

IRS Extends Due Date for Furnishing Individual ACA Coverage Statements and Good Faith Transition Relief for ACA Reporting

December 3, 2019

The Internal Revenue Service (IRS) has released Notice 2019-63 (Notice) which extends the due date for furnishing to individuals the 2019 Form 1095-B (generally provided by insurers), and the 2019 Form 1095-C, *Employer-Provided Health Insurance Offer and Coverage*, from January 31, 2020, to March 2, 2020. The Notice also extends good faith transition relief from penalties relating to 2019 Affordable Care Act (ACA) information reporting requirements under Internal Revenue Code (IRC) sections 6055 and 6056. Finally, the Notice provides new relief relating to the failure to furnish information required by IRC section 6055 under certain circumstances.

Extension of due date to furnish forms to Individuals

The IRS has determined that a substantial number of employers, insurers, and other providers of minimum essential coverage need additional time to gather and analyze the information and prepare the 2019 Forms 1095-B and 1095-C to be furnished to individuals. Additionally, IRS continues to work on final forms for the 2019 reporting cycle.

The IRS cautioned employers that this blanket extension is in lieu of the procedures that employers generally can use to request a 30-day extension for furnishing individual statements. Consequently, the IRS will not grant additional extensions beyond what the Notice provides.

Despite the announced extension, the IRS encourages employers to furnish 2019 statements as soon as possible.

No extension for IRS filing

The Notice does not extend the deadline for employers, insurers, and other providers of minimum essential coverage to file 2019 Forms 1095 with the IRS. Thus, employers still must file the applicable forms by February 28, 2020, if not filing electronically, or March 31, 2020, if filing electronically.

The Notice does not affect the provision that allows employers to get an automatic extension of time for filing information returns, which remain available by submitting a Form 8809.

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Good faith transition relief extended

Finally, the Notice extends previously announced transition relief from penalties relating to ACA reporting to employers that can show that they have made good faith efforts to comply with their ACA information reporting obligations for 2019 (both for individual statements and IRS filings). This relief applies to incorrect or incomplete information on employer reports, missing and inaccurate taxpayer identification numbers and dates of birth, as well as other information required on the return or statement.

No relief applies to employers that fail to make a good faith effort to comply with the regulations or that fail to file an information return or furnish a statement by the due dates (as extended under the rules described above). In determining good faith, the IRS will determine whether an employer made reasonable efforts to prepare for reporting required information and furnishing it to employees and covered individuals, such as gathering and transmitting the necessary data to an agent to prepare the data for submission or testing its ability to transmit information to the IRS.

Relief Regarding the Failure to Furnish Information under IRC Section 6055 for 2019

The IRS reasoned that because the individual shared responsibility payment is zero in 2019, individuals do not need information provided on Form 1095-B in order to compute their federal tax liability or file an income tax return with the IRS. Consequently, the IRS announced that it will not assess penalties relating to a reporting entity's failure to furnish Form 1095-B, when the following conditions are met:

1. The reporting entity must post a notice prominently on its website stating that responsible individuals may receive a copy of their 2019 Form 1095-B upon request; and
2. The reporting entity furnishes the requested 2019 Form 1095-B within 30 days of receipt of the request.

Applicable large employers with self-insured health plans must generally continue to furnish Form 1095-C in its entirety, including Part III, to full-time employees.

The limited relief described also will apply to failures to furnish Form 1095-C to individuals who were not full-time employees for any month in 2019 and who were enrolled in an employer's self-insured health plan.

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