

TAX ALERT

EXTENSION TIME TO FURNISH FORM 1095-C TO FULL-TIME EMPLOYEES

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The Affordable Care Act (“ACA”) requires that Applicable Large Employers (“ALEs”) (those with 50 or more Full-Time Employees or Full-Time Equivalents) offer health insurance to their Full-Time Employees and comply with annual reporting requirements.

Under section 6056 of the Internal Revenue Code, ALEs are required to furnish 2016 calendar year Form 1095-C (Employer-Provided Health Insurance Offer and Coverage) to their Full-Time Employees on or before January 31, 2017.

- The Internal Revenue Service recently issued Notice 2016-70, which automatically extended this deadline to March 2, 2017.
- There is a \$250 penalty for each Form 1095-C that is not timely furnished to Full-Time Employees.

The due dates for filing Forms 1095-C and 1094-C with the IRS, however, have not been extended. These forms must be filed with the IRS by February 28th (if paper filing) or March 31st (if electronically filing).

- ALEs may receive an automatic 30-day extension of time to file these forms with the IRS by submitting Form 8809 on or before their due date. The IRS may also grant an additional 30-day extension for good cause shown.
- There is a \$250 penalty for each Form 1095-C not timely filed with the IRS.

ALEs that outsource their ACA reporting should reach out to their 3rd party provider to confirm the extended due date and coordinate accordingly.

Please contact your Mazars USA professional if you have any questions.

Relief for Small Employers offering Health Reimbursement Arrangements

The recently enacted 21st Century Cures Act (the “Act”) provides that beginning January 1, 2017, Small Employers (those with fewer than 50 Full-Time Employees or Full-Time Equivalents) will not be subject to penalties for reimbursing employees who purchase health insurance on the marketplace, as long as they have a qualified small employer health reimbursement arrangement (“QSEHRA”).

Prior to the Act, Small Employers who offered health reimbursement arrangements to their employees were considered in violation of the ACA’s insurance market reforms and were subject to penalties of \$100 per day per affected employee (\$36,500 per year, per employee). The Act specifies that these penalties will be waived through 2016.

Starting on January 1, 2017, Small Employers will not be subject to these penalties as long as they offer a QSEHRA:

- In order to qualify for a QSEHRA, a Small Employer must not offer its own group health plan to any of its employees.

- The maximum reimbursement that a Small Employer can provide for health expenses through QSEHRAs is \$4,950 for single coverage and \$10,000 for family coverage, to be adjusted annually for inflation.
- QSEHRAs must be offered to all Full-Time Employees except those who have not yet completed 90 days of service, are under 25 years of age, or who are covered by a collective bargaining agreement for accident and health benefits.

Please contact your Mazars USA professional if you have any questions.

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