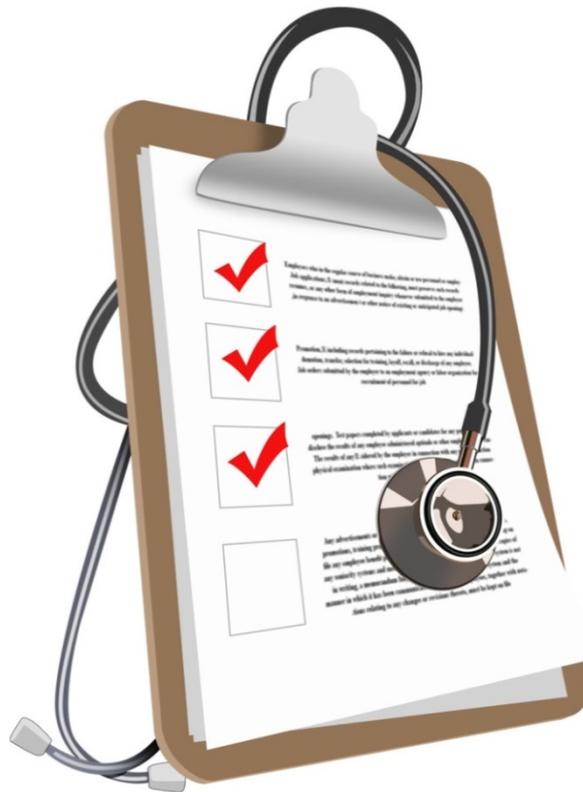


Employee Benefits Series



Applicable Large Employer Information Reporting CHECKLIST FOR COMPLETING IRS FORMS 1094-C & 1095-C



Checklist for Completing IRS Forms 1094-C & 1095-C

This checklist is designed to help [applicable large employers](#) (ALEs)—generally those with **50 or more full-time employees**, including full-time equivalents (FTEs)—report information under Internal Revenue Code [section 6056](#) about their compliance with the Affordable Care Act's (ACA) employer shared responsibility ("pay or play") provisions. **These ALEs are required to report for the first time in 2016 for calendar year 2015.**

Please Note: This list is for **general reference purposes only** and is not all-inclusive. If you have any questions regarding your responsibilities, please contact a knowledgeable employment law attorney or benefits advisor.

1. Determine "Applicable Large Employer" Status.

- Only ALEs [subject to "pay or play"](#) are required to report under section 6056—including those that qualified for 2015 transition relief from "pay or play" penalties. An ALE is one that employed an average of **at least 50 full-time employees** (including full-time equivalents or "FTEs") on business days during the preceding calendar year.
 - **Seasonal Worker Exception:** An employer that exceeded 50 full-time employees, including FTEs, for **120 days or less** (or 4 calendar months) during the prior year is not subject to the requirements for the applicable reporting year if the employees in excess of 50 during that period were **seasonal** workers.
 - **Aggregated Employer Groups:** Companies that have a common owner or are otherwise related generally are combined and treated as a single employer for purposes of determining whether they collectively employ at least 50 full-time employees (including FTEs). If the combined total meets the threshold, each company is subject to the requirements, even those that individually do not employ enough employees to meet the threshold.
- **Note: Self-insured employers** providing minimum essential health coverage (MEC) are subject to a [separate set](#) of information reporting requirements, but employers that are subject to **both** reporting provisions (generally **ALEs that sponsor self-insured group health plans**) will satisfy their reporting obligations on a single return form (Form 1095-C, discussed further below).

2. Begin Monthly Information Tracking: Full-Time Employees & Coverage Offered.

- **Fully-Insured ALEs:**
 - Identify full-time employees for **each month** in the applicable reporting year. An employee is full-time for a calendar month if he or she averages **at least 30 hours of service per week** (or 130 hours per month).
 - For **each month** in the applicable reporting year, determine whether full-time employees and their dependents (if any) were offered MEC that meets the ACA's [minimum value](#) (MV) requirements and is [affordable](#).
 - The ALE must report information for **all 12 months of the calendar year** for any of its employees who were full-time for **one or more months** of the calendar year.
- **Self-Insured ALEs:** ALEs with self-insured coverage must report information for **any employee who enrolls in the health coverage**, whether or not the employee is a full-time employee for any month of the calendar year.

3. Select Reporting Method.

The information reporting rules provide a general method that all ALEs may use for reporting to the IRS and for furnishing statements to covered individuals/full-time employees, as well as (optional) alternative reporting methods for certain eligible employers that are designed to minimize the cost and administrative tasks for employers.

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3. Select Reporting Method. (Cont'd)

General Method

Under the general method of reporting, an ALE generally must file:

- A separate Form 1095-C (employee statement) **for each employee enrolled in the coverage (self-insured ALEs) or each of its full-time employees (fully-insured ALEs); and**
- A Form 1094-C (transmittal) for all of the employee statements filed for a given calendar year.

Alternative Methods

The following **optional** alternative reporting methods may be available for eligible employers:

1. Qualifying Offer Method. To be eligible, an ALE must certify on Form 1094-C that it made a "qualifying offer"—that is, an offer of MEC providing MV to one or more full-time employees for all calendar months during the calendar year for which the employee was full-time and for whom a "pay or play" penalty could apply, at an employee cost for self-only coverage not exceeding 9.5%* of the mainland single federal poverty line, and which includes an offer of MEC to the employee's spouse and dependents (if any).

- **Alternative Method of Reporting:** An ALE that reports using this method **will use a special code on Form 1095-C** to indicate that the employee received a qualifying offer, **in lieu of entering specific information regarding the employee's share of the premium for each month.**

Note: Solely for 2015, an employer may generally be eligible for transition relief if, among other things, it certifies that it made a qualifying offer for one or more months of calendar year 2015 to at least 95% of its full-time employees (not including any employee in a limited non-assessment period). Employers eligible for this transition relief **will use special codes on Form 1095-C** to indicate either that a qualifying offer was made or that the 2015 transition relief applies (for any months for which a qualifying offer was not made), **in lieu of entering specific information regarding the employee's share of the premium for each month.**

- **Alternative Method of Furnishing Employee Statement:** According to the [instructions](#) for Forms 1094-C and 1095-C, employees that receive a qualifying offer for all 12 months of the calendar year (or, for employers eligible for 2015 transition relief, employees that receive a qualifying offer for less than all 12 months) and that did not enroll in self-insured coverage may be furnished with **either** a copy of Form 1095-C filed with the IRS **or** a statement containing the following information:

- Employer name, address, and EIN;
- Contact name and telephone number where the employee can receive information about the offer of coverage (if any) and the Form 1095-C filed with the IRS for that employee;
- A statement indicating that, for all 12 months of the calendar year, the employee and his or her spouse and dependents, if any, received a qualifying offer and therefore are not eligible for a premium tax credit (or that the employee and his or her spouse and dependents, if any, may be eligible for a premium tax credit for one or more months of 2015, for employers qualifying for transition relief); and
- A statement directing the employee to see [Publication 974](#) for more information on eligibility for the premium tax credit.

*The IRS intends to amend the 6056 information reporting provisions to reflect the adjusted affordability percentages of 9.56% for plan years beginning in 2015 and 9.66% for plan years beginning in 2016, and for those changes to be applicable back to **December 16, 2015**. For all periods, ALEs may rely on the adjusted percentages in applying the alternative reporting method for qualifying offers.

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3. Select Reporting Method. (Cont'd)

Alternative Methods (Cont'd)

2. **98% Offer Method.** According to the [instructions](#) for Forms 1094-C and 1095-C, if an ALE certifies on Form 1094-C that it offered MEC providing MV that was affordable to **at least 98% of its employees** for whom it is filing an employee statement and offered MEC to those employees' dependents, and otherwise meets its reporting obligations under section 6056, **the ALE is not required to:**
- Identify whether a particular employee is a full-time employee for one or more calendar months of the reporting year (but the ALE is still required to file Forms 1095-C on behalf of all of its full-time employees); or
 - Report the total number of its full-time employees for the reporting year.

4. Begin Compiling Required Reporting Information.

Form 1094-C – ALEs will include the following information on this form:

- Identifying information for the organization.
- Name and telephone number of the ALE's contact person (this can generally be any person, whether an employee or an agent of the ALE).
- Information about whether the ALE offered coverage to 70% of its full-time employees and their dependents in 2015. (After reporting for the 2015 plan year, this threshold changes to 95%.)
- Information for the "**authoritative transmittal**."* This information includes:
 - The total number of Forms 1095-C the ALE issued to employees.
 - Information about members of the aggregated large employer group, if any.
 - Full-time employee counts by month (unless the 98% offer alternative reporting method applies).
 - Total employee counts by month.
 - Whether the ALE is eligible for certain transition relief.

*Because an ALE may choose to file multiple Forms 1094-C, one of the Forms 1094-C must be designated as the "authoritative transmittal" that reports aggregate employer-level data for the employer. **There must be only one authoritative transmittal filed for each ALE.**

Form 1095-C – ALEs will include the following information on this form:

- Which employees are considered full-time employees for each month (unless the 98% offer alternative reporting method applies).
- Identifying information for the ALE and its employees, such as names and addresses.
- Information about the health coverage offered by month, if any.
- The employee's share of the monthly premium for lowest-cost self-only MV coverage (unless the qualifying offer alternative reporting method applies).
- The months the employee was enrolled in the ALE's coverage.
- The months the ALE met an affordability safe harbor with respect to an employee and whether other transition relief applies for an employee for a month.
- If the ALE offers a self-insured plan, information about the covered individuals enrolled in the plan, by month.

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5. Review the IRS Forms and Instructions for Specific Reporting Requirements.

- [Forms 1094-C](#) and [1095-C](#), along with [instructions](#), are available for ALEs (including ALEs that sponsor self-insured group health plans that are subject to **both** reporting provisions) to prepare for compliance.

6. Determine Whether to Hire a Third Party to Fulfill Reporting Responsibilities.

- ALEs are permitted to use third parties to facilitate filing returns and furnishing employee statements to comply with reporting requirements. However, this **does not** transfer the ALE's potential "pay or play" liability, nor does it transfer the potential liability for the failure to report and furnish statements.
 - **Aggregated Employer Groups:** If more than one third party is facilitating reporting for ALEs under common ownership or that are otherwise related, there must be only **one** authoritative transmittal (Form 1094-C). Additionally, there must be only **one** employee statement (Form 1095-C) for each covered employee (self-insuring ALEs)/full-time employee (fully-insured ALEs) with respect to that ALE.
- If a person who prepares returns or statements under section 6056 is a tax return preparer, that person will be subject to the requirements generally applicable to tax return preparers.

7. If Furnishing Employee Statements Electronically, Satisfy Certain Requirements.

ALEs may furnish the employee statement in an electronic format in lieu of a paper format if the following requirements are satisfied:

1. **Affirmative consent** is obtained from employees prior to furnishing. Employees may make the consent electronically in any manner that reasonably demonstrates that the employee can access the statement in the electronic format in which it will be furnished, or in a paper document so long as the employee confirms the consent electronically.
2. **Required Disclosures.** Prior to, or at the time of, consent, employees must be provided with a clear and conspicuous disclosure statement that informs them of the following:
 - That the statement will be furnished on paper if the employee does not consent to receive it electronically;
 - The scope and duration of the consent;
 - Any procedure for obtaining a paper copy of the employee's statement after giving the consent, and whether a request for a paper statement will be treated as a withdrawal of consent;
 - That the employee may withdraw consent (to take effect either on the date it is received by the ALE or on a subsequent date);
 - The conditions under which the ALE will cease furnishing statements electronically to the employee (i.e., termination of the employee's employment);
 - The procedures for updating the information needed to contact the employee and any change in the ALE's contact information;
 - A description of the hardware and software required to access, print, and retain the statement, and the date when the statement will no longer be available on the website (if applicable); and
 - That the statement may be required to be printed and attached to a federal, state, or local income tax return.

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7. If Furnishing Employee Statements Electronically, Satisfy Certain Requirements. (Cont'd)

3. **Format.** The electronic version of the statement must contain all required information and comply with applicable rules relating to substitute statements to employees.
4. **Notice.** The ALE must notify the employee—by mail, email, or in person—if the statement is posted on a website, which provides instructions on how to access and print the statement. The notice must include the following statement in capital letters, "IMPORTANT TAX RETURN DOCUMENT AVAILABLE." (If the notice is provided by email, the foregoing statement must be on the subject line of the email.)
5. **Access period.** Statements furnished on a website must be retained on the website through October 15 of the year following the calendar year to which the statements relate (or the first business day after October 15, if October 15 falls on a Saturday, Sunday, or legal holiday).

8. Comply With Information Reporting Deadlines for Calendar Year 2015.

- First employee statements must be furnished **no later than March 31, 2016**.
- First transmittal forms and employee statements must be **filed with the IRS no later than May 31, 2016**, or June 30, 2016 if filed electronically.
- Note: Forms 1094-C and 1095-C **must be electronically filed** if the ALE is required to file **at least 250 Forms 1095-C**.

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