

# Anchin Compensation and Benefits Services Group



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## **Deadline Extended for ACA Information Reporting to Employees**

The IRS has again extended the deadline for employers subject to the Affordable Care Act's (ACA's) information reporting requirements to meet their obligations to employees. Last year, the IRS extended the 2016 deadlines for reporting 2015 information, giving employers an additional two months to provide employees Form 1095-B, "Health Coverage," and Form 1095-C, "Employer-Provided Health Insurance Offer and Coverage." The latest extension, however, extends the deadline for reporting 2016 information only 30 days, from January 31, 2017, to March 2, 2017. And, unlike the last extension, this one doesn't extend the deadline for filing the required forms with the IRS.

### **Reporting Requirements for ALEs**

The ACA created Section 6056 of the Internal Revenue Code (IRC), which requires all applicable large employers (ALEs) — generally those with at least 50 full-time employees or the equivalent — to report to the IRS information about what health care coverage, if any, they offered to full-time employees. Employers generally must report this information on Form 1094-C, "Transmittal of Employer-Provided Health Insurance and Coverage Information Returns" and the aforementioned Form 1095-C no later than February 28, or March 31 if filed electronically, of the year following the calendar year to which the reporting relates. This deadline hasn't been extended.

Sec. 6056 also requires ALEs to furnish statements to employees that the employees can use to determine whether, for each month of the calendar year, they can claim a premium tax credit. The statements, which can be Form 1095-C or a substitute form, generally must be provided by January 31 of the calendar year following the calendar year to which the Sec. 6056 reporting relates — unless the IRS extends this deadline. The extension to March 2 for 2016 reporting in 2017 is automatic; employers needn't submit any documentation to extend.

### **Reporting Requirements for Self-Insured and Smaller Employers**

Sec. 6055 of the IRC, also created by the ACA, requires health care insurers, including self-insured employers, to report to the IRS using Form 1094-B, "Transmittal of Health Coverage Information Returns," and the previously mentioned Form 1095-B. The 2016 calendar year information must be reported by February 28, 2017, or, if filed electronically, March 31, 2017. This deadline hasn't been extended.

Sec. 6055 also requires self-insured employers to furnish health care information to covered employees in statements, which can be Form 1095-B or a substitute form. With the extension, the employee statements must be provided by March 2, 2017.

Every self-insured employer must report information about all employees, their spouses and dependents who enroll in coverage under the reporting requirements for insurers. This reporting is required even for self-insureds not subject to the ACA's employer shared-responsibility provisions or the ALE reporting requirements. Self-insured ALEs must comply with the insurer requirements in addition to the Sec. 6056 requirements.

Further, non-ALE employers must comply with the Sec. 6056 requirements if they're members of a controlled group or treated as one employer for purposes of determining ALE status. The employers that compose such a controlled-group ALE are referred to as "ALE members," and the reporting requirements apply separately to each member.

## Penalty Relief for Inaccurate Reporting

The IRS is also providing the same good faith transition relief from certain penalties related to the ACA information return requirements that it provided for 2015 returns. The relief applies only to incorrect and incomplete information reported on a statement or return – it doesn't apply to a failure to timely furnish or file a statement or return.

In determining whether the penalty relief applies, the IRS will consider whether an employer or other provider of coverage made reasonable efforts to prepare for reporting the required information to the IRS and furnishing it to employees and covered individuals. Reasonable efforts might include gathering and transmitting the necessary data to a third party to prepare the data for submission to the agency or testing its ability to transmit information. The IRS also will take into account the extent to which the employer or other coverage provider is taking steps to ensure that they can comply with the reporting requirements for 2017.

## Act Now

With the deadline extension for furnishing statements to employees halved from the previous extension – and no extension to the deadline for reporting to the IRS – employers should begin collecting the necessary information for compliance as soon as possible. They also should formalize their processes and procedures to ensure timely compliance in future years, as the IRS has explicitly stated that it doesn't anticipate extending the deadlines or the penalty relief for reporting for 2017.

Although with the changes in Washington, it's possible some or all of the ACA could be repealed, that doesn't necessarily mean the reporting requirements won't still be in effect for 2017. So it's best to be prepared.

Please contact your Anchin relationship partner with any questions about complying with the ACA's information reporting requirements.



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