

1095-C REPORTING INFORMATION

DECEMBER 2019



EMPLOYER ACA REPORTING FINAL 2019 FORMS

On Dec. 9, 2019, the Internal Revenue Service (IRS) released **final 2019 forms and instructions** for reporting under Internal Revenue Code (Code) Sections 6055 and 6056.

- **2019 Forms 1094-C and 1095-C (and instructions)** will be used by applicable large employers (ALEs) to report under Section 6056, as well as for combined Section 6055 and 6056 reporting by ALEs who sponsor self-insured plans.

The 2019 forms and instructions are substantially similar to the 2018 versions. **Note that Section 6055 reporting is still required, despite the fact that the individual mandate penalty has been reduced to \$0, although transition relief from penalties is available in certain circumstances.**

ACTION STEPS

Employers should become familiar with these forms for reporting for the 2019 calendar year. Individual statements must be furnished by March 2, 2020, and IRS returns must be filed by Feb. 28, 2020 (March 31, 2020, if filed electronically).

Background

Sections 6055 and 6056 were added to the Internal Revenue Code (Code) by the Affordable Care Act (ACA).

- Section 6055 applies to providers of minimum essential coverage (MEC), including employers with self-insured health plans. These entities will generally use Forms 1094-C and 1095-C to report information about the coverage they provided during the previous year.
- Section 6056 applies to applicable large employers (ALEs)—generally, those employers with 50 or more full-time employees, including full-time equivalents, in the previous year. ALEs will use Forms 1094 and 1095-C to report information relating to the health coverage that they offer (or do not offer) to their full-time employees.

Lawley

Each reporting entity must annually file all of the following with the IRS:

- A separate **statement** (Form 1095-C) for each full-time employee (for ALEs reporting under Section 6056); **and** for each individual who is provided with minimum essential coverage (for self-insured ALEs reporting under Section 6055)
- A **transmittal form** (Form 1094-C) for all of the returns filed for a given calendar year.
- Reporting entities must also furnish related statements (1095-C) to individuals.

Forms must generally be filed with the IRS no later than Feb. 28 (March 31, if filed electronically) of the year following the calendar year to which the return relates.

Individual statements must generally be furnished to individuals on or before Jan. 31 of the year immediately following the calendar year to which the statements relate. **However, for 2019 reporting, the IRS extended the furnishing deadline to March 2, 2020.**

2019 Final Forms

The 2019 forms and instructions are substantially similar to the 2018 versions. However, the instructions were revised to:

- Remove references to the individual mandate penalty;
- Indicate that the furnishing deadline has been extended to March 2, 2020;
- Include the extension of good-faith penalty relief for incorrect or incomplete information returns filed or furnished in 2020; and
- Describe additional penalty relief for failures to furnish under Section 6055, in certain circumstances.

The revised version of the Form 1095-C clarifies that the “Plan Start Month” box in Part II will remain optional for 2019. The IRS previously indicated that this box may have been mandatory for the 2019 Form 1095-C.

The instructions were also updated to include penalty amounts for 2019 reporting, and include the extension of good-faith penalty relief for incorrect or incomplete information returns filed or furnished in 2020.

- The penalty for failure to file a correct information return is \$270 for each return for which the failure occurs, with the total penalty for a calendar year not to exceed **\$3,339,000**.
- The penalty for failure to provide a correct payee statement is \$270 for each statement for which the failure occurs, with the total penalty for a calendar year not to exceed **\$3,339,000**.
- Special rules apply that increase the per-statement and total penalties if there is intentional disregard of the requirement to file the returns and furnish the required statements.

Penalty Relief Regarding the Furnishing Requirement under Section 6055 for 2019

The individual mandate penalty has been reduced to zero, beginning in 2019. As a result, the IRS has been studying whether and how the Section 6055 reporting requirements should change, if at all, for future years. Because the individual mandate penalty has been reduced to zero in 2019, an individual does not need the information on Form 1095-B in order to calculate his or her federal tax liability or file a federal income tax return. However, reporting entities required to furnish Form 1095-B to individuals must continue to expend resources to do so.

As a result, Notice 2019-63 provides relief from the penalty for failing to furnish a statement to individuals as required under Section 6055 in 2019 in certain cases. Specifically, the IRS will not assess a penalty under Section 6722 against reporting entities for failing to furnish a Form 1095-B to responsible individuals in cases where the following two conditions are met:

- The reporting entity **prominently posts a notice on its website** stating that responsible individuals may receive a copy of their 2019 Form 1095-B upon request, accompanied by an email address and a physical address to which a request may be sent, as well as a telephone number that responsible individuals can use to contact the reporting entity with any questions; and
- The reporting entity furnishes a 2019 Form 1095-B to any responsible individual upon request within 30 days of the date the request is received.

ALEs that offer self-insured health plans are generally required to use Form 1095-C, Part III, to meet the Section 6055 reporting requirements, instead of Form 1095-B. **This 2019 Section 6055 furnishing penalty relief does not extend to the requirement to furnish Forms 1095-C to full-time employees.** As a result, for full-time employees enrolled in self-insured health plans, penalties will continue to be assessed consistent with prior enforcement policies for any failure by ALEs to furnish Form 1095-C, including Part III, according to the applicable instructions. **However, the 2019 Section 6055 furnishing penalty relief does extend to the requirement to furnish the Form 1095-C to any non-full-time employees enrolled in an ALE's self-insured health plan, subject to the requirements of the 2019 Section 6055 furnishing penalty relief.**

The 2019 Section 6055 furnishing penalty relief also does not affect the requirement or the deadline to file the 2019 Forms 1094-B, 1095-B, 1094-C or 1095-C, as applicable, with the IRS.

Additional Resources

The IRS previously released:

- [Q&As on Section 6055](#) and [Q&As on Section 6056](#); and
- [A separate set of Q&As on Employer Reporting using Form 1094-C and Form 1095-C.](#)

More Information

Please contact Lawley for more information on reporting under Code Sections 6055 and 6056.