

# Quick Update on ACA Duties

**New ACA Reporting Details**

**Updated for Notice 2016-70**

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# A Quick Reminder

- The information provided below is a brief summary of legal developments that is provided for general guidance only and does not create an attorney-client relationship between the author and the reader.
- Readers are encouraged to seek individualized legal advice in regard to any particular factual situation.

# New Reporting Details

- o New Deadlines to Furnish and File Forms
- o Transition Relief Changes
- o New Reporting Codes
- o Extension of Faith Compliance Policy

# New Reporting Deadlines for 2017

IRS Form	Action	Old Deadline	New Deadline
Form 1095-C Employee Statement	Furnish to Employee	January 31, 2016	<b>March 1, 2017</b>
Form 1094-C Transmittal (and accompanying Forms 1095-C)	File with IRS	<b>No Extension!!</b> E-File: March 31, 2017	
		<b>No Extension!!</b> Paper: February 28, 2017	

- o IRS Notice 2017-60 provides extension.
- o Duties apply to “Applicable Large Employers” in 2016 based on 2015 full-time/FTE employee headcount.

# Transition Relief Changes: Form 1094-C Transmittal

- o This Form determines liability under IRC § 4980H(a) (up to \$2,160 per FT employee/year)
- o Transition relief specific to 2015 has been discontinued or limited:
  - o Line 22, Box B, formerly “Qualifying Offer Transition Relief,” is now marked “Reserved.”
  - o Line 22, Box C, “Section 4980H Transition Relief) only applies for final months of non-calendar 2015-2016 plan year

# Transition Relief Changes: Form 1095-C Statement

- o This Form determines liability under IRC § 4980H(b) (up to \$3,240 per year per FT employee who obtains premium tax credits on an exchange)
- o Transition relief specific to 2015 has been discontinued or limited:
  - o Code 1I for Line 14 (Offer of Coverage), relating to “Qualifying Offer Transition Relief” is marked “Reserved.”
  - o Code 2I for Line 14 (Safe Harbor), formerly for non-calendar year transition relief, now marked “Reserved.”

# New Reporting Codes

- o Two New Codes for Form 1095-C Line 14 (Offer of Coverage), related to “Conditional” Offers of Coverage to Spouses:
  - o New Code 1J
  - o New Code 1K
- o Offer is subject to one or more reasonable, objective conditions
  - o For example, coverage is available only upon proof that spouse is not eligible for coverage under spouse’s employer’s plan.
- o It is a valid offer for ACA reporting purposes even if conditions are not met.

Line 14 Series 1 Code	Minimum Coverage Offered	FT Employee Cost
1A:	"Qualifying Offer"	No more than \$94.75
1B:	MV MEC* offered to FT Employee Only	Complete Line 15
1C:	MV MEC to FT Employee; MEC to Dependent	Complete Line 15
1D:	MV MEC to FT Employee; MEC to Spouse	Complete Line 15
1E:	MV MEC to FT Employee, MEC to Spouse & Dependent	Complete Line 15
1F:	Non-MV MEC to Any Combination of FT Employee, Spouse and Dependent	N/A
1G:	Self-Insured Only: MEC to Non-FT Employee**	N/A
1H:	No Offer of Coverage	N/A
1I:	<b>Reserved</b>	N/A
1J	MV MEC offered to employee and MEC <b>conditionally</b> offered to spouse; no dependent coverage	Complete Line 15
1K	MV MEC offered to employee; MEC offered to dependents; MEC <b>conditionally</b> offered to spouse	Complete Line 15

\*MEC = Minimum Essential Coverage. \*\*Code 1G applies to the entire calendar year or not at all.



Line 16 Series 2 Code	Safe Harbor Codes – Use When:
2A:	Employee not employed during the month (any day of month).
2B:	Employee not a FT employee (and did not enroll in offered coverage). <ul style="list-style-type: none"> <li>• Also use when FT employee loses coverage through termination &gt; end of month.</li> </ul>
2C:	Employee enrolled in offered coverage (every day of month).*
2D:	Limited Non-Assessment Period Applies
2E:	Multiemployer Interim Rule Relief.
2F:	Offer of Coverage Meeting Form W-2 Affordability Safe Harbor.
2G:	Offer of Coverage Meeting Federal Poverty Limit Safe Harbor.
2H:	Offer of Coverage Meeting Rate of Pay Safe Harbor.
2I:	<b>Reserved</b>

\*Where 2C applies, use it instead of any other Series 2 code, e.g. affordability codes.

# Helpful Hints

- o You must offer MEC to at least 95% of your full-time employees and their dependents, less 30, in order to use Series 2 affordability safe harbor codes.
- o Thus, if you checked “No” for a month on Form 1094-C, Part II, Column (a), you cannot use a safe harbor code on Form 1095-C, Line 16, for that same month.

# Helpful Hints

- o Do not use Code 2C, Employee Enrolled in Coverage, for a month, if the employee enrolled in coverage that was less than MEC (e.g., student health program).
- o Count an employee as full-time for a month on Form 1094-C, Part III, Line 23, Column (b) if the employee met the definition of full-time on any day of the month, under either the monthly measurement method or the look-back measurement method.

# Good Faith Compliance Extended

- o Notice 2017-60 extends “good faith” relief for timely filed/furnished but incomplete or incorrect 2016 Employee Statements and Returns.
- o Must timely file/furnish in order to get relief.
- o Penalties for failure to file/furnish Forms will apply; may be up to \$260 per employee statement, up to \$3,193,000.
- o “Reasonable cause” relief may be available.
- o IRS will not extend good faith compliance for 2017 reporting.

# QUESTIONS AND ANSWERS



# CONTACT INFORMATION



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