

COMPLIANCE

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Some Draft Forms for 2020 ACA Reporting Released

On July 13, 2020, the Internal Revenue Service (IRS) released draft 2020 forms for reporting under Internal Revenue Code (Code) Section 6056. **2020 draft Forms 1094-C and 1095-C** are draft versions of forms that 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. Draft instructions for Forms 1094-C and 1095-C have not yet been released.

In addition, 2020 draft forms for reporting under Section 6055 (Forms 1094-B and 1095-B, and related draft instructions) have not been released at this time. These forms, when finalized, will be used by entities reporting under Section 6055, including self-insured plan sponsors that are not ALEs.

Draft Forms 1094-C and 1095-C are substantially similar to the final 2019 versions. However, the draft Form 1095-C includes:

- A **new section to enter the employee's age on Jan. 1;**
- **Additional codes in Code Series 1** related to offers of individual coverage health reimbursement arrangements (ICHRA); and
- A **new section to enter the zip code** used to determine affordability for an ICHRA, if one was offered to the employee.

ACTION STEPS

Employers should become familiar with these forms for reporting for the 2020 calendar year. However, these forms are **draft versions only**, and should not be filed with the IRS or relied upon for filing.

In addition, employers should monitor future developments for the release of 2020 draft Forms 1094-B and 1095-B, along with related draft instructions for these forms.

Highlights

- Draft forms for 2020 reporting under Section 6056 are now available.
- Draft instructions and draft forms for reporting under Section 6055 have not been released at this time.
- Draft Form 1095-C includes additional codes in Code Series 1 related to ICHRAs.
- Draft Form 1095-C also includes a new section to enter the zip code used to determine affordability for an ICHRA.

Important Dates

- **Jan. 31, 2021:** Individual statements for 2020 must be furnished by Jan. 31, 2021.
- **Feb. 28, 2021** IRS returns for 2020 must be filed by Feb. 28, 2021 (March 31, 2021, if filed electronically).

Background

The Affordable Care Act (ACA) created reporting requirements under Code Sections 6055 and 6056. Under these rules, certain employers must provide information to the IRS about the health plan coverage they offer (or do not offer) or provide to their employees. Each reporting entity must annually file all of the following with the IRS:

- A separate statement (Form 1095-B or Form 1095-C) for each individual who is provided with minimum essential coverage (for providers reporting under Section 6055), or for each full-time employee (for ALEs reporting under Section 6056); and
- A transmittal form (Form 1094-B or Form 1094-C) for all of the returns filed for a given calendar year.

Reporting entities must also furnish related statements (Form 1095-B or 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.

2020 Draft Forms 1094-C and 1095-C

The 2020 draft forms 1094-C and 1095-C are substantially similar to the final 2019 versions. However, certain additions were made to the 2020 draft Form 1095-C related to ICHRAs. Beginning in 2020, employers of all sizes may implement a new HRA design—an ICHRA—to reimburse their eligible employees for insurance policies purchased in the individual market or Medicare premiums.

Specifically, the draft Form 1095-C includes the following additional codes in Code Series 1:

- **1L.** ICHRA offered to employee only with affordability determined by using employee's primary residence location zip code.
- **1M.** ICHRA offered to employee and dependent(s) (not spouse) with affordability determined by using employee's primary residence location zip code.
- **1N.** ICHRA offered to employee, spouse and dependent(s) with affordability determined by using employee's primary residence location zip code.
- **1O.** ICHRA offered to employee only using the employee's primary employment site zip code affordability safe harbor.
- **1P.** ICHRA offered to employee and dependent(s) (not spouse) using the employee's primary employment site zip code affordability safe harbor.
- **1Q.** ICHRA offered to employee, spouse and dependent(s) using the employee's primary employment site zip code affordability safe harbor.
- **1R.** ICHRA that is NOT affordable offered to employee; employee and spouse or dependent(s); or employee, spouse and dependents.

- **1S.** ICHRA offered to an individual who was not a full-time employee.
- **1T-1Z.** Reserved for future use.

The 2020 draft Form 1095-C also includes a **new section to enter the zip code** used to determine affordability for an ICHRA, if one was offered to the employee. In addition, Part II of the 2020 draft Form 1095-C includes a **new section to enter the employee's age on Jan. 1.**

Keep in mind that the IRS may make additional changes to these forms before releasing final 2020 versions.

Additional Resources

The 2019 versions of these forms are currently available on the IRS website:

- [Form 1094-B](#) and Form [1095-B](#) (and related [instructions](#)); and
- [Form 1094-C](#) and Form [1095-C](#) (and related [instructions](#)).

These forms must have been filed with the IRS no later than Feb. 28, 2020 (March 31, 2020, if filing electronically). However, the IRS extended the due date for furnishing individual statements for 2019 from Jan. 31, 2020, to March 2, 2020.

According to the IRS, information returns under Sections 6055 and 6056 may continue to be filed after the filing deadline (both on paper and electronically). Employers that missed the filing deadline should continue to make efforts to file their returns as soon as possible.

The IRS also 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](#).