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## **ADP to Participate in IRS Pilot Program to Test Verification Codes on Forms W-2 to Help Reduce Tax Refund Fraud**

### **ADP Working With the IRS to Help Improve Tax Filing Integrity Measures**

ROSELAND, NJ -- (Marketwired) -- 12/10/15 -- As part of its continuing efforts to support programs that defend against global financial crimes against businesses and consumers, ADP® today announced that it is collaborating with the U.S. Internal Revenue Service (IRS) to test the capability of a new Form W-2 Verification Code. The Verification Code has been designed to help reduce billions of dollars in Form W-2 fraud that impacts U.S. consumers annually.

This cooperative development effort seeks to improve the authentication of Form W-2 data reported on individual income tax returns, and is one of several IRS efforts under way to combat identity theft and tax-refund fraud.

For selected clients, ADP will include the Verification Code in a designated box of the 2015 Forms W-2 issued to its clients' employees. ADP will generate the alphanumeric code based on select data elements on each Form W-2, and an algorithm provided by the IRS.

The Verification Code will appear on copies B and C of Form W-2 received by employees, who file copy B with their federal tax return and retain copy C with their tax records. It will appear within a box labeled "Verification Code," and instructions will appear on the back along with other Form W-2 instructions.

The Verification Code will not be included in the Forms W-2 that are filed with the Social Security Administration or any state or local tax authorities, and will not appear on the employer's copy of Form W-2. The pilot will not affect state or local income tax returns.

"Protecting the sensitive data of our clients and their employees is a core business practice at ADP, and we are pleased to collaborate and help lead industry efforts to reduce economic crimes," said Roland Cloutier, Chief Security Officer of ADP. "We are confident that our efforts will contribute meaningfully as the IRS explores new ways to improve the integrity of the U.S. income tax system and prevent refund fraud."

The IRS has advised tax preparation software companies and tax preparation firms of the pilot, and tax preparers and software are expected to ask for and accept the Verification Code when Form W-2 data is entered. Employees who receive a Form W-2 with a Verification Code will include the Verification Code when preparing their individual income tax returns. The pilot will not include paper-filed individual income tax returns. Missing or incorrect Form W-2 Verification Codes will not delay the processing of a tax return.

The IRS will analyze pilot results following the end of the 2015 tax season to assess its usefulness in evaluating the integrity of Form W-2 information submitted by taxpayers. If successful, it will likely remain as a Form W-2 element in the future.

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