The IRS tells taxpayers that they should wait until early February to receive their forms from their employers before contacting the agency to intercede on their behalf and request the form from the employer. Since the employees have the recourse to request the form from the IRS, it's imperative that they understand when duplicates will be issued.

The other applicable regulation that payroll departments need to incorporate into their procedures is the IRS requirement that "Reissued Statement" appear on the new copy. This applies to copies of paper forms, retyped statements, and paper copies of electronic forms. Then again, if the original Form W-2 was issued electronically and the duplicate will also be issued electronically, then payroll doesn't need to insert "Reissued Statement" on the form.

As stated above, procedures for requesting duplicate forms W-2 should be included in the year-end planning. To assist in creating the procedures, the department may want to answer the following three questions. The answers to these questions are the core of your procedures:

- When can employees begin requesting forms?
- How do employees submit their request?
- How long do employees have to wait to receive the new form?

Question #1: When can employees begin requesting the form? This is up to your department, but here are a few suggestions:

- Make sure that the employee has allowed sufficient time to receive the original form in the mail. It takes at least five days for the U.S. Postal Service to deliver a letter across the country. In addition, a moving order can tack on 10 days.
- Set a date that allows for this process. Allowing employees to begin requesting duplicates after February 10 takes most of this processing time into account, but does not create too long of a delay for the employee. Any earlier in February and the department may be having forms pass in the mail. There is nothing more aggravating then taking the time to complete a duplicate form and have the employee notify payroll the next day that the original came in the mail.

However, some payroll departments like to set a timeframe instead of a date—for instance, 10 days from the date the original forms are mailed to the employees. The department then announces the date

after it mails the forms. An example: The forms are mailed on January 22, so the first date to request duplicates will be February 1. This method allows the employees a quicker turnaround, but creates more work for the department by having to publicize the date at the last minute.

- Advertise this date as soon as possible. Some employees will insist on requesting the form on February 1 when it was mailed on January 31. The payroll department should also let it be known that duplicates or pre-issues will not be done so that employees can have their tax appointments in January.

Question #2: How do employees submit their request? Employees will try all kinds of ways to submit their request that require the least amount of effort on their part. But remember that this is a duplicate of a very sensitive document. Someone other than the employee may try to intercept the mail. The payroll department would never give a copy of any payroll records to someone who requested over the phone for them to be mailed, so why would it send a Form W-2 the same way? Also, the duplicate form request will have to be processed and maintained as a permanent record.

One of the best ways to handle the requests is to have the employee complete and submit the department's own form. The employee may request the duplicate request form via the phone, but not the actual Form W-2. The employee may also obtain the duplicate request form via e-mail, fax, mail, or in person. He or she must complete the form and submit I.D. to prove they are the employee on the form. This can be done by showing a driver's license or company badge. If the employee is faxing the form, he/she should attach a copy of their I.D. There are no restrictions against requiring proof of identity to request or receive duplicate forms. For a sample request form, [click here](#).

Question #3: How long does the employee have to wait to receive the new form? The employee expects the payroll department to drop everything and process their duplicate form request. But payroll needs to make sure that employees understand how long it will take to receive the duplicate form. As discussed earlier, it is best to announce the processing time early in the year. This can be done at the same time as the announcement for the form and the request dates. Payroll stuffers, e-mails, postings, and year-end memos are common ways to get this information to your employees. Including it on the form will also help to spread the word to employees of the amount of time to allow before checking on the status.

The actual waiting time for the employee to receive the form depends on the department's system and how the original Forms W-2 are produced. If the department has a payroll system that allows for duplicate forms to be requested right from the system or a CD-ROM storage system, then it will be able

to process the form faster than departments that must retype the form. This is something each individual payroll department must decide. However, it is best to allow no more than five working days. The IRS tells employees to allow a reasonable amount of time to pass before contacting it with a complaint if the employer is intending to reissue the form. Five days is considered a reasonable amount of time in this electronic age.

However, no matter how late the employee sends the request to payroll, it still has a "reasonable amount of time" to process the request. There is nothing in the IRS regulations that says the employee who requests a duplicate on April 14 should expect a faster turnaround time than the employee who submits the request on February 18. But many payroll departments, just like the IRS and other tax agencies, stay open late or have extra staff arranged to handle last minute "filers." This can create goodwill and is considered part of good customer service for the payroll department.

After the procedures are written and distributed, the payroll department must address the form itself. The actual physical Form W-2 that the payroll department reissues can take many forms. For departments with older systems, the habit may have been to photocopy the employer copy (Copy D) and give that to the employee. This method is unacceptable to the IRS.

Although the IRS does allow photocopying of the form, the employee must receive the same copies as with the original form—that is, Copies B, C and 2. Employees cannot file a photocopy of the employer's Copy D with their tax return. In this case, the payroll department will have to either retype the form or adjust the photocopy to read the proper copy designations. As of press time, the IRS Web site does not have an interactive Form W-2 for employers to use in place of retyping the form.

However, if the payroll computer system stores the actual Forms W-2 electronically or on CD and prints them on paper without copy identification (no notation of Copies C, D, or 2 etc.), those copies are acceptable for filing by the IRS.

One last reminder: If a paper copy is reissued, the words "Reissued Statement" must be imprinted or typed on the form. However, if the duplicate form is sent electronically from an electronic storage of the form, then this requirement is not applicable to the reissued form.

Recently, employers have been taking an active role in trying to reduce the number of reissued Forms W-2 that the payroll department must process each year. To give employees an incentive to keep hold

of their forms or to keep addresses current for mailing the forms, employers are now charging a fee to cover the costs of replacing the form. The IRS states emphatically that employers are not prohibited (by the IRC) from charging a fee for the issuance of a duplicate Form W-2.

It is important to remember that issuing duplicate Forms W-2 is an important part of the year-end process and should be handled with the same professionalism.

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