

e-Alert

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IRS Changes to 2021 Form W-2

Background

Each year employers are required to provide wage and tax statements to each employee and the Internal Revenue Service (IRS), known as Form W-2. This form collectively reports the total annual wages the employee received as well as any taxes that were withheld from the employee's paycheck.

Summary

Earlier this year, the [American Rescue Plan Act of 2021 \(ARPA\)](#) was enacted to provide additional economic relief efforts from the COVID-19 pandemic. As part of the ARPA, for taxable year January 1, 2021, through December 31, 2021, pretax dependent care assistance was increased from \$5,000 to \$10,500 per household (\$5,250 for employees married filing separately).

The IRS updated 2021 Form W-2 Box 10 Instructions to reflect this change. Digital versions of the 2021 Form W-2 instructions reflect this change. The [Instructions for Employees](#) document has also been updated.

Additional information about these changes can be found on the [IRS website](#).

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Employer Next Steps

- If you are Full-Service or a Managed Payroll client and would like these [instructions](#) uploaded to your ADP Workforce Now Home Page as a resource for your employees, please contact your Client Account Manager
- If you are a Full-Service or Managed Payroll client and have questions about this e-Alert, please [email us](#).

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