

# ACA tax reporting requirements for the 2015 tax year

**T**he Patient Protection and Affordable Care Act (the Act) imposes upon employers (municipal entities) the duty to file information returns with the Internal Revenue Service (IRS). These information returns are made on tax forms and are used to report coverage information to the IRS and to taxpayers about individuals who are covered by minimum essential coverage. Individuals who cannot show that they have minimum essential coverage are liable for the individual shared responsibility payment, sometimes called the “penalty,” “fine,” or “individual mandate.”

## Who must file?

As an employer/plan sponsor participating in the Municipal Health Benefit Fund or any municipal entity with fully insured major medical plans, you are providing coverage that meets the minimum essentials required by the Act. As such, you must report in 2016 for the 2015 tax year using the forms and methods required by the IRS. The information report must be filed using transmittal forms. The transmittal form designated as 1094-B is used to file the 1095-B. The transmittal form 1094-C is used to file the 1095-C. The IRS has provided instructions for both the B and C reporting systems.

## Who uses the 1094-C and 1095-C forms?

The 1094-C and 1095-C forms are used by an applicable large Employer (municipal entity).

## What is an applicable large Employer?

An applicable large Employer is an Employer (municipal entity) having 50 or more employees working an average of 30 or more hours per week. The count for these employees is then added to the total number of hours worked by part-time employees such that a part-time employee works no more than 120 hours per month. If the employee had more than 120 hours per month, the employee would count as a full-time employee. Multiply the total hours worked by part-time employees for each month and then divide the total hours by 120.

As an example, assume you have 40 part-time employees, each of whom averages 90 hours of service per month, and no seasonal workers. Here, the Employer (municipal entity) would have 30 full-time equivalent employees given that  $(40 \times 90 = 3,600, \text{ and } 3,600 \div 120 = 30)$ . This means that if you only have 20 full-time employees you are a large Employer (municipal entity) since you have a combination (20 full-time plus 30 part-time) that puts your number of employees at 50.

## What about Employers that provide coverage but are not large Employers?

Employers (municipal entities) that are not large employers but do provide minimum essential coverage use the 1094-B and 1095-B forms.

## When to file?

The return and transmittal form must be filed with the IRS on or before February 28 (March 31 if filed electronically) of the year following the calendar year of coverage. You will meet the requirement to file if the form is properly addressed and mailed on or before the due date. If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday. For forms filed in 2016 reporting coverage provided in calendar year 2015, Forms 1094-B and 1095-B are required to be filed by February 29, 2016, or March 31, 2016, if filing electronically.

## Extension of time to file

You can get an automatic 30-day extension of time to file by completing Form 8809, Application for Extension of Time to File Information Returns, and filing it with the IRS on or before the due date for the Forms 1094-B and 1095-B.

Send all information returns filed on paper to the following: Department of the Treasury, Internal Revenue Service Center, Austin, TX 73301

## Filing returns with the IRS

**Filing Electronically**—If you are required to file 250 or more information returns, you must file electronically. Actually, the IRS encourages you to file electronically even if you’re filing fewer than 250 returns. The 250-or-more requirement applies separately to each type of form. For example, if you must file 500 Forms 1095-B and 100 Forms 1095-C, you must file Forms 1095-B electronically, but you aren’t required to file Forms 1095-C electronically. The electronic filing requirement doesn’t apply if you apply for and receive a hardship waiver.

**Filing by Mail**—If you are filing on paper, send the forms to the IRS in a flat mailer (not folded). If you are sending many forms, you may send them in conveniently sized packages. On each package, write your name, number the packages consecutively, and place Form 1094-B in package number one. Postal regulations require forms and packages to be sent by first-class mail.

## Keeping copies

Generally, keep copies of information returns you filed with the IRS or maintain the ability to reconstruct the data for at least three years, from the due date of the returns.

*For further clarification, please contact your certified public accountant, tax attorney, or American Fidelity Assurance Representative Charles Angel at 501-690-2532 or via email at [Charles.Angel@americanfidelity.com](mailto:Charles.Angel@americanfidelity.com).*