Affordable Care Act 2016 and Beyond ...





9150 South Hills Blvd. Suite 300 Cleveland, Ohio 44147 Jeff Smith Partner

440/838-8800 jdsmith@laborlawyers.com



TODAY'S AGENDA:

- Where do things stand now...?
- Key issues through initial implementation
- Looking ahead
- 1094 / 1095 Reporting



Where do things stand now...?



Recap of major developments:

- Federal and state Insurance Exchanges or "Marketplaces" opened in 2014
- Individual Mandate became effective in 2014
- Employer Mandate (finally) became effective for some employers in 2015
 - Final substantive guidance issued back in February of 2014
 - Final tax reporting guidance issued back in March of 2014
 - Final tax reporting forms and instructions issued in September of 2015
- Employer Mandate (finally) becomes fully effective in 2016
- Employer Mandate information reporting became effective in 2015 (first reports to be furnished and filed in 2016 using 2015 data)



The ACA is still a bit of a moving target...

• Legislative updates:

- Continuing efforts to repeal...
- July 2015 amendment permitting exclusion of individuals covered by uniformed service plans (including TRICARE) or Veterans' Affairs (VA) programs for purposes of the "50 or more" / "large employer" test
- October 2015 amendment eliminating mandatory expansion of small group insurance market from "50 or fewer" to "100 or fewer" (states may now decide on their own...)

The ACA is still a bit of a moving target...

• Legislative updates (continued):

- November 2015 amendment repealing "automatic enrollment" requirement
- December 2015 amendment delaying "Cadillac tax" from 2018 to 2020
- Regulatory updates:
 - Initial IRS Form 1095 furnishing deadline delayed two months from January 31, 2016 to March 31, 2016
 - Initial IRS Form 1094 and 1095 filing deadline delayed three months from February 29, 2016 to May 31, 2016 (March 31, 2016 to June 30, 2016 if filing electronically)



- Regulatory updates (continued):
 - IRS Notice 2015-87 (released on December 16, 2015)
 - Year-end "grab bag" of "clarifying" guidance and transitional relief...
 - Statutory cost-of-living adjustments to 9.5% affordability factor will be extended to ACA employer mandate regulatory safe harbors: 9.56% for 2015 and 9.66% for 2016
 - Statutory inflation adjustments to ACA employer mandate \$2,000 / \$3,000 penalties: \$2,080 / \$3,120 in 2015 and \$2,160 / \$3,240 in 2016
 - "Hours of service" do not include legally required workers' compensation, unemployment or state disability payments



- Regulatory updates (continued):
- IRS Notice 2015-87 (released on December 16, 2015)
 - "Hours of service" do include payments from employerprovided STD or LTD coverage, even if from a carrier or other third party
 - Certain HRA amounts will be treated as reducing an employee's cost of coverage for ACA employer mandate affordability purposes
 - Reiterates that only "health flex contributions" under a cafeteria plan (or 125 plan) will be treated as reducing an employee's cost of coverage for ACA employer mandate affordability purposes
 - 2016 plan year relief for other "non-health" flex contributions already in place by December 16, 2015



- Regulatory updates (continued):
- IRS Notice 2015-87 (released on December 16, 2015)
 - Reiterates IRS view that "opt-out payments" or "waiver payments" should be treated as increasing an employee's cost of coverage for ACA employer mandate affordability purposes
 - IRS will soon propose regulations on this view
 - Relief for "opt-out payments" or "waiver payments" already in place by December 16, 2015 for periods before effective date of regulations (most likely just for 2016 plan year and prior)
 - Hint that future regulations may distinguish situations where payments are conditioned on proof of coverage under spouse's group coverage or other group coverage



- Regulatory updates (continued):
- IRS Notice 2015-87 (released on December 16, 2015)
 - Reiterates IRS concern that prevailing wage fringe amounts available in the form of cash or other non-health benefits should perhaps be treated as increasing an employee's cost of coverage for ACA employer mandate affordability purposes
 - IRS acknowledges resulting "dilemma" for prevailing wage employers and thus expects to issue future guidance on the issue
 - Relief for fringe amounts available in cash or other nonhealth benefits for periods before effective date of future guidance (at least for 2016 plan year and prior)
 - Hint that future guidance may eliminate the "dilemma" in some way

The ACA is still a bit of a moving target...

- Regulatory updates (continued):
 - IRS Notice 2015-87 (released on December 16, 2015)
 - For 2016 IRS Forms 1095-C, non-health flex contributions, opt-out / waiver payments and prevailing wage fringe amounts entitled to relief may be taken into account for purposes of reporting employee contributions
 - However, employees will not be negatively impacted by the relief
 - IRS encourages not taking such amounts into account for purposes of reporting employee contributions and then just claiming the applicable relief, if necessary...

Many questions still remain...



Key Issues Through Initial Implementation



Employer Mandate information reporting

- Most employers will use IRS forms 1094-C and 1095-C
- Similar to IRS form W-2 reporting
- Difference between "applicable large employer" (ALE) reporting and insurance carrier reporting (if applicable)
- Reporting for self-funded (or "self-insured") plans
- All months must be accounted for on ALE reporting (remember— line 16 explains line 14...)
- Potential need for dependent SSNs
- Many employers outsourcing (garbage in, garbage out...)
- Good faith compliance standard for first year of reporting



Administering a Measurement / Stability Period System

Why do it?

Basic concept

Don't forget *initial* measurement / stability periods

Remember the purpose of the IRS rules

Oftentimes there are business reasons to be more generous than the IRS rules

Are you spending the insurance carrier's money?

What about other benefits (life, disability, etc.)?

Putting something in writing...



Group	The "old way" vs. the "new way" for ALEs
Health Plan	Hours worked vs. "hours of service"
Benefits	Paid vs. unpaid leave
During a	What about third-party disability payments?
Leave	Breaks in service
	Minimum requirements vs. "the real world"
	Employees still have to pay their share of the premiums
	All the more reason to put something in writing



Affordability Safe Harbors

- What's the alternative?
- W-2 safe harbor
- Rate of pay safe harbor
- Federal poverty line safe harbor
- Each safe harbor has its own specific rules
- Effect of wellness discounts or surcharges



- "Reimbursements" for individual market coverage (including Exchange coverage) now prohibited
- Be careful with "skinny plans" or "MEC plans"
- Temps, PEOs and other staffing concepts
- For smaller employers:
 - Counting employees
 - Properly identifying the "controlled group"
 - When is compliance required (transition rules)?

Other key issues



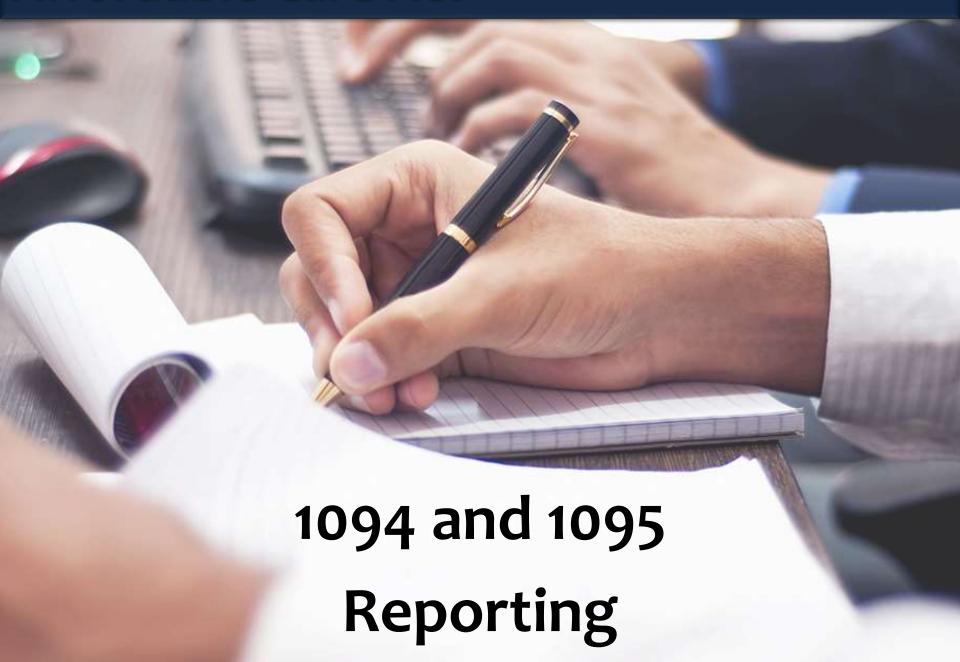
Looking Ahead



What's next? [or perhaps... What now?!]

- Steady stream of new guidance will continue
- Possible legislative changes
- Future nondiscrimination rules for fully-insured plans
- Preparing for future tax assessments





Information Reporting Under Sections 6055 & 6056

Section 6055 – enforce compliance with the Individual Mandate Section 6056 – enforce compliance with the Employer Mandate All reporting is based on the calendar year • regardless of the company's tax year, or • The plan year of the health plan Reporting is required beginning with 2015 calendar year Final forms for 2015 were issued September 16, 2015



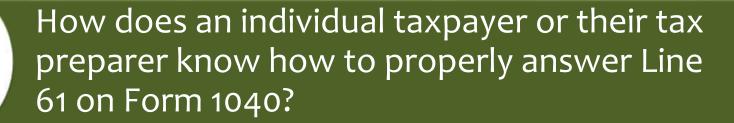
Individual Mandate

New question on Line 61 of Form 1040 that all tax filers will have to answer for 2014

5,7	57	Self-employment tax. Attach Schedule SE	57	
Other	58	Unreported social security and Medicare tax from Form: a 4137 b 8919	58	
Taxes	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
laxes	60a	Household employment taxes from Schedule H	60a	
	b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b	0
	61	Health care: individual responsibility (see instructions) Full-year coverage	61	
	62	Taxes from: a Form 8959 b Form 8960 c Instructions; enter code(s)	62	
w	63	Add lines 56 through 62. This is your total tax	63	



Questions?



Additionally, how does the IRS know whether or not the taxpayer who checked the box YES has the coverage they say they have?

Answers

Code Section 6055 provides for new tax forms that specific parties are responsible to prepare and file with the IRS on an annual basis so that the federal government can properly administer the Individual Mandate



Section 6055-Who is responsible for reporting?

Plan type	Section 6055 Reporting						
Fully insured plan	Health insurance issuer or carrier						
Self insured plan	Employer sponsor						
Multiple Employer Welfare Arrangement (MEWA)	Each individual participating employer						
Multiemployer plan (union plan)	Board of trustees, association, or committee						

The filing requirement applies to employers of all sizes who offer minimum essential coverage. If an employer does not offer a health plan there is NO filing required under Section 6055



Which Forms are Required?

Section 6055 reporting	IRS Forms
Individual Statement-filed with the IRS with a copy to the covered individual	Form 1095-B
Transmittal-filed with the IRS	Form 1094-B



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Form 1095-B

Department of the Treasury Internal Revenue Service

Health Coverage

VOID CORRECTED

OMB No. 1545-2252

2015

Internal Revenue Service	► Inform	ation about Form 1	095-B and its separate	instruction	ons is a	www.ir	rs.gov/fo	orm109£	b.		ORRE	CIED		4		
Part I Responsible																
Name of responsible individ	ual				2	Social se	ecurity nu	mber (SS	N)		3 Date o	of birth (If	SSN is no	ot availab	le)	
4 Street address (including apa	artment no.)		5 City or town			State or	province	1			7 Count	try and ZI	P or forei	gn postal	code	
8 Enter letter identifying Or	igin of the Policy (see	instructions for cod	les):	. • [9	Small Bu	siness Hea	alth Option	s Program	(SHOP) N	larketplace	e identifier,	if applical	ble		
Part II Employer S	ponsored Cover	rage (see instruc	ctions)													
10 Employer name										1	1 Empl	oyer ideni	tification	number (E	EIN)	
12 Street address (including roo	om or suite no.)		13 City or town			State or	r province)		1	5 Coun	try and Z	P or fore	ign posta	l code	
Part III Issuer or Of	ther Coverage P	rovider (see ins	tructions)													
16 Name		•	•		17	Employ	er identifi	cation nu	mber (EIN	l) 1	8 Conta	act teleph	one numi	ber		
19 Street address (including room or suite no.) 20 City or town					21	21 State or province 22 Country and ZIP or foreign postal code										
Part IV Covered Inc	dividuals (Enter t	he information fo	or each covered inc	dividual(s	s).)											
(a) Name of covered	individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months					(e) Months	hs of coverage					
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Form 1095-B

rm 1095-B spartment of the Treasury ernal Revenue Service	ne Treasury			□ VOID □ CORRECTED	OMB No. 1545-2252 2015		
Part I Responsible In Name of responsible individual	dividual		2 Social security number (SSN)	3 Date of birth (If SS	N is not available)		
Street address (including apartment)	nt no.)	5 City or town	6 State or province	7 Country and ZIP or foreign postal code			
3 Enter letter identifying Origin o	of the Policy (see instru	ctions for codes):	9 Small Business Health Options Progr	am (SHOP) Marketplace identifier, if a	applicable		
Employer Spon	sored Coverage (see instructions)	- W	11 Employer identific	eation number (EIN)		

Part I

- Lines 1-6: Responsible Individual (primary insured individual) including SSN
- Line 8: Origin of the Policy- enter applicable code from the instructions e.g.
 B=employer sponsored plan, C=government sponsored plan

Part II

Employer information



Form 1095-B

Part III Issuer or Other Coverage P	Provider (see inst	tructions)													
16 Name				17	17 Employer identification number (EIN) 18 Contact telephone number					ber					
19 Street address (including room or suite no.) 20 City or town				21	State or	province			2	22 Coun	try and Z	P or fore	ign posta	code	
Part IV Covered Individuals (Enter the information for each covered individual(s).)															
(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not	(d) Covered	(e) Months of coverage											
		available)	all 12 months												
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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Part III

- Information about the Issuer or Coverage Provider Part IV
- Covered individuals name, SSN and number of months covered



Form 1094-B

Form 1094-B	Transmittal of He	ealth Covera	ge Informa	ition Returns	1	1115 OMB No. 1545-2252
Department of the Treasury Internal Revenue Service	► Information about Form 1094					2015
1 Filer's name			2 Employer identi	fication number (EIN)		
3 Name of person to contact			4 Contact teleph	one number		
5 Street address (including room or s	uite no.)	6 City or town	1		F 0#	aial IIIaa Oaka
7 State or province		8 Country and ZIP or	foreign postal code		cial Use Only	
9 Total number of Forms 1095-B	submitted with this transmittal		•			
Under penalties of perjury, I declare	that I have examined this return and accompany	ing documents, and,	o the best of my k	knowledge and belief, the	y are true, correct and	complete.
Signature		Title			Date	
For Privacy Act and Paperwork R	eduction Act Notice, see separate instructions			Cat. No. 61570P		Form 1094-B (2015)

Attach all 1095-B filings to this transmittal form

- Line 1 filers name and information (insurance carrier or plan sponsor)
- Line 9 total number of forms 1095-B submitted with the transmittal



Summary of 6055 Filings

Forms 1094-B & 1095-B

Purpose of filing is to enforce compliance with the Individual Mandate

Entity responsible for filing depends on the type of plan offered by the employer

Information need for Forms1094-B and 1095-B is not that difficult to assemble

Employer Mandate - "Pay-or-Play"

- The requirement that employers offer health coverage or be subject to a penalty under Section 4980H
- Mandate applies to "Applicable Large Employers" (ALE)
- Failure to do so will require the payment of a penalty called the "Shared Responsibility Payment"
- Coverage offered to employees must meet two requirements
 - 1. Must provide minimum value
 - 2. Must be affordable



Employer Mandate

- "Applicable Large Employer" more than 50 full-time employees, based on calendar year (determination based on preceding calendar), required to consider both:
 - Actual full-time employees
 - Full-time equivalent employees
- Effective date of the Employer Mandate was originally 2014, but the effective date has been delayed a number of times

Employer Mandate – Effective Date



The original 2014 effective was date was pushed back to 2015, and in some cases to 2016

For mid-size employers, with between 50-99 full-time employees and equivalents, the effective date is delayed until 2016

For employers with 100 of more full-time employees and equivalents, the effective date remains 2015

Note: Section 6056 reporting for employers with 50-99 employees has not been delayed and still applies for 2015

Questions

the employee?

For 2015 and future years, how does the government know which ALE offer coverage? And if coverage is offered, how does the government know if it's Minimum Essential Coverage, if the coverage provides minimum value, and if it is affordable to

Answers

Code Section 6056 requires that, for 2015, new Forms 1095-C and 1094-C are to be annually filed with the IRS, with a copy to the covered individual. The information reported on these forms will allow the government to enforce the requirements of the Employer Mandate.



Section 6056 - Who is responsible for reporting?

Plan type	Section 6056 Reporting
Fully insured plan	Employer
Self insured plan	Employer
Multiple Employer Welfare Arrangement (MEWA)	Employer
Multiemployer plan (union plan)	Multiemployer plan administrator reports on behalf of contributing employers

Reporting is required by all ALE, whether or not a health plan is offered. Smaller employers that are not ALE are exempt from the 6056 reporting requirements



Which forms are required?

Section 6056 reporting	IRS Forms
Employee Statement - filed only for FULL-TIME EMPLOYEES: • File one copy with the IRS • With a copy to the covered individual	Form 1095-C
Transmittal-filed with the IRS	Form 1094-C



Form 1095-C
Department of the Treasury

Employer-Provided Health Insurance Offer and Coverage

VOID	P0077
	OMB No. 1545-2251
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▶ Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c

Internal Revenue Se											g									
Part I Em	oloyee								A	oplic	cable L	.arge	Emplo	yer Me	embe	r (Em	oloyer)			
1 Name of employ					2 Sc	ocial security numb	oer (SSN)	7 Name		_							Employe	r identifica	ation num	ber (EIN)
3 Street address (including apart	ment no.)						Street address (including room or suite no.) 10 Contact telephone number										number		
4 City or town		5 State or p	province	1	6 Co	untry and ZIP or for	reign postal code	11 City o	rtown			12 S	tate or pr	ovince		13 Country and ZIP or foreign postal code				tal code
Part II Emp	ployee Off	er and C	overa	age				Plan	Start	Mor	nth (Ent	er 2-di	git num	nber):		-				
14 Offer of Coverage (enter required code)	All 12 Months	s Jan		Feb	Mar	Apr	May	Jı	ine		July	Aug Se		Sept		Oc	t	Nov		Dec
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$		\$	\$	\$	\$		\$		\$		\$		\$	\$		\$	
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)																				
	rered Indiv		insure	d coverage	e, check t	the box and er	nter the inform	nation fo	or eac	h co	vered in	dividu								
(a) Name	e of covered in	dividual(s)		(b)	SSN	(c) DOB (If S not availal	SN is (d) Cove ble) all 12 mo		n F	eb	Mar	Apr	(e May	June	of Cover July	Aug	Sept	Oct	Nov	Dec
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Form 1095-C

Form 1095-C Department of the Treasury Internal Revenue Service	Employer-F	-	U VOID □ CORRECTED	OMB No. 1545-2251				
Part I Employee	. 	3	Applica	ble Large Employ	yer Member (Emplo	yer)		
1 Name of employee		2 Social security number (SSN)	7 Name of employer	107 30 KB	8 E	8 Employer identification number (EIN)		
3 Street address (including a	apartment no.)	<u>l</u> ;	9 Street address (include	ding room or suite no.)	10 C	ontact telephone number		
4 City or town	5 State or province	6 Country and ZIP or foreign postal code	11 City or town	12 State or pro	vince 13 Co	ountry and ZIP or foreign postal code		

Part I – Information about both the employee and Applicable Large Employer

- Lines 1-6: Employee information including SSN
- Lines 7-13: Employer information
- Line 10 Contact telephone number who the recipient may call about the information reported on the form



Form 1095-C

Part II Emp	Part II Employee Offer and Coverage								Plan Start Month (Enter 2-digit number):								
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec				
14 Offer of Coverage (enter required code)																	
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$				
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)																	

Part II

- Line 14 Offer of Coverage, for each month enter a "Series 1" code from the instructions
- Line 15 Report the amount of the employee's share of the lowest cost monthly premium for self-only coverage for each month
- Line 16 Safe Harbor Codes, for each month enter a "Series 2" code from the instructions



Offer of Coverage Codes - Line 14

- 1A: MEC self only coverage equal to or less than 9.5% of federal poverty level income (i.e. \$93.18/mo)
- 1B: MEC providing MV offered to employee only
- 1C: MEC providing MV offered to employee and at least MEC offered to dependents but not spouse
- 1E: MEC providing MV offered to employee and at least MEC offered to dependents and spouse
- IH: No offer of coverage made to employee

Affordability Safe Harbor Codes - Line 16

- 2A: Employee not employed on any day during the month
- 2B: Employee not a FT employee for the month and did not enroll in MEC
- 2C: Employee enrolled in MEC offered
- 2D: Employee in a limited non-assessment period
- 2F: Form W-2 affordability SH used for employee
- 2G: FPL affordability SH used for employee
- 2H: Rate of pay affordability SH used for employee



Form 1095-C

Part III Covered Individuals If Employer provided self-insured coverage, check the box and enter the information for each covered individual.															
(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is	(d) Covered					(e)	Months						
	(5) 55.1	not available)	all 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
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For Privacy Act and Paperwork Reduction Ac	t Notice, see separate	instructions.				Cat.	No. 6070	5M					Form	1095-	C (2015)

Part III

This section is completed only by Self-insured plans



Example - Sam Gets a New Job

- Sam, age 26, graduated from college in May 2014. While looking for a job in 2014, he enrolled in a plan from the Federal Exchange.
- On February 15, 2015, Sam starts
 employment with Widget Co. earning \$15
 per hour and working 32 hrs. per week
- Widget Co. is an ALE with 130 employees



Example - Sam Gets a New Job

 Widget Co. offers two medical plans, a PPO and HMO to its employees and dependents but not spouses. The monthly premium for self-only coverage is:

Self insured PPO: \$224

- HMO: \$150

- There is a 30-day waiting period; coverage is effective the first of month following 30 days of employment
- Because Sam has already met his maximum out-ofpocket he decides to stay in the Exchange for 2015
- Widget Co. uses the Rate of Pay safe harbor to determine if coverage is affordable



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Employer-Provided Health Insurance Offer and Coverage

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OMB No. 1545-2251

2015

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Part I Emp	oloyee												Appli	cable l	Large	Emplo	ver Me	ember	(Emp	lover)				
1 Name of employ							2 Social	security nun	nber (S	SSN)	7	Name of					•		<u> </u>		r identifica	ation nun	nber (EIN)	
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3 Street address (ii	ncluding apartr	nent	t no.)								9 Street address (including room or suite no.) 10 Contact telept										telephone	phone number		
4 City or town		5 S	state or provin	IC9			6 Country and ZIP or foreign postal code				11 City or town					12 State or province					13 Country and ZIP or foreign postal code			
Part II Emp	oloyee Offe	era	and Cove	raç	ge		-				Plan Start Month (Enter 2-digit number):													
	All 12 Months	Т	Jan		Feb		Mar	Apr		May	Т	June		July		Aug	Se	pt	Oct		Nov		Dec	
14 Offer of Coverage (enter required code)			1H		1H		1H	1C		1C		1C		1C		1C	10	0	1C		1C		1C	
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	0.00	\$	0.00	\$	0.00	\$ 1	150 (§ 15	0 \$	3 1	50 \$	15	60 \$	150	\$	150	\$	150 \$	15	60 \$	150	
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)			2A		2D		2D	2H		2H		2H		2H		2H	21	4	2H		2H		2H	
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(a) Name	of covered ind	lividu	ual(s)		(b)	SSN	.	(c) DOB (If not avail								1	1 -							
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Example - Sam Gets a New Job

- Assume same facts except that:
 - Sam notifies the Exchange that he is eligible for coverage through his employer, Widget Co.
 - Sam decides to enroll in the self-insured PPO since he can keep the same doctor he had in the Exchange plan

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Employer-Provided Health Insurance Offer and Coverage

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	All 12 Months	Т	Jan	Г	Feb		Mar	Τ	Apr		May		June		July		Aug	Sep	ot	Oct		Nov	Т	Dec
14 Offer of Coverage (enter required code)			1H		1H		1H		1C		1C		1C		1C		1C	10		1C		1C		1C
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	0.00	\$	0.00	\$	0.00	\$	150	\$	150	\$	1	50 \$	15	0 \$	150	\$	150 §	5	150 \$	15	0 \$	150
16 Applicable Section 4980H Safe Harbor (enter code, f applicable)			2A		2D		2D		2C		2C		2C		2C		2C	20		2C		2C		2C
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17 Sam Smith					111-22	2-33	33									\times	\times	\times	\times	X	\times	\times	×	
18																								
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22																								

Transmittal Form 1094-C

Two components to this form:

- 1. Transmittal for 1095-C's
- 2. More detailed information about
 - The ALE
 - "ALE Member Information"
 - "Certifications of Eligibility"
 - Monthly information about the ALE plan and employee counts



Form 1094-C

1094-C	Transmittal of Emp	loyer-Provided Health I	nsurance Offer and	DRRECTED OMB No. 1545-2251
Department of the Treasury Internal Revenue Service	1 1 1 전에 다 아무리를 하고 있을까지 않는 하는 것을 하는 것이 없다.	erage Information Retu 094-C and its separate instructions is		2015
Parill Applicable La	arge Employer Member (ALE	Member)		
1 Name of ALE Member (Emplo	oyer)		2 Employer identification number (EIN)	7
3 Street address (including roo	m or suite no.)			
4 City or town		5 State or province	6 Country and ZIP or foreign postal code	
7 Name of person to contact			a Contact telephone number	
Name of Designated Governr	nent Entity (only if applicable)		10 Employer identification number (EIN)	
11 Street address (including roo	m or sulte no.)			For Official Use Only
12 City or town		13 State or province	14 Country and ZIP or foreign postal code	
16 Name of person to contact		W.	16 Contact telephone number	

Attach all 1095-C filings to this transmittal form Part I

- Applicable Large Employer information
- Line 7 Contact information name and phone number of individual responsible for addressing questions about the form



Form 1094-C

18 Total number of Forms 1095-C submitted with this transmittal
19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions
Part II ALE Member Information
20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member
21 Is ALE Member a member of an Aggregated ALE Group?
If "No," do not complete Part IV.
22 Certifications of Eligibility (select all that apply):
A. Qualifying Offer Method B. Qualifying Offer Method Transition Relief C. Section 4980H Transition Relief D. 98% Offer Method
Part II
Part II
Part II
 Part II Line 18 - total number of Forms 1095-C submitted with the transmittal
Part II • Line 18 - total number of Forms 1095-C submitted with the
 Part II Line 18 - total number of Forms 1095-C submitted with the transmittal Lines 19 "Is this the authoritative transmittal for the ALE Member?"
 Part II Line 18 - total number of Forms 1095-C submitted with the transmittal Lines 19 "Is this the authoritative transmittal for the ALE Member?"



Authoritative Transmittal – Defined

- An ALE may file Forms 1095-C for different groups of employees within the organization, each submitted with its own single 1094-C transmittal
- If multiple 1094-C transmittals are filed for an ALE, one of the transmittals must be designated as the "authoritative

transmittal"



Example – XYZ Company

- XYZ Co. is a single employer with two locations. The corporate offices are located in downtown Cleveland and the operations are located in the suburbs. XYZ Co. wants to file each location separately; they can:
 - 1. File one set of 1095-C's with a 1094-C transmittal for the corporate offices
 - 2. File a second set of 1095-C's with a 1094-C transmittal for operations
 - 3. One of the two transmittals must be designated as the Authoritative Transmittal which reports the aggregate totals for the entire group

Line 22-Certifications of Eligibility

- General Reporting Method-default method for all filers
- Four "Simplifying" Reporting Methods-can be used instead of the General Method
 - 1. Qualifying Offer Method
 - 2. Qualifying Offer Method Transition Relief
 - 3. Section 4980H Transition Relief
 - 4. 98% Offer Method
- Purpose of these other methods is reduce some of the information reported



- Qualifying Offer Method
 - ALE certifies that for all 12 months it made a Qualifying Offer of coverage to the employee
 - Qualifying Offer: means an offer of coverage to the FT employee that is MEC at a cost for self-only coverage that does not exceed 9.5% of the Federal Poverty Line level income and includes an offer of MEC to the employee's dependents and spouse
 - 2015 FPL Individual (\$11,770x9.5%)/12=\$93.18 monthly
- Simplifies reporting on 1095-C
 - Use Qualifying Offer code 1A on Line 14
 - No need to enter dollar amount on Line 15



- Qualifying Offer Method Transition Relief
 - Available only for the 2015 year
 - ALE certifies it made a Qualifying Offer to a FT employee, for less than 12 months for 2015, to at least 95% of its full-time employees
 - Qualifying Offer: means an offer of self only coverage to an employee that does not exceed 9.5% of the Federal Poverty Line and includes an offer of MEC to the employee's dependents and spouse
- Simplifies reporting on 1095-C
 - Use Qualifying Offer code 1A or 1L
 - No need to enter dollar amount on Line 15



- Section 4980H Transition Relief
 - Applies to ALE with 50-99 FT employees and equivalents
 - Eligible ALE will not be subject to Employer
 Mandate penalties until first day of 2016
 - To be eligible
 - ALE must have between 50-99 FT employees and equivalents during 2014
 - Maintain size of workforce & aggregate hours
 - Maintain previously offered health coverage



- 98% Offer Method
 - ALE certifies it offered for all 12 months affordable minimum value coverage to at least 98% of the FT employees and dependents
 - Affordability can be determined based on any of the safe harbors.
 - All FT employees must be included in the reporting
- Simplifies reporting on 1095-C
 - Not required to identify which employees are FT
 - Not required to provide total number of FT employees



Form 1094-C

120216

Form 1	094-C (2015)						Page 2
Part	ALE Member	er Information—N	Monthly				
		(a) Minimum Es Offer Ir	sential Coverage ndicator	(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Section 4980H Transition Relief Indicator
		Yes	No	ISTALL MOTION	TOT FILE MOTION	Group maioator	Transition Relief Indicator
23	All 12 Months						
24	Jan						
25	Feb						
26	Mar						
27	Apr						
28	May	П	П				

Part III

- Column (a) disclose whether or not Minimum Essential Coverage is offered
- Column (b) report the number of full-time employees for each month
- Column (c) report the number of total employees for each month
- Column (d) check box if part of an aggregated group
- Column (e) transition relief indicator



Form 1094-C

120315

Page 3

Form 1094-C (2015)

Part IV Other ALE Members of Aggregated ALE Group

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

Name	EIN	Name	EIN
36		51	
37		52	
38		53	
39		54	
40		55	
41		56	
42		57	
43		58	
44		59	

Part IV

List each ALE Member and EIN



Example – Alpha Co.

- Single employer with 200 employees
- Most employees are FT with a few PT
- Fully insured health plan providing MV
- Eligibility is first of month following 60 days
- Coverage employee, spouse and children
- Rate of Pay Safe Harbor
- Employee cost for self-only coverage is \$105/month

*From Thomson Reuters EBIA Form 1094/1095 Workbook for Employers and Advisors



Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

CORRECTED

12 City or fown 13 State or province 14 Country and ZP or foreign postal code 15 Name of person to contact 16 Corract relephone number 17 Reserved 18 Total number of Forms 1095-C submitted with this transmittal 19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue, if "No," see instructions 20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member 21 Is ALE Member a member of an Aggregated ALE Group? If "No," do not complete Part IV. 22 Certifications of Eligibility (select all that apply): A. Qualifying Offer Method B. Qualifying Offer Method Transition Relief Under penalties of perjury, i declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, companying documents, and to the best of my knowledge and belief, they are true, companying documents.	2015
Reserved ALE Member of Forms 1095-C submitted with this transmittal	
3. STREET ROAD 4. City or fown 5. State or province VA USA 20000-9999 7. Name of person to contact AMY SMITH 7.03-555-0000 9. Name of Designated Government Entity (only if applicable) 11. Street address (including norm or salts no.) 12. City or fown 13. City or fown 14. Country and ZP or breign postal code 15. Name of person to contact 16. Country and ZP or breign postal code 17. Reserved 18. Total number of Forms 1095-C submitted with this transmittal 19. Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue, if "No," see instructions 19. Total number of Forms 1095-C filed by and/or on behalf of ALE Member 20. Total number of Forms 1095-C filed by and/or on behalf of ALE Member 21. Is ALE Member a member of an Aggregated ALE Group? 22. If "No," do not complete Part IV. 23. Certifications of Eligibility (sefect all that apply): 24. Qualifying Offer Method 25. Section 4980H Transition Relief Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, com	
123 STREET ROAD 4 City or town 5 State or province WA USA 20000-9999 7 Name of person to contact 8 Country and ZP or being postal code USA 20000-9999 8 Name of Designated Government Entity (only if applicable) 10 Employer Identification number (EN) 11 Street address (including more or sulfa ac) 12 City or fown 13 State or province 14 Country and ZP or foreign postal code 15 Name of person to contact 16 Contact telephone number 17 Reserved 19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue, if "No," see instructions 19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue, if "No," see instructions 10 Total number of Forms 1095-C filed by and/or on behalf of ALE Member 11 Is ALE Member a member of an Aggregated ALE Group? 11 If "No," do not complete Part IV. 12 Certifications of Eligibility (select all that apply): 13 A. Qualifying Offer Method 14 Country and ZP or foreign postal code 15 State or province 16 Country and ZP or foreign postal code 17 Reserved 18 Country and ZP or foreign postal code 18 Name of person to contact 18 Contact telephone number 18 Name of person to contact 18 Total number of Forms 1095-C submitted with this transmittal 19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue, if "No," see instructions 19 Is ALE Member information 20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member 21 Is ALE Member a member of an Aggregated ALE Group? 22 If "No," do not complete Part IV. 23 Certifications of Eligibility (select all that apply): 18 A. Qualifying Offer Method 25 C. Section 4980H Transition Relief 26 Under penalthes of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, com	
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VICE PRESIDENT	
Signature Title Date	4.75245 mm hrs

		(a) Minimum Est Offer In	sential Coverage dicetor	(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count	(d) Aggregated Group Indicator	(e) Section 4980H
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32	Sept			190	194		
33	Oct			191	193		
34	Nov			190	198		
36	Doc			190	197		

Amy Smith (Full-Time Employee; Enrolls in Health Plan)

Amy was hired in 2007 and has worked full-time for Alpha every month since her hire date. She enrolls herself, her spouse, and their two children in the plan. Her monthly cost for family coverage is \$275.

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AMY SMITH						2500000	200-99-11	31000				ORATI	ON				- 12		91-345		
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Brenda Jones (New Full-Time Hire; Enrolls in Health Plan)

Brenda was hired on April 20, 2015 into a position scheduled for 170 hours per month, so she is eligible for Alpha's health plan beginning July 1, 2015. Brenda is unmarried and does not have children. She enrolls herself in Alpha's plan when she is first eligible.

Form 1095 Department of the Tritornal Revenue Ser	recoury				Health Ins					_		_	OID	CTED	H	0MB No.	100000000000000000000000000000000000000	-
Part Emp								Appli	cable L	arge i	mploy	yer Me	ember	(Empl	oyer)			_
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Part-Time Employee

Carl Johnson (Part-Time Employee)

Carl is hired on June 1, 2015 for a part-time position. He's scheduled to work 75 hours per month, so he's not eligible for Alpha's health plan. Carl terminates on September 15 to take a full-time job at a different employer.

Because Carl was not a full-time employee for any month in 2015, Alpha does not have to file a Form 1095-C for Carl. Form 1095-C is filed only for employees who, for at least one month in the calendar year, were full-time employees.

Dennis Williams (Full-Time Employee; Declines Coverage)

Dennis was hired in 2000 and has worked full-time since his hire date. Dennis got married in 2014 and declined enrollment under Alpha's plan for 2015 because his spouse's plan has better coverage.

Form 1095 Department of the T	reasury						Health In:						200			OID	ECTE	p -		ь No. 1545 1 (0)	
Part Emp						nhistory	w 85m2 65	V.112-1			Appli	cable L	arge	Emplo	yer Me	embe	r (Em	ploye	r)		
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		NOT THE	w195/30		la) se		not available)	a9 12 mo	eths	Jan	Feb	Mar	Apr	May	June	July	Aug	Sec	ot Do	t Nov	Dec
17																					
				-			0	1			_						1	_	-	_	_

Example – Delta Corp.

- Delta Corp. is a Holding Company with two wholly owned subsidiaries
- Delta One (35 FT) and Delta Two (1,300 FT)
- Delta Corp. sponsors a self-insured health plan providing MV
- Plan year runs from 7/1 to 6/30
- Eligibility is the first day of the month following 30 days
- Delta One SH is W-2 Affordability SH (single \$150/mo)
- Delta Two SH is Rate of Pay SH (single \$120/mo)

*From Thomson Reuters EBIA Form 1094/1095 Workbook for Employers and Advisors



150116

Form 1094-C

Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

CORRECTED

OMB No. 1545-2251

Department of the Treasury Internal Revenue Service

► Information about Form 1604-C and its separate instructions is at www.irs.gov/form1004c

2015

Part I Applicable Large Employer Member (ALE Member)	Agree W - 11 key (- 1 - 2 compt	77
1 Name of ALE Member (Employer)	n esament-levitamii	2 Employer identification number (EIN)	
DELTA ONE CORP		91-000078	
 Street address (including room or salte no.) 		1 11005110021002	
ONE EAGLE PARKWAY	ACCOMMON AND A SEC.	COLORS CARACTERISTICS	
4 City or town	5 State or province	Country and 2IP or towign postal code	
ATLANTA	1A	USA 50204-9999	
7 Name of person to contact	1000	# Contact felephone number	
JANE DOE		641-555-0000	
Name of Designated Government Entity (only if applicable)		10 Employer Identification number (EIN)	
11 Street address gnouding room or suite no.			For Official Use Only
12 City or town	13 State or province	14 Country and ZIP or foreign postal code	
15 Name of person to contact	<u> </u>	16 Contact telephone number	
18 Total number of Forms 1095-C submitted with this 19 Is this the authoritative transmittal for this ALE Mer		s. If "No," see instructions	37
Part II ALE Member Information			
20 Total number of Forms 1095-C filed by and/or on I	cehalf of ALE Member		37
21 Is ALE Member a member of an Aggregated ALE C If "No," do not complete Part IV.	iroup?		XYes □No
22 Certifications of Eligibility (select all that apply)			
A. Qualifying Offer Method B. Qua	lifying Offer Method Transition Relief	X C. Section 4960H Transition Reli	ef D. 98% Offer Method
Under penalties of perjury, I declare that I have examined this	and the same areas of a second and the same and a second areas and the same	to the state of th	
. and a contract of the first of the contract	sourn and accompanying documents, and to the	e best of my knowledge and belief, they are the	ue, correct, and complete.
1	CHIEF ACCOUNT		ue, correct, and complete.

Part	94-0 (2015) ALE Membe	r Information – M	Monthly				Page 2
		Offer In	sential Coverage edicator	(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Section 4950H Transition Relief Indicator
		Yes	No				
23	All 12 Months	×				×	В
24	Jan			35	35		
25	Feb			34	35		
26	Mar			35	35		
27	Apr			34	35		
28	May			33	35		
29	June			34	35		
30	July			34	35		
31	Aug			35	35		
32	Sopt			33	34		
33	Oct			33	34		
34	Nov			34	34		
35	Dec			35	35		

Form 1994-C (2015)

Part IV Other ALE Members of Aggregated ALE Group

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

Name	EIN	Name	EIN
36 DELTA TWO CORP	91-1111000	51	
37		52	
38		53	
39		54	
40		55	
41		56	
42		57	
43		58	
44		59	
45		60	
46		61	
47		62	
48		63	
49		64	
50		65	

rom 1094-C

Transmittal of Employer-Provided Health Insurance Offer and Corrected Coverage Information Returns

Department of the Treasury Internal Revenue Service	► Information about Form 1094-C as	2015		
A SOURCE DO NOT THE PERSON OF	arge Employer Member (ALE Memb			1
1 Name of ALE Member (Emplo			2 Employer identification number (EIN)	
DELTA TWO CORP	91-1111000			
3 Street address (including roo	m or suite no.)			
TWO EAGLE PARKWAY	Y			
4 City or town		5 State or province	6 Country and 21P or foreign postal code	
ATLANTA		IA	USA 50204-9999	
7 Name of person to contact			8 Contact tolephone number	
JANE DOE			641-555-0000	
9 Name of Designated Governs	nent Entity (only if applicable)		10 Employer identification number (EIN)	
11 Street activess (including root	morsuite no.)			For Official Use Only
12 City or fown		13 State or province	14 Country and 25P or fowign postal code	
15 Name of person to contact		100	16 Contact telephone number	
re reame or person to conside) & Contact to operate number	
18 Total number of Form	s 1095-C submitted with this transmittal			▶ 1380
19 is this the authoritative	e transmittal for this ALE Member? If "Yes	" check the box and continu	. If "No," see instructions	
Part II ALE Member	Information			
20 Total number of Form	s 1095-C filed by and/or on behalf of ALE	Member		▶ 1380
21 is ALE Member a men if "No," do not comple	nber of an Aggregated ALE Group?		* * * * * * * * * * * * * * * * * * *	⊠Yes □No
22 Certifications of Eligi	ibility (select all that apply):			
A. Qualifying Offer		lethod Transition Relief	X C. Section 4960H Transition Reli	
Linder penalties of perjury, I di	eclare that I have examined this return and acco	empanying documents, and to the	e best of my knowledge and belief, they are tr	ue, correct, and complete.
		CHIEF ACCOUNT	ING OFFICER	
Signature		Title	P Do	50
	ork Reduction Act Notice, see separate instr	uctions	Cat. No. 61071A	Form 1094-C (2015)

		(a) Minimum Est Offer in	sential Coverage idicator	(b) Full-Time Employee Count	(c) Total Employee Count	(d) Aggregated	(e) Section 4980H
		Yes	No	for ALE Merrber	for ALE Member	Group Indicator	Transition Retel Indicator
23	All 12 Months	\boxtimes				\boxtimes	В
24	Jan			1290	1300		
25	Feb			1295	1300		
26	Mar			1290	1299		
27	Apr			1289	1299		
28	May			1290	1300		
20	June			1291	1300		
30	July			1290	1298		
31	Aug			1292	1299		
32	Sept			1292	1298		
33	Oct			1292	1298		
34	Nov			1293	1299		
35	Dec		П	1293	1299		

Part IV Other ALE Members of Aggregated ALE Group

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

Name	EIN	Name	EIN
36 DELTA ONE CORP	91-000078	51	
37		52	
38		53	
39		54	
40		55	
41		56	
42		57	
43		58	
44		59	
45		60	
46		61	
47		62	
48		63	
49		64	
50		65	

Penelope Lee (Continuing Full-Time Employee)

Penelope was hired by Delta One in 2010. She works 32 hours per week. Because she works less than 35 hours per week, she was not eligible for coverage though Delta One until July 1, 2015, when the eligibility threshold was reduced to 30 hours per week (or 130 hours per month). The coverage offered to Penelope is affordable and provides MV. Once she becomes eligible for coverage as of July 1, 2015, she enrolls herself in Delta One's plan. She does not have a spouse or children.

1095	c	Employer-Provided Health Insurance Offer and Coverage								VOID		500116 OMB No. 1545-2251									
Department of the Ti	еквиту		373533				m 1095-C and its separate instructions is at www.lrs.gov/form1095c							ECTE	TED 2015						
Part I Emp													e Emple	over N	lembe	/Emr	lover				
1 Name of employ						2 Seci	el socurity numbe	r (SSN)	7 Name o			Les y	C Limpi	3761 14	ici i i i i			ridertifio	etion num	niber (EPN	
PENELOPE L	EE					500000	989-00-00	09	DELTA	ONE (CORP					1	-	91-0000789			
3 Street actoress (it 121 RACE W/		wtre	nt ne.)					Street actates (rictualing room or suite no.) ONE EAGLE PARKWAY					10	10 Contact telephone number 641-555-0000							
4 City or town ATLANTA		1/	State or provi	noe		8 Coun 50204	try and ZIP or tore t		ATLAN			IA	State or p	ronnoe		USA 50204-9999					
Part II Emp	loyee C	Offer	and Cov	erage					Plan St	art M	onth (E	rater 2	-digit nur	nber):	07	La d					
	All 12 Mor	nths	Jan	Feb	0 1	Mar	Apr	May	Jun	e l	July	k II	Aug	S	ifq9	Det	85.	Nov	1 2	Dec	
14 Offer of Coverage jerter required code)			1H	111		1H	114	114	11-		1E		1E	-	E	1E	§	1E	3	1E	
15 Employee Share of Lowest Cost Monthly Premium, for Set-Orry Minimum Yalue Coverage	ş		\$	\$	s	8	ş	\$	\$	9	150	00 \$	S 150.00		50.00	\$ 150.00		g 150.00		s 150.00	
16 Applicable Section 4980H Safe Harbor (order code, if applicable)			21	21		21	21	21	21		2C		2C		ec .	2C		2C		2C	
Part III Cov	ered Inc	divid	luals ed self-inse	ured cove	rage, c	check th	e box and ent	or the inform	ation for	each o	overed	individ	dual. 🗵								
	of covered				(D) 551		(d) DOB at SSI not available	N is 6di Cover	ed	Fet		-	(e) Months of Coverage		Aug	5ept	Oct	Nov	Dec		
17 PENELOPE	ELEE			98	9-00-0	0009										\boxtimes		\boxtimes	\boxtimes	X	
10												L									
10																					
20												С									
21												Е	1 🗆								
22																					

Summary of 6056 filings

- Forms 1094-C & 1095-C
- Purpose of filing is to enforce compliance with the Employer Mandate
- Must file annually if an ALE, whether or not you sponsor a health plan
- Information needed to report is SIGNIFICANT; data that employers have NEVER had to organize and gather; and then REPORT it to the government on new tax forms



Filing deadlines

Filing period is always based on the calendar year

Deadline to the individual is January 31 of year following the reporting year

Deadline to the IRS is February 28 of the year following the reporting year

Initial year 2015 calendar year filings due January 31, 2016 to the covered individual, and February 29, 2016 to the IRS

Certain filing entities are required to file electronically. Electronic filers have until March 31 to file with IRS

Electronic filing is required if filing 250 or more forms 1095



Filing Penalties

- Penalties can be assessed for the following:
 - Failure to timely file
 - Failure to furnish a statement to an employee
 - Failure to include all required information
- > IRS is serious about these new requirements, penalties were increased before they went into effect
- Original penalty amounts were significantly increased under the Trade Preferences Extension Act of 2015



Filing Penalties

Failure	Previous Penalty	Increased Penalty
Failure to file or furnish a statement to an individual in a timely manner	\$100/return	\$250/return
Annual maximum penalty	\$1,500,000	\$3,000,000
Annual maximum penalty for entity with less than \$5.0 million in gross receipts	\$500,000	\$1,000,000

- Rules require a filing with both the IRS and a filing with the individual, separate penalty applies to each
- Note-the IRS will not penalize for returns filed in 2016 for calendar 2015 coverage if the employer can show they made a good faith effort to comply
- Therefore document your efforts!



Thank you! Any Questions?



9150 South Hills Blvd. Suite 300 Cleveland, Ohio 44147 Jeff Smith Partner

440/838-8800 jdsmith@laborlawyers.com



Disclaimer

The information above is for general guidance only. This does not constitute the provision of legal advice, tax advice, accounting services, investment advice, or professional consulting of any kind. The information provided herein should not be used as a substitute for consultation with professional tax, accounting, legal, or other competent advisers.

