

# FYI<sup>®</sup> Alert

## For Your Information<sup>®</sup>

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## Cadillac Tax Delay Included in Year-End Legislation Impacting Employers and Employee Benefits

Yesterday, President Obama signed a continuing resolution to fund the federal government through December 22. This action provides Congress with a handful of extra days to review and vote on an omnibus spending bill, as well as a tax extenders bill, both of which include significant provisions impacting employers and employee benefit plans, including a two-year delay in the Cadillac tax.

### Background

Early Wednesday morning, Congress released the [Consolidated Appropriations Act, 2016](#) (often referred to as the omnibus spending bill) and [The Protecting Americans from Tax Hikes Act of 2015](#) (often referred to as the tax extenders bill).

### Significant Provisions

Significant provisions from both bills would impact employers and employee benefit plans. Additional details and commentary, including effective dates (some of which are retroactive for 2015), will be discussed in our *Legislate* published next week.

- Delay the Cadillac Tax on “high-cost” plans for two years until 2020
- Provide a federal tax deduction for the Cadillac tax
- Suspend for 2017 the annual fee on health insurance providers (applicable to insured plans)
- Suspend for 2016 and 2017 the 2.3% medical device tax
- Provide permanent tax parity for mass transit and parking benefits, retroactive to January 1, 2015
- Restore, retroactive to January 1, 2015, the wage credit for employees who are active duty members of the uniformed services and broaden it for 2016 to include all employers
- Restore through December 31, 2019, retroactive to January 1, 2015, the work opportunity tax credit and broaden it for 2016 to include hiring long-term unemployment compensation recipients
- Restore through December 31, 2016, retroactive to January 1, 2015, the Indian employment tax credit

- Create a safe harbor for “small errors” on information returns and payee statements (such as W-2s), relieving employers from penalties and the burden of issuing corrected forms under limited circumstances
- Replace the requirement to include complete SSNs on W-2s with a requirement to include “an identifying number”
- Clarify church plan rules, reflecting the stand-alone legislation recently introduced (See our [December 7 Legislate](#) for details)

Notably, the bills do not include any provisions interfering with the DOL’s ability or timing to issue a final rule regarding fiduciaries and conflicts of interest.

## Looking Ahead

Congress is expected to approve the bills tomorrow (or early next week), and President Obama is expected to sign the legislation before midnight on December 22, when funding for the federal government expires. Our *Legislate* next week will provide an update, as well as additional details and commentary.

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