

COMPLIANCE

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Upcoming ACA Reporting Deadlines

Affordable Care Act (ACA) reporting under Section 6055 and Section 6056 for the 2021 calendar year is due in early 2022. Specifically, reporting entities must:

- Furnish statements to individuals by **Jan. 31, 2022**; and
- File returns with the IRS by **Feb. 28, 2022** (or **March 31, 2022**, if filing electronically).

Penalties may apply for reporting entities that fail to file and furnish required returns and statements by the deadline.

A [proposed rule](#) issued on Nov. 22, 2021, would extend the annual furnishing deadlines under both Sections 6055 and 6056 for an additional 30 days. However, this rule is in proposed form and has not been finalized. **As a result, the general furnishing deadline (Jan. 31) continues to apply.** In either case, reporting entities are generally encouraged to furnish statements to individuals as soon as they are able.

ACTION STEPS

The IRS generally encourages reporting entities to furnish statements as soon as they are able.

Although penalty relief has been provided in prior years for reporting entities that make good faith efforts to comply with the reporting requirements, **this penalty relief is not available for reporting for tax year 2021 and subsequent years.** This good faith relief was intended to be transitional to accommodate public concerns with implementing new reporting requirements under the ACA. These reporting requirements have now been in place for six years, and the IRS has determined that transitional relief is no longer appropriate. Therefore, the IRS has discontinued the transitional good faith relief after tax year 2020.

Highlights

Furnishing Deadline

A proposal would extend the deadline for furnishing 2021 statements to individuals. However, the proposal has not been finalized. The deadline for filing with the IRS remains unchanged.

Furnishing under Section 6055

The proposed rule would also provide an alternative method for furnishing statements to individuals under Section 6055. The proposal would generally require statements to be provided upon request only.

Important Dates

January 31, 2022

Deadline for furnishing 2021 Forms 1095-B and 1095-C to individuals

February 28, 2022

Deadline for 2021 filing with the IRS in paper form

March 31, 2022

Deadline for 2021 filing with the IRS electronically

Section 6055 and 6056 Reporting

- Section 6055 applies to providers of minimum essential coverage (MEC), such as health insurance issuers and employers with self-insured health plans. These entities generally use Forms 1094-B and 1095-B 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 use Forms 1094-C and 1095-C to report information relating to the health coverage that they offer (or do not offer) to their full-time employees.

The ACA's individual mandate penalty was 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.

Despite the elimination of the individual mandate penalty, Section 6055 reporting continues to be required.

A proposed rule described below would provide that individual statements do not have to be furnished if certain requirements are met. However, this proposed rule has not been finalized.

Annual Deadlines

Generally, forms must be filed with the IRS annually, no later than **Feb. 28 (March 31, if filed electronically)** of the year following the calendar year to which the return relates. In addition, reporting entities must also furnish statements annually to each individual who is provided MEC (under Section 6055) and each of the ALE's full-time employees (under Section 6056). Individual statements are generally due on or before **Jan. 31** of the year immediately following the calendar year to which the statements relate.

Proposed Extended Furnishing Deadlines

The proposed rule would provide an **automatic extension of 30 days** to furnish statements (Forms 1095-B and 1095-C) to individuals under Sections 6055 and 6056. Because the extension is automatic, reporting entities would not need to formally request an extension from the IRS.

Under the proposed rule, statements furnished to individuals will be timely if furnished **no later than 30 days after Jan. 31** of the calendar year following the calendar year to which the statement relates. If the extended furnishing date falls on a weekend day or legal holiday, statements will be timely if furnished on the next business day.

This rule is in proposed form and has not been finalized. **As a result, until the rule is finalized, the general furnishing deadline (Jan. 31) continues to apply.**

Impact on Filing Deadline

The proposed rule does not extend the due date for filing Forms 1094-B, 1095-B, 1094-C or 1095-C with the IRS. This due date remains **Feb. 28**, if filing on paper, or **March 31**, if filing electronically. Because the due dates are unchanged, potential automatic extensions of time for filing information returns are still available under the normal rules by submitting Form 8809. Additional extensions of time to file may also be available under certain hardship conditions.

Proposed Alternative Method of Furnishing Under Section 6055

The individual mandate penalty has been reduced to zero, beginning in 2019. As a result, 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.

For all years that the individual mandate penalty is zero, the proposed rule would provide an **alternative manner for a reporting entity to furnish statements to individuals under Section 6055**. Under this alternative manner of furnishing, the reporting entity must post a clear and conspicuous notice on its website stating that responsible individuals may receive a copy of their statement upon request. The notice must include an email address, a physical address to which a request may be sent and a telephone number to contact the reporting entity with any questions. Reporting entities must generally retain the website notice until Oct. 15 of the year following the calendar year to which the statement relates.

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. Self-insured ALEs may use this relief for employees who are enrolled in the ALE's self-insured plan and who are not full-time employees of the ALE, as well as for non-employees (such as former employees) who are enrolled in the self-insured plan. **However, ALEs may not use the alternative method of furnishing for full-time employees who are enrolled in the self-insured plan.**

If, in the future, the individual mandate penalty is not zero, the IRS anticipates that reporting entities will need adequate time to develop or restart processes for preparing and mailing paper statements to responsible individuals. If the individual mandate penalty is modified in the future, the IRS anticipates providing guidance, if necessary, to allow sufficient time for reporting entities to restart the reporting process.

Elimination of Good Faith Transition Relief from Penalties

For each prior year of reporting, the IRS has provided transitional good faith penalty relief for reporting entities that could show that they made good faith efforts to comply with the information reporting requirements. However, **the transitional good faith relief from penalties for reporting incorrect or incomplete information on information returns or statements is not available for reporting for tax year 2021 and subsequent years.**

This good faith relief was intended to be transitional to accommodate public concerns with implementing new reporting requirements under the ACA. These reporting requirements have now been in place for six years, and the IRS has determined that transitional relief is no longer appropriate. Therefore, the IRS has discontinued the transitional good faith relief after tax year 2020.

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