



IRS reporting for applicable large employers

Need-to-know details about employer-sponsored coverage reporting

Under the Affordable Care Act, employers with 50 or more full-time equivalent employees are required to submit informational reporting about their employee health care coverage to the IRS. To help businesses comply with this requirement, Aflac has outlined the details you need to know:

Who is required to submit informational reporting?

- » Applicable large employers (ALEs)

Note: Applicable large employers (ALEs) with self-funded major medical plans are also required to report that their plans meet the minimum essential coverage standards. To learn more, see: [Information Reporting of Minimum Essential Coverage](#).

What does the reporting include?

Section 6056 requires ALEs to submit IRS Form 1095-C (an employee statement) and Form 1094-C (a transmittal). The report should include the employer's information, as well as information surrounding their benefits coverage options, and workforce demographics. Specifically:

- » The name, address and employer identification number (EIN).
- » The name and telephone number of the employer's contact person.
- » The calendar year for which the information is reported.
- » A certification as to whether the employer offers its full-time employees and their dependents the opportunity to enroll in minimum essential coverage (MEC) under an eligible employer-sponsored plan, by calendar month.

Is my business an applicable large employer?

Applicable large employers (ALEs) are those with 50 or more full-time equivalent employees.

To determine if your business is an ALE, you need to account for **full-time** (employees working 30 hours per week) and **full-time equivalent** employees.

Calculation:

- » Divide the number of hours in a month for employees who are not full time by 120.
- » Add the number of full-time (average of 30 hour per week) employees.

To get a yearly number, the FTEs for 12 calendar months are averaged.

- » The months during the calendar year for which MEC was available.
- » The number of full-time employees for each month during the calendar year.
- » Each full-time employee's share of the lowest-cost monthly premium (self only) for coverage providing minimum value offered to that full-time employee under an eligible employer-sponsored plan, by calendar month.
- » The name, address and taxpayer identification number (TIN) of each full-time employee during the calendar year and the months, if any, during which that employee (and any dependents) were covered under any such health benefits plans.
- » Other information the Department of Health and Human Services (HHS) may require.

The employer must also provide a written statement to the covered individual, which includes:

- » The name, address and employer identification number of the reporting employer.
- » The information for the individual that is shown on the return being filed.

What is the deadline?

Similar to the applicable W-2 reporting deadline, statements should be provided annually to employees by Jan. 31. Forms must be provided to the IRS by Feb. 28 (March 31 if filed electronically) for the previous calendar year.

How do I submit the report?

To satisfy the Section 6056 reporting requirements, ALEs are required to provide the IRS with Form 1094-C, which is the transmittal form, and Form 1095-C, which is the employee statement. A separate employee statement is required for each full-time employee, and a single transmittal may be used for all of the returns filed for the calendar year. Draft forms are expected to be available from the IRS as the reporting deadline approaches. Additionally, employers with 250 or more W-2s are required to submit the form electronically.

Can a third-party organization file the report?

Yes, the law allows employers to use a third party to assist businesses with filing IRS reporting and providing statements to individuals insured by the health plan.

Is there a penalty for noncompliance?

Currently, employers may face penalties for not filing informational reporting. However, the law explains that these fines may be waived for employers that do not file due to reasonable cause, or reduced for errors that are corrected in a timely manner that are not due to reasonable cause.

Where can I learn more?

The Internal Revenue Bulletin: [irs.gov/irb/2013-40_IRB/ar16.html](https://www.irs.gov/irb/2013-40_IRB/ar16.html)

Final Treasury Regulations: [gpo.gov/fdsys/pkg/CFR-2014-title26-vol18/pdf/CFR-2014-title26-vol18-sec301-6056-1.pdf](https://www.gpo.gov/fdsys/pkg/CFR-2014-title26-vol18/pdf/CFR-2014-title26-vol18-sec301-6056-1.pdf)

To learn more about reporting requirements, read W-2 reporting of employer-sponsored health care, Information Reporting of Minimum Essential Coverage or visit aflac.com/healthcare_reform.

This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit healthcare.gov (which may also be contacted at 1-800-318-2596) for additional information.



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