

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

Information reporting under section 6056 is voluntary for calendar year 2014. Reporting is first required in early 2016 with respect to calendar year 2015. For more information, see question 2.

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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.

### **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?**

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 24 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.

## **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 an information return with the IRS and furnish a statement to its full-time employees, using its own EIN. 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. Who is not required to report under section 6056?**

Employers that are not subject to the employer shared responsibility provisions of section 4980H are not required to report under section 6056. Thus, employers that employed fewer than 50 full-time employees (including full-time equivalents) during the prior year are not subject to the reporting requirements. (However, any employer that sponsors a self-insured health plan is required to report under section 6055, even if the employer has fewer than 50 full-time employees.)

**Methods of Reporting**

**9. 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 10, 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 question 11, 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 employer 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 reporting forms and instructions.

## **10. What is the general method of reporting?**

The regulations provide that, 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), or other forms the IRS may designate. 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 will have 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. See question 16 for more information about combined reporting on a single return.

For example, an ALE member that sponsors a self-insured plan will complete the transmittal Form 1094-C and both sections of Form 1095-C to report information under section 6055 about health coverage provided and information under section 6056 about offers of health coverage. An ALE member that sponsors an insured plan will complete the transmittal Form 1094-C and the section of Form 1095-C addressing the information under section 6056.

Non-ALE members (meaning employers not subject to the employer shared responsibility provisions under section 4980H and therefore not subject to the information reporting requirements under section 6056) that sponsor self-insured plans will file Forms 1094-B and 1095-B to satisfy the reporting requirements under section 6055.

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 Forms 1094-C and 1095-C or any other forms the IRS designates and satisfy all form and content requirements as specified by the IRS.

Drafts of the forms, including Forms 1094-B, 1095-B, 1094-C, and 1095-C, are available at [irs.gov/draftforms](https://irs.gov/draftforms), and final versions of the forms will be made available in accordance with usual procedures.

## **11. What are the alternative methods of reporting?**

The regulations contain two alternative methods of reporting under section 6056 that 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](#). 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.

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

Yes. A separate section 6056 transmittal (Form 1094-C) must be filed with any Forms 1095-C filed by each ALE member. If more than one section 6056 transmittal is being filed for an ALE member, one of those transmittals must be a section 6056 authoritative transmittal reporting aggregate employer-level data for all full-time employees of the ALE member, in accordance with forms and instructions.

**13. May an ALE member satisfy its reporting requirements for an employee by filing and furnishing more than one employee statement that together provide the necessary information?**

No. There must be only one section 6056 employee statement (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. Further details will be provided in forms and instructions.

**What Information Must ALE Members Report**

**14. What information must an ALE member report to the IRS to satisfy section 6056?**

The regulations provide, under the general method of reporting, that an ALE member must file a separate Form 1095-C (or other form the IRS designates, or a substitute form) for each of its full-time employees, and a transmittal on Form 1094-C (or any other form the IRS designates, or a substitute form) for all of the returns filed for a given calendar year. A more complete discussion of the information that must be reported to the IRS (including simplified methods of reporting) can be found in the final [section 6056 regulations](#) at Sections IX.B and C.

**15. What information must an ALE member furnish to its full-time employees to satisfy section 6056?**

The regulations provide that under the general method, an ALE member generally must furnish to each full-time employee a written statement showing:

- The name, address, and EIN of the ALE member
- The information required to be shown on the section 6056 return with respect to the full-time employee (and his or her spouse and dependents)

Employers are not required to include with the employee statement a copy of the transmittal form (Form 1094-C) that is filed with the IRS.

Under the general method, the required written statement furnished to full-time employees may be either a copy of the Form 1095-C or another form the IRS designates or a substitute form. A substitute form must include the information on the return required to be filed with the IRS and comply with requirements for substitute forms.

**16. May an employer combine reporting under sections 6055 and 6056?**

The regulations under sections 6055 and 6056 provide for combined reporting for employers that are subject to both reporting provisions (generally ALE members that sponsor self-insured group health plans). To allow these employers to satisfy both the section 6055 and 6056 reporting requirements on a single return form 1095-C will have separate sections for reporting under section 6055 and for reporting under section 6056.

## **How and When to Report the Required Information**

### **17. When must an ALE member file the required information return with the IRS?**

ALE members must file the return for each employee (Form 1095-C or another form that IRS designates, or a substitute form) and a transmittal form (Form 1094-C or another form that IRS designates, or a substitute form) 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.

### **18. When must an ALE member furnish the statements to full-time employees?**

ALE members 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 section 6056 employee statements (the statements for 2015) must be furnished to employees no later than February 1, 2016 (January 31, 2016, being a Sunday).

### **19. Must an ALE member file the return with the IRS electronically?**

The regulations require electronic filing with the IRS of section 6056 information returns except for an ALE member filing fewer than 250 section 6056 returns (employee statements) during the calendar year. Each section 6056 return for each full-time employee is counted as a separate return, and only section 6056 returns are counted in applying the 250-return threshold for section 6056 reporting.

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

The regulations permit, but do not require, employers to furnish electronically the section 6056 employee statements 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 the section 6056 employee statement may be furnished electronically.

### **21. Are ALE members required to report information 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 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, whether health coverage was or was not offered to the employee, the ALE member is required to file a return with the IRS and furnish a statement to the employee reporting on whether an offer of health coverage was or was not made to the employee, and, if an offer was made, reporting the required information about the offer. 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.

### **22. 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 separate section 6056 return 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 section 6056 transmittal (Form 1094-C) reporting aggregate employer-level data for all full-time employees of 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 section 6056 employee statement (Form 1095-C) for each full-time employee of the ALE member with respect to employment with that ALE member. Further details will be provided in forms and instructions.

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.

**23. 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 separate section 6056 returns providing that ALE member's EIN. If more than one third party is facilitating reporting for an ALE member, there must be only one section 6056 authoritative transmittal (Form 1094-C) reporting aggregate employer-level data for all full-time employees of the ALE member. Additionally, there must be only one section 6056 employee statement (Form 1095-C) for each full-time employee with respect to employment with that ALE member. Further details will be provided in forms and instructions.

**24. May an administrator of a multiemployer plan prepare the return and furnish the statements under section 6056 for an ALE member that is a participating employer under the multiemployer plan?**

Yes. Section 6056 reporting regarding full-time employees on behalf of whom an ALE member contributed to a multiemployer plan is permitted under an approach whereby the multiemployer plan administrator would prepare returns pertaining to the ALE member's full-time employees covered by the collective bargaining agreement who are eligible to participate in the multiemployer plan. The ALE member would prepare returns pertaining to any of its full-time employees who are not eligible to participate in a multiemployer plan. Under this approach, the administrator of the multiemployer plan would facilitate the filing of a separate section 6056 return for each ALE

member that is a contributing employer on behalf of whom it files. The administrator of the multiemployer plan also may assist the ALE member in furnishing statements to its full-time employees who are eligible to participate in the multiemployer plan.

The regulations also require that there be a single identified section 6056 authoritative transmittal (Form 1094-C) reporting aggregate employer-level data for all full-time employees of the ALE member (including full-time employees of the ALE member the reporting for which was done by a multiemployer plan administrator), and that there be only one section 6056 employee statement (Form 1095-C) for each full-time employee with respect to employment with that ALE member. Further details will be provided in forms and instructions.

The ALE member remains the responsible person for reporting under section 6056 regarding all of its full-time employees and thus, is subject to any potential liability for failure to file returns and furnish statements under section 6056. If the multiemployer plan administrator that prepares the returns and statements required under section 6056 is a tax return preparer, it is subject to the requirements generally applicable to tax return preparers.

**25. 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.