



December 6, 2016

## **ADP Continues to Support IRS Form W-2 Verification Code Program**

### **Effective Pilot Program in 2015 Yields Validation Success Rate of More Than 94 Percent**

ROSELAND, NJ -- (Marketwired) -- 12/06/16 -- ADP continues to collaborate with the U.S. Internal Revenue Service (IRS) on the new Form W-2 Verification Code. The Verification Code has been designed by the IRS<sup>®</sup> to help reduce stolen income tax refunds that impact U.S. taxpayers every year, and is part of its efforts to deploy programs that defend against global financial crimes against businesses and consumers.

ADP's collaboration with the IRS 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. Last year, ADP participated in the pilot program for this initiative by issuing Verification Codes on Forms W-2 of selected clients for 2015 (i.e., Forms W-2 issued in January 2016). During its assessment of the pilot program, the IRS determined that when a Verification Code is reported by the taxpayer, the validation success rate is more than 94 percent.

IRS Commissioner John Koskinen recently announced that the IRS plans to expand the W-2 Verification Code initiative for 2016 to as many as 20 percent of all Forms W-2. Accordingly, for ADP payroll clients with more than 50 employees as well as ADP TotalSource<sup>®</sup> clients, ADP will include the Verification Code in a designated box of the 2016 Forms W-2 issued to its clients' employees. No action is required of clients.

"With security, risk and privacy concerns so prevalent, safeguarding our clients' data -- and that of their employees -- is a core business practice at ADP," said Roland Cloutier, chief security officer at ADP. "We're proud to continue our collaboration with the IRS to help lead industry efforts to reduce economic crimes. And we're pleased to contribute meaningfully as the IRS expands the innovative approaches it uses to improve the integrity of the U.S. income tax system and prevent refund fraud."

ADP will generate the Verification Code, which is an alphanumeric code, based on the Form W-2 data and an algorithm provided by the IRS. Each code is unique to the related Form W-2. Employees will report the Verification Code when electronically filing their individual income tax returns and the IRS will use the Verification Code to help validate the wage and tax data on the form.

The Verification Code will appear on copies B and C of Form W-2 received by employees, who will 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 will include instructions for its use on the back of Form W-2.

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 initiative will not affect state or local income tax returns, or federal returns filed in paper format.

Income tax preparers and income tax software companies may ask for 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. However, missing or incorrect Form W-2 Verification Codes will not delay the processing of a tax return. The IRS will analyze initiative results following the end of the tax season to assess its usefulness in evaluating the integrity of Form W-2 information submitted by taxpayers. If successful, it may become a permanent Form W-2 element.

#### **About ADP** (NASDAQ: ADP)

Powerful technology plus a human touch. Companies of all types and sizes around the world rely on ADP's cloud software and expert insights to help unlock the potential of their people. HR. Talent. Benefits. Payroll. Compliance. Working together to build a better workforce. For more information, visit [ADP.com](http://ADP.com).

*The ADP logo, ADP and ADP TotalSource are registered trademarks of ADP, LLC. ADP A more human resource. is a service mark of ADP, LLC. All other marks are the property of their respective owners.*

*Copyright © 2016 ADP, LLC. All rights reserved.*

***ADP-Media***

***ADP-Media Contact:***

Kate Rankin

ADP, LLC

201 452-1803

[Kate.rankin@adp.com](mailto:Kate.rankin@adp.com)

Source: ADP

News Provided by Acquire Media