

IRS ISSUES RULES ON DEADLINE FOR FORMS 1095-C AND 1095-B AND OTHER ACA FEATURES

Advisory
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On December 12, 2022, the Internal Revenue Service (IRS) issued final regulations regarding ACA reporting Forms 1095-B and 1095-C. The final regulations provide a permanent automatic 30 day extension from January 31st to March 2nd for reporting entities to furnish Forms 1095-B and 1095-C to individuals. Therefore, the automatically extended deadline for furnishing Forms 1095-B and 1095-C to individuals is now permanently set at March 2nd (non-leap years).

The final regulations do not change or extend the deadline for filing the Forms 1095-B and 1095-C (and applicable Forms 1094-B/1094-C) with the IRS. The deadline for filing these forms with the IRS is generally February 28, if filing on paper, and March 31, if filing electronically.

Please note that these final regulations do not modify or change any reporting requirements under state law that may apply.

Alternative Method of Furnishing Form 1095-B to Individuals

The final regulations also provide for an alternative method for insurers and non-applicable large employers (i.e. non-ALE's) to furnish Forms 1095-B. Under the final regulations, instead of furnishing copies of the Form 1095-B's to individuals, insurers and non-ALE's that sponsor self-funded group health plans are now permitted to post a clear and conspicuous notice on their website stating that individuals may receive a copy of their Form 1095-B upon request. The notice must be reasonably accessible, written in plain, non-technical language in a reasonably sized font and must include an email address, physical address, and telephone number where individuals may make their request. The notice must be posted, generally, by March 2nd and be

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kept in the same website location through October 15. The Form 1095-B must be furnished to an individual within 30 days, if requested.

Additionally, under the final regulations, the same alternative method described above, may apply to Form 1095-C's furnished by an ALE sponsoring a self-funded group health plan, but only for individuals that were not full-time employees at any time during the year.

Good Faith Effort Standard Eliminated

For ACA related filings (i.e. Forms 1095-B and 1095-C), the IRS previously provided a good faith effort standard that protected employers from receiving IRS penalties for errors and omissions on their ACA filings as long as the employers acted in good faith. Starting with filings made for 2021, this good faith effort standard was eliminated. The good faith effort standard will be eliminated going forward. Therefore, employers should be vigilant in ensuring that information inputted on ACA filings and forms is correct, as IRS penalties may now be assessed for errors even when a good faith effort by the employer was made.