

FYI[®] Alert

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IRS Releases Instructions for ACA Reporting

Yesterday, the IRS released draft instructions for the ACA information reporting requirements that go into effect for the 2015 calendar year. Last month the IRS released the draft reporting forms. The IRS will use this reporting to enforce the individual and employer shared responsibility requirements, and to administer the low-income subsidies provided to eligible individuals who purchase coverage in the public marketplace. With the release of these draft instructions and reporting forms, employers can now address this important reporting requirement.

Background

The ACA added two significant reporting requirements to the Internal Revenue Code (Code):

- **Code section 6055 reporting.** This reporting is intended primarily to support IRS enforcement of the individual mandate.
- **Code section 6056 reporting.** This reporting will support IRS enforcement of the employer shared responsibility provisions (“employer mandate”) and the low-income subsidies for coverage purchased in the public marketplace.

Both reporting requirements are effective for coverage provided on or after January 1, 2015, with the first information returns to be filed with the IRS and provided to individuals by February 1, 2016. The IRS issued final sections 6055 and 6056 reporting regulations in March of this year, and issued draft reporting forms on July 24. (See our [March 6, 2014](#) and [July 25, 2014](#) *FYI Alert* publications.)

Draft Reporting Instructions

The IRS has now issued draft instructions for the reporting forms. Updated draft Forms 1095-C and 1095-B were also released. The primary change made to the forms was the addition of an “Instructions to Recipient” section. The IRS has invited comments on the forms but notes that they may not be able to consider many suggestions until the subsequent revision of the documents. The comment period ends November 3, 2014.

Forms 1094-C and 1095-C

The 1094-C and 1095-C forms will be used by large employers for reporting:

- [Instructions for Forms 1095-C and 1094-C](#)
- [Form 1095-C](#): Employer-Provided Health Insurance Offer and Coverage
- [Form 1094-C](#): Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

Form 1095-C is for reporting sections 6055 and 6056 information to individuals, with Form 1094-C for transmitting the individual statements to the IRS.

Comment. The instructions include important additional guidance on several alternative methods that can be used for reporting to both the IRS and employees. For some employers, these alternative reporting methods can provide significant reporting relief, and employers should determine if they can be used.

Forms 1094-B and 1095-B

The 1094-B and 1095-B forms will be used primarily by insurers for reporting insured coverage, and by multiemployer plans for reporting self-insured coverage:

- [Instructions for Forms 1095-B and 1094-B](#)
- [Form 1095-B](#): Health Coverage
- [Form 1094-B](#): Transmittal of Health Coverage Information Returns

Form 1095-B is for reporting the section 6055 information to individuals, with Form 1094-B for transmitting the individual statements to the IRS.

In Closing

With the release of the instructions and reporting forms, it appears that this reporting requirement will not be further delayed, and will be effective in 2015. Therefore, employers should proceed with implementation, including determining what support existing service providers, such as payroll vendors and benefit administrators, will provide. As noted, the instructions provide important additional guidance that may be beneficial to employers. We will be providing a more detailed analysis of the regulations shortly

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