

FYI[®] Alert

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IRS Extends ACA Reporting Deadlines

In welcome relief for many employers and coverage providers, the IRS has automatically extended the ACA reporting deadlines for 2015. The deadline for furnishing the Form 1095-C to individuals has been extended to March 31, 2016, while the deadline for filing with the IRS has been extended to June 30, 2016, if filing electronically.

Background

As most employers are well aware, the Affordable Care Act (ACA) added two important reporting requirements to the Internal Revenue Code (Code):

- Code Section 6055 reporting: supports IRS enforcement of the individual shared responsibility provisions (“individual mandate”).
- Code Section 6056 reporting: supports IRS enforcement of the employer shared responsibility provisions (“employer mandate”) and the low-income subsidies for coverage purchased in the public marketplace.

The IRS developed two sets of information returns that employers and coverage providers use to satisfy their ACA reporting obligations — the 1095-B and 1095-C. Both reporting requirements are effective for medical coverage provided on or after January 1, 2015. Under prior regulations, individuals must be furnished with the Forms 1095-B and 1095-C by February 1, 2016. These forms must also be submitted to the IRS along with transmittal forms. The deadline for electronic submissions to the IRS was March 31, 2016.

Transition Reporting Relief

Recognizing that many employers, insurers and other providers of health coverage need additional time to implement the ACA reporting requirements, in [Notice 2016-4](#) the IRS has automatically extended the due date for furnishing 1095-C and 1095-B statements to individuals by two months — from February 1 to March 31, 2016. The IRS has also extended the deadline for filing the statements, along with the 1094-C and 1094-B transmittal forms, to the IRS by three months — from March 31 to June 30, 2016, if filing electronically. (The deadline was also extended three months — from February 29 to May 31, 2016, if not filing electronically.)

What if I already requested an extension?

The Notice states that because this transition relief is automatic and is more generous than the extensions that some employers and coverage providers have requested, the IRS will not formally grant any previous requests.

Relief from Penalties

While the extended deadlines are welcome news, the Notice states that the IRS will not grant additional automatic or permissive extensions beyond these deadlines for 2015 reporting. In prior guidance, the IRS had stated that it would not impose penalties for 2015 reporting on a filer for reporting incorrect or incomplete information if the filer could show that it made “good faith” efforts to comply with the information reporting requirements for 2015. However, no relief was provided under this “good faith” requirement for failing to meet the deadlines to file with the IRS or furnish a statement to an individual.

Notice 2016-4 states that “employers and coverage providers that do not comply with these extended dates are subject to penalties under section 6722 or 6721 for failure to timely furnish and file.” (See our [August 20, 2015 For Your Information](#).) But the Notice does include a number of factors that the IRS will consider in determining whether to abate penalties against an employer or coverage provider:

- Furnishing and filing statements even if beyond the extended deadlines
- Whether a reasonable effort was made to prepare for reporting, such as gathering and transmitting necessary data to an agent to prepare for data submission, or testing its ability to transmit information to the IRS
- The extent of steps taken to ensure compliance with the 2016 reporting requirements

Impact of Extension on Individual Taxpayers

Some individual taxpayers may be affected by this extension because the information included on the 1095-C or 1095-B is needed to complete their tax returns. For example, individuals use the information on these forms to confirm that they (and their dependents) had minimum essential coverage during 2015. For 2015 only, the Notice states that individuals who do not receive these forms before they file their tax return can rely on other information received from their employer when completing their tax returns.

The information on the forms is also used to determine eligibility for ACA marketplace subsidies. However, the Notice indicates that most employees offered employer-sponsored coverage are not affected by the extension and do not need this information to complete their tax filing. For example, employees who enroll in employer coverage, don't enroll in any medical coverage, or enroll in marketplace coverage and received a determination from the marketplace that the employer's coverage was unaffordable, do not need the information on the ACA reporting forms to complete their tax returns. Therefore, for 2015 only, individuals can rely on other information received from their employer when filing their tax returns.

Individuals do not need to send this information to the IRS and importantly do not need to amend their tax returns once they receive a 1095-C or 1095-B form.

Comment. Employers and coverage providers should consider communicating this relief to employees and covered individuals. Because the Notice is silent on what “other information from the employer” means, plan sponsors who use the extension for providing individual statements may also need to prepare to address employee questions on obtaining information (e.g., coverage information) without the forms to complete their tax returns.

In Closing

While this is certainly welcome relief to most plan sponsors, the 2015 reporting requirement has not been repealed and efforts to comply must continue. The extension only applies to 2015 reporting and not future years.

Authors

Richard Stover, FSA, MAAA
Mary Harrison, JD

Produced by the Knowledge Resource Center of Buck Consultants at Xerox

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