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Questions and Answers on Reporting of Offers of Health Insurance Coverage by Employers (Section 6056)

Information reporting under section 6056 is first required in early 2016 with respect to calendar year 2015. For more information, see question 2. More information is available on the [information reporting by applicable large employers page](#).

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Basics of Employer Reporting

1. What are the information reporting requirements for employers relating to offers of health insurance coverage under employer-sponsored plans?

The Affordable Care Act added section 6056 to the Internal Revenue Code, which requires applicable large employers to file information returns with the IRS and provide statements to their full-time employees about the health insurance coverage the employer offered. (For a definition of applicable large employer, see question 5, below.)

Under the regulations implementing section 6056, an applicable large employer may be a single entity or may consist of a group of related entities (such as parent and subsidiary or other affiliated entities). In either case, these reporting requirements apply to each separate entity and each separate entity is referred to as an applicable large employer member (ALE member). See question 7 for more information about the treatment of related entities.

The IRS will use the information provided on the information return to administer the employer shared responsibility provisions of section 4980H. The IRS and the employees of an ALE member will use the information provided as part of the determination of whether an employee is eligible for the premium tax credit under section 36B.

ALE members that sponsor self-insured group health plans also are required to report information under section 6055 about the health coverage they provide (See our [section 6055 FAQs](#)). Those ALE members that sponsor self-insured group health plans file with the IRS and furnish to employees the information required under sections 6055 and 6056 on a single form. The IRS and individuals will use the information provided under section 6055 to administer or to show compliance with the individual shared responsibility provisions of section 5000A.

For details about the section 6056 information reporting requirements and additional guidance on how to complete Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, and Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, see the [Employer Information Reporting FAQs for Forms 1094-C and 1095-C](#) on IRS.gov.

2. When do the information reporting requirements go into effect?

The information reporting requirements under section 6056 are first effective for coverage offered (or not offered) in 2015. An ALE member must file information returns with the IRS and furnish statements to employees beginning in 2016, to report information about its offers of health coverage to its full-time employees for calendar year 2015.

[Notice 2013-45](#) provides transition relief for 2014 from the section 6056 reporting requirements and the section 6055 reporting requirements for health coverage providers and, thus, the section 4980H employer shared responsibility provisions as well. Accordingly, neither the reporting requirements nor the employer shared responsibility provisions apply for 2014. The transition relief applies to all ALE members including for-profit, non-profit, and government entity employers. However, in preparation for the application of the employer shared responsibility provisions beginning in 2015, employers and other affected entities may comply voluntarily for 2014 with the information reporting provisions and are encouraged to maintain or expand coverage in 2014. Returns filed voluntarily will have no impact on the tax liability of the employer. For more information about voluntary filing in 2015, including the requirements for filing electronic returns, see IRS.gov.

3. Is relief available from penalties for incomplete or incorrect returns filed or statements furnished to employees in 2016 for coverage offered (or not offered) in calendar year 2015?



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Yes. In implementing new information reporting requirements, short-term relief from reporting penalties frequently is provided. This relief generally allows additional time to develop appropriate procedures for collection of data and compliance with the new reporting requirements. Accordingly, the IRS will not impose penalties under sections 6721 and 6722 on ALE members that can show that they have made good faith efforts to comply with the information reporting requirements. Specifically, relief is provided from penalties under sections 6721 and 6722 for returns and statements filed and furnished in 2016 to report offers of coverage in 2015 for incorrect or incomplete information reported on the return or statement. No relief is provided in the case of ALE members that cannot show a good faith effort to comply with the information reporting requirements or that fail to timely file an information return or furnish a statement. However, consistent with existing information reporting rules, ALE members that fail to timely meet the requirements still may be eligible for penalty relief if the IRS determines that the standards for reasonable cause under section 6724 are satisfied. See question 31 for more information about penalties under sections 6721 and 6722.

4. Where is more detailed information available about these reporting requirements?

The [regulations under section 6056](#) provide further guidance on the information reporting requirements for applicable large employers, and the [regulations under section 6055](#) provide guidance on the information reporting requirements for insurers and other health coverage providers. [Regulations on the employer shared responsibility provisions under section 4980H](#) provide guidance on determining applicable large employer status and determining full-time employee status, including defining and providing rules for calculating hours of service. The [1094/1095-C Questions and Answers](#) provide guidance on how to complete Form 1094-C and Form 1095-C.

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Who is Required to Report

5. Who is required to report under section 6056?

Applicable large employers that are subject to the employer shared responsibility provisions under section 4980H are required to report under section 6056. An applicable large employer is an employer that employed an average of at least 50 full-time employees on business days during the preceding calendar year. A full-time employee generally includes any employee who was employed on average at least 30 hours of service per week and any full-time equivalents (for example, 40 full-time employees employed 30 or more hours per week on average plus 20 employees employed 15 hours per week on average are equivalent to 50 full-time employees). For purposes of the reporting requirements under section 6056, an ALE member is any person that is an applicable large employer or a member of an aggregated group (determined under section 414(b), 414(c), 414(m) or 414(o)) that is determined to be an applicable large employer. See question 7 for information about aggregated groups.

Additional information about who is an applicable large employer and transition relief under section 4980H is available in [regulations issued under section 4980H](#) and in related [FAQs on the employer shared responsibility provisions](#) (see questions 4 through 17 and 29 through 39 of those FAQs).

6. Are nonprofit and government entities required to report under section 6056?

Yes. Section 6056 applies to all employers that are ALE members, regardless of whether the employer is a tax-exempt or government entity (including federal, state, local, and Indian tribal governments).

7. If two or more related companies together are an applicable large employer under section 4980H, how do they comply with the information reporting requirements?

For purposes of the information reporting requirements under section 6056, each ALE member must file Form 1094-C (or a substitute form) with the IRS and furnish Form 1095-C (or a substitute statement) to its full-time employees, using its own EIN. See question 14 for further details about substitute forms and statements. All persons treated as a single employer under section 414(b), (c), (m), or (o) are treated as one employer for purposes of determining applicable large employer status under section 4980H. Under those rules, companies will be combined and treated as a single employer for purposes of determining whether or not the employer has at least 50 full-time employees (including full-time equivalents) and together will be an applicable large employer. Each of the companies that is combined is referred to as an ALE member. When the combined total of full-time employees (including full-time equivalents) meets the threshold, each separate company or ALE member is subject to the employer shared responsibility provisions even if a particular company or companies individually do not employ enough employees to meet the 50-full-time-employee threshold. See questions 15 through 17 of the [employer shared responsibility provision FAQs](#) for more information about calculating the number of full time employees (including full time equivalents).

For purposes of section 6056 reporting, government entities, churches, and a convention or association of churches should use the same interpretation of section 414(b), (c), (m) and (o) as that used for purposes of section 4980H in determining whether a person or group of persons is

an applicable large employer and whether a particular entity is an ALE member.

8. Is an ALE member required to report under section 6056 if the ALE member has no full-time employees?

An ALE member that did not have an employee who was a full-time employee in any month of the year (that is, no employee averaged at least 30 hours of service per week in any month) is not required to report under section 6056. An ALE member is required to report if it has an employee who was a full-time employee for any month of the year. For example, if an ALE member did not have at least one full-time employee in any month in 2015, it is not required to report in 2016 for calendar year 2015.

9. Is an employer that is not subject to the employer shared responsibility provisions of section 4980H (that is, the employer is not an ALE member) required to file under section 6056?

No. An employer that is not subject to the employer shared responsibility provisions of section 4980H is not required to report under section 6056. Thus, an employer that employed fewer than 50 full-time employees (including full-time equivalents) during the preceding calendar year is not subject to the reporting requirements of section 6056.

10. Is an ALE member that sponsors a self-insured health plan required to file Form 1094-C and Form 1095-C if the ALE member has no full-time employees?

Generally, yes. An ALE member that sponsors a self-insured health plan in which any employee or employee's spouse or dependent has enrolled is required to file Form 1094-C and Form 1095-C, whether or not that employer has any full-time employees and whether or not that individual is a current employee or a full-time employee. For an individual who enrolled in coverage who was not an employee in any month of the year (for example, an ex-spouse electing coverage in his or her individual capacity and not through the employee's election of spousal coverage), the employer may file Forms 1094-B and 1095-B for that individual.

11. Is an employer that is not an ALE member required to file under section 6056 if the employer sponsors a self-insured health plan that provides minimum essential coverage?

No; however, such an employer is subject to the reporting obligations under section 6055. An employer that is not an ALE member that sponsors a self-insured health plan in which any individual has enrolled is not subject to the reporting requirements of section 6056. Such an employer will generally satisfy its reporting obligations under section 6055 by filing Form 1094-B and Form 1095-B. See [section 6055 Questions and Answers](#).

12. Is an ALE member required to report under section 6056 with respect to a full-time employee who is not offered coverage during the year?

Yes. An ALE member is required to report information about the health coverage, if any, offered to each of its full-time employees, including whether an offer of health coverage was (or was not) made. This requirement applies to all ALE members, regardless of whether they offered health coverage to all, none, or some of their full-time employees. For each of its full-time employees, the ALE member is required to file Form 1095-C with the IRS and furnish a copy of Form 1095-C to the employee, regardless of whether or not health coverage was or was not offered to the employee. Therefore, even if an ALE member does not offer coverage to any of its full-time employees, it must file returns with the IRS and furnish statements to each of its full-time employees to report information specifying that coverage was not offered.

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Methods of Reporting

13. Are different methods available to ALE members for reporting required information to the IRS and furnishing statements to employees?

Yes. The regulations provide a general method (see question 14, below) that all ALE members may use for reporting to the IRS and for furnishing statements to full-time employees, and also provide alternative reporting methods (see questions 15-17, below) for eligible ALE members. If an ALE member cannot use the alternative reporting methods for certain employees, the ALE member must use the general method for those employees. In any case, the alternative reporting methods are optional so that an ALE member may choose to report for all of its full-time employees using the general method even if an alternative reporting method is available.

In an effort to simplify the section 6056 reporting process, certain information required to be reported to the IRS and furnished to full-time employees may be reported through the use of indicator codes rather than by providing more detailed information. For further details about the section 6056 reporting process, see the [instructions for Forms 1094-C and 1095-C](#).

14. What is the general method of reporting?

As a general method, each ALE member may satisfy the requirement to file a section 6056 return by filing a Form 1094-C (transmittal) and, for each full-time employee, a Form 1095-C (employee statement). An ALE member that maintains a self-insured plan also uses a Form 1095-C to satisfy the reporting requirements under section 6055. The Form 1095-C has separate

sections to allow ALE members that sponsor self-insured group health plans to combine reporting to satisfy both the section 6055 reporting requirements and the section 6056 reporting requirements, as applicable, on a single return.

Under the general method, the section 6056 return (and, if the employer maintains a self-insured plan, the section 6055 return) also may be made by filing a substitute form but the substitute form must include all of the information required on Form 1094-C and Form 1095-C and satisfy all form and content requirements as specified by the IRS.

15. What are the alternative methods of reporting?

Two alternative methods of reporting under section 6056 were developed to minimize the cost and administrative tasks for employers, consistent with the statutory requirements to file an information return with the IRS and furnish an employee statement to each full-time employee. The alternative reporting methods, in certain situations, may permit employers to provide less detailed information than under the general method for reporting. These simplified alternative reporting methods and the conditions for using them are described in detail in Subsections A through D of the preamble to the [section 6056 regulations](#) and in the [instructions for Forms 1094-C and 1095-C](#). The alternative reporting methods are:

- Reporting Based on Certification of Qualifying Offers
- Option to Report Without Separate Identification of Full-Time Employees if Certain Conditions Related to Offers of Coverage Are Satisfied (98 Percent Offers)

The information provided to the IRS and the employee pursuant to section 6056 is important for administering section 4980H and the premium tax credit. However, in some circumstances, only some of the information required under the general method is necessary. Accordingly, the alternative reporting methods identify specific groups of employees for whom simplified alternative reporting would provide sufficient information.

16. How does an ALE member report under the certification of Qualifying Offers method?

If an ALE member has made a Qualifying Offer for all 12 months of the year to one or more full-time employees, the ALE member may use an alternate reporting method for those employees who received a Qualifying Offer for all 12 months of the year. A "Qualifying Offer" is an offer that satisfies all of the following criteria:

- an offer of minimum essential coverage that provides minimum value;
- the employee cost for employee-only coverage for each month does not exceed 9.5 percent of the mainland single federal poverty line divided by 12; and
- an offer of minimum essential coverage is also made to the employee's spouse and dependents (if any).

An ALE member reporting under the certification of Qualifying Offers method may furnish a simplified statement to the employee rather than furnishing a copy of Form 1095-C as filed with the IRS. In general, however, the alternative statement is not available for an employer that sponsors a self-insured plan with respect to any employee who has enrolled in self-insured coverage under the plan because the employer is required to report that coverage on Form 1095-C.

For additional details on the reporting rules for Qualifying Offers, including the contents of the alternative statement, see the [instructions for Forms 1094-C and 1095-C](#) and the [1094-C and 1095-C Questions and Answers](#).

17. How does an ALE member report under the 98 percent offer method?

An ALE member that certifies that it has offered, for all months of the calendar year, affordable health coverage providing minimum value to at least 98% of its employees for whom it is filing a Form 1095-C, and offered minimum essential coverage to those employees' dependents, may qualify for simplified reporting procedures.

For further details on the 98 percent offer method, see the [instructions for Forms 1094-C and 1095-C](#) and the [1094-C and 1095-C Questions and Answers](#).

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How and When to Report the Required Information

18. When must an ALE member file the required information return with the IRS?

An ALE member must file Form 1094-C and Form 1095-C for each employee with the IRS on or before February 28 (March 31 if filed electronically) of the year immediately following the calendar year for which the offer of coverage information is reported. Because transition relief applies for section 6056 reporting for 2014 (see [Notice 2013-45](#)), the first section 6056 returns required to be filed are for the 2015 calendar year and must be filed no later than February 29, 2016, or March 31, 2016, if filed electronically. Regulations under section 6081 address extensions of time to file information returns.

19. When must an ALE member furnish the statements to full-time employees?

An ALE member must furnish the statement to each full-time employee on or before January 31 of the year immediately following the calendar year to which the information relates. This means that the first Forms 1095-C (the statements for 2015) must be furnished to employees no later than February 1, 2016 (January 31, 2016, being a Sunday).

20. Must an ALE member file the return with the IRS electronically?

The regulations require electronic filing with the IRS of Form 1094-C and Form 1095-C except for an ALE member filing fewer than 250 Forms 1095-C during the calendar year. Each Form 1095-C for each full-time employee is counted as a separate return, and only Forms 1095-C are counted in applying the 250-return threshold for section 6056 reporting. For further details, see [Affordable Care Act Information Returns \(AIR\) Program](#).

21. Must an ALE member furnish the employee statements to full-time employees electronically?

The regulations permit, but do not require, employers to furnish Form 1095-C electronically to full-time employees if notice, consent, and hardware and software requirements modeled after existing rules are met. The regulations require that with respect to each full-time employee to whom the information is furnished, the ALE member must obtain consent from the employee before Form 1095-C may be furnished electronically. See the [instructions for Forms 1094-C and 1095-C](#) for additional information about obtaining consent for electronic furnishing.

22. May an ALE member furnish a Form 1095-C to an employee by hand delivery?

Yes. Form 1095-C may be delivered to employees in any manner permitted for delivery of Form W-2 (Wage and Tax Statement). But see question 21 above for the requirements that must be met to furnish employee statements electronically.

23. Must an ALE member furnish a Form 1095-C within 30 days of the employee's written request if the employee terminates employment and requests the statement?

No. This requirement is applicable to the furnishing of Forms W-2 (Wage and Tax Statement) under the provisions of section 6051 of the Internal Revenue Code, but is not applicable to the furnishing of a Form 1095-C. Accordingly, an employer may, but is not required to furnish a Form 1095-C upon an employee's request following a termination of employment. In addition, if the employer furnishes a Form 1095-C to the employee under such circumstances and the relevant information changes (for example, the employee is rehired before the end of the year), the employer will need to furnish an updated Form 1095-C to the employee reflecting the updated information as filed with the IRS.

24. May an employer that is a governmental unit designate a third party to file the return and furnish the statements under section 6056 on its behalf?

Yes. The regulations provide that an ALE member that is a governmental unit (defined as the government of the United States, any State or political subdivision thereof, or any Indian tribal government (as defined in section 7701(a)(40)) or subdivision of an Indian tribal government (as defined in section 7871(d)), may report under section 6056 on its own behalf or may appropriately designate another person or persons to report on its behalf. A person may be appropriately designated to file the return and furnish the statements under section 6056 on behalf of the ALE member if the person is part of or related to the same governmental unit as the ALE member. A government entity that is designated to file for another governmental unit is referred to as a Designated Government Entity (DGE).

A separate Form 1094-C must be filed for each ALE member for which the appropriately designated person is reporting. The designated entity would provide the name, address and EIN of both the designated entity and the ALE member for which it is reporting. Additionally, the regulations require that there be a single identified Form 1094-C reporting aggregate employer-level data for the ALE member (including full-time employees of the ALE member the reporting for which has been transferred to a designated person), and that there be only one Form 1095-C for each full-time employee of the ALE member with respect to employment with that ALE member. For additional details, see the [instructions for Forms 1094-C and 1095-C](#) and the [1094-C and 1095-C Questions and Answers](#).

The designated person must agree that it is the appropriately designated person for the governmental unit and that it is responsible for reporting under section 6056 on behalf of the ALE member. Thus, the appropriately designated person must agree that it is responsible for the information reporting under section 6056 and is subject to the information reporting penalty provisions of sections 6721 and 6722. However, the ALE member remains subject to section 4980H.

25. May an employer that is a governmental unit that sponsors a self-insured employer-sponsored health plan designate a third party to file the return and furnish the statements under section 6055 on its behalf?

Yes. A governmental unit that sponsors a self-insured employer-sponsored health plan may designate its reporting obligations under section 6055 to a DGE. The procedures for a governmental unit to designate a DGE for reporting under section 6055 are the same as those

for designating a DGE for reporting under section 6056 as described in question 24 above, and the regulations under section 6055. As with the designation under section 6056, a governmental unit that designates reporting under section 6055 will remain subject to section 4980H.

26. May an employer that is a governmental unit that sponsors a self-insured health plan designate its reporting obligations under section 6055 to a DGE but not designate its reporting obligations under section 6056?

Yes. A governmental unit that sponsors a self-insured employer-sponsored health plan may designate its reporting obligations under section 6055 to a DGE, as discussed in question 24 above, but not designate its reporting obligations under section 6056.

27. How does a governmental unit delegating reporting responsibility to a DGE affect the requirement that one Form 1094-C be designated as the Authoritative Transmittal containing aggregate employer-level data?

Each governmental unit that is an ALE member must file a single authoritative transmittal Form 1094-C containing the aggregate employer-level data for the governmental unit (meaning the total number of full-time employees and the total number of employees of the governmental unit for each month of the calendar year, regardless of whether a Form 1095-C is transmitted with that Form 1094-C). However, the governmental unit may designate to the DGE the requirement to file a Form 1094-C authoritative transmittal. For example, assume County X had 1,000 employees all of whom enrolled in employer-provided coverage, County X provided that coverage to 850 of its 1,000 employees through State Y self-insured plan, and County X delegated its reporting of offer of coverage information for those 850 employees to State Y (whether or not it also delegates its reporting of enrollment in coverage information to State Y). In that case, County X may also delegate the responsibility to file an authoritative transmittal Form 1094-C, so that the Form 1094-C filed by State Y indicating County X as the employer and State Y as the DGE would also indicate that it is the authoritative transmittal and report that County X had 1,000 employees as well as the number of those employees who were full-time employees. In that case, the Form 1094-C filed by County X covering the remaining 150 employees would not indicate that it was an authoritative transmittal.

28. May an employer hire a third party administrator or other third party service provider to file the return with the IRS and furnish the statements to employees required under section 6056?

Yes. Reporting arrangements between ALE members, issuers, and other parties are not prohibited. However, entering into a reporting arrangement does not transfer the ALE member's potential liability under section 4980H and (except in the case of a related entity properly designated by a governmental unit) does not transfer the potential liability for failure of the ALE member to file returns and furnish statements under section 6056. If a person who prepares returns or statements required under section 6056 is a tax return preparer, that person will be subject to the requirements generally applicable to tax return preparers.

ALE members are responsible for reporting under section 6056. Generally, each ALE member must file a separate Form 1094-C providing that ALE member's EIN. If more than one third party is facilitating reporting for an ALE member, there must be only one Form 1094-C authoritative transmittal reporting aggregate employer-level data for the ALE member. Additionally, there must be only one section Form 1095-C for each full-time employee with respect to employment with that ALE member. For additional details, see the [instructions for Forms 1094-C and 1095-C](#) and the [1094-C and 1095-C Questions and Answers](#).

29. For the methods of reporting, including reporting facilitated by a third party, may an ALE member file more than one Form 1094-C?

Yes. An ALE member may file more than one Form 1094-C, provided that, one of those transmittals must be an authoritative transmittal reporting aggregate employer-level data for the ALE member. See the [instructions for Forms 1094-C and 1095-C](#) for further details on the authoritative transmittal.

For example, Corporation XYZ has two separate operating divisions, Division A and Division B. XYZ may file separate Forms 1094-C for Division A and Division B, but must designate one of them as the authoritative transmittal reporting combined employer-level data including both divisions.

30. May an ALE member satisfy its reporting requirements for an employee by filing and furnishing more than one Form 1095-C that together provide the necessary information?

No. There must be only one Form 1095-C for each full-time employee with respect to that full-time employee's employment with the ALE member, so that all information for a particular full-time employee of the ALE member is reflected on a single Form 1095-C.

For instance, in the example in question 29 above, assume an employee worked for both Division A and Division B of Corporation XYZ during the year. Because both divisions are part of the same ALE member (Corporation XYZ), the employee would receive only one Form 1095-C from Corporation XYZ reflecting service in both Division A and Division B.

By contrast, assume that the two divisions were separate employers, Subsidiary A and Subsidiary B. Each subsidiary is an ALE member that is required to file. An employee that worked for both Subsidiary A and Subsidiary B during the year would thus receive a Form 1095-C from Subsidiary A and a separate Form 1095-C from Subsidiary B.

Note that a full-time employee of an ALE member may in some circumstances receive a Form 1095-C and a separate form 1095-B reporting coverage information under a self-insured plan sponsored by a related employer (for instance, a DGE that has been delegated reporting authority under section 6055 as discussed in question 26). However, no employee should receive more than one Form 1095-C from the same ALE member.

31. For information returns filed and furnished in 2017 for coverage offered (or not offered) in 2016 and later years, what penalties may apply if an ALE member fails to comply with the section 6056 information reporting requirements?

The penalty under section 6721 may apply to an ALE member that fails to file timely information returns, fails to include all the required information, or includes incorrect information on the return. The penalty under section 6722 may apply to an ALE member that fails to furnish timely the statement, fails to include all the required information, or includes incorrect information on the statement. The waiver of penalty and special rules under section 6724 and the applicable regulations, including abatement of information return penalties for reasonable cause, may apply to certain failures under section 6721 or 6722. See question 2, above, for more details on when the information reporting is first required (in 2016 for coverage offered in 2015) and on voluntarily complying with those requirements in 2015 for coverage offered in 2014. See question 3, above, for information on relief that applies with respect to these penalties for reporting and furnishing in 2016 for coverage offered in 2015.

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