

New Reporting Responsibilities for Certain Employers in 2016

Under the Affordable Care Act, certain employers – known as applicable large employers or ALEs – may potentially be required to make an employer shared responsibility payment to the IRS if they do not offer health coverage that is “affordable” and that provides “minimum value” to full-time employees and their dependents.

Employers that are subject to the employer shared responsibility provisions have new information reporting responsibilities that require them to report information about health coverage offered to each full-time employee, or to report that the ALE didn’t offer coverage to the full-time employee. This includes the requirement to send information statements to full-time employees and to the IRS on new forms. This information will help the IRS determine whether an employer shared responsibility payment applies to the ALE and is also used in determining eligibility for the premium tax credit for the full-time employee and his or her family.

In addition, all employers that sponsor self-insured health coverage – whether or not the employer is an ALE – have additional information reporting responsibilities that apply to health coverage providers. Under this requirement, an employer that sponsors a self-insured plan must report information about employees and their dependents who enroll in the coverage, whether or not the employee is a full-time employee. The IRS will use the information reporting by health coverage providers to verify the months of the individual’s coverage for purposes of the individual shared responsibility provision.

An employer determines whether it is an ALE for a specific calendar year based upon the size of the employer’s workforce in the previous year. For instance, an employer is an ALE for 2016, if it had an average of at least 50 full-time employees – including full-time equivalent employees – during business days in 2015. Special rules exist for new employers and employers that have seasonal workers, and there is transition relief that applies for determining whether an employer is an ALE for 2015.

The new reporting requirements for employers first apply for coverage provided in 2015, and the reporting on 2015 coverage is due in 2016. The IRS recently extended the due dates for filing and furnishing the 2015 forms. Applicable large employers must file Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, and Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, with the IRS, no later than May 31, 2016, if not filing electronically, and no later than June 30, 2016, if filing electronically. They must also furnish a copy of Form 1095-C to each full-time employee by March 31, 2016. The IRS similarly extended the due dates for 2015 reporting by health coverage providers, and self-insured ALEs should use these same forms to meet their health coverage provider reporting obligations (for self-insured employers that aren’t ALEs see Notice 2016-4).

For more information, see the Affordable Care Act Tax Provisions for Employers page on IRS.gov/aca. You can also check out our questions about answers about Forms 1094-C and 1095-C, and about reporting offers of health coverage.

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