

2015 Checklist for Completing IRS Forms 1094-C & 1095-C

This checklist is designed to help large employers—generally those with **50 or more full-time employees**, including full-time equivalents (FTEs)—report information under Internal Revenue Code [section 6056](#) about their compliance with the Affordable Care Act's (ACA) employer shared responsibility ("pay or play") provisions. **These large employers are required to report for the first time in early 2016 for calendar year 2015.**

Please Note: This list is for **general reference purposes only** and is not all-inclusive. If you have any questions regarding your responsibilities, please contact a knowledgeable employment law attorney or benefits advisor.

1. Determine "Large Employer" Status.

- Only large employers [subject to "pay or play"](#) are required to report under section 6056—including those that qualified for 2015 transition relief from "pay or play" penalties. A large employer is one that employed an average of **at least 50 full-time employees** (including full-time equivalents or "FTEs") on business days during the preceding calendar year. (For the 2015 calendar year, an employer may use any consecutive six-month period in 2014 to determine its number of full-time employees and FTEs.)
 - **Seasonal Worker Exception:** An employer that exceeded 50 full-time employees, including FTEs, for **120 days or less** (or 4 calendar months) during 2014 is not subject to the requirements for 2015 if the employees in excess of 50 during that period were **seasonal** workers.
 - **Aggregated Employer Groups:** Companies that have a common owner or are otherwise related generally are combined and treated as a single employer for purposes of determining whether they collectively employ at least 50 full-time employees (including FTEs). If the combined total meets the threshold, each company is subject to the requirements, even those that individually do not employ enough employees to meet the threshold.
- **Note:** **Self-insured employers** providing minimum essential health coverage are subject to a [separate set](#) of information reporting requirements, but employers that are subject to **both** reporting provisions (generally **large employers that sponsor self-insured group health plans**) may satisfy their reporting obligations on a single return form (Form 1095-C, discussed further below).

2. Begin Monthly Information Tracking: Full-Time Employees & Coverage Offered.

- Identify full-time employees for **each month** in 2015.
 - **Full-Time Employee:** An employee is full-time for a calendar month if he or she averages **at least 30 hours of service per week** (or 130 hours per month).
- For **each month** in 2015, determine whether full-time employees and their dependents (if any) were offered [minimum essential coverage](#) (MEC) that meets the ACA's [minimum value](#) (MV) requirements and is [affordable](#).
- An employer must report information for **all 12 months of the calendar year** for any of its employees who were full-time for **one or more months** of the calendar year.

3. Select Reporting Method.

The information reporting rules provide a general method that all large employers may use for reporting to the IRS and for furnishing statements to full-time employees, as well as (optional) alternative reporting methods for certain eligible employers that are designed to minimize the cost and administrative tasks for employers.

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3. Select Reporting Method. (Cont'd)

General Method

Under the general method of reporting, a large employer generally must file:

- A separate Form 1095-C (employee statement) **for each of its full-time employees; and**
- A Form 1094-C (transmittal) for all of the employee statements filed for a given calendar year.

Alternative Methods

The alternative reporting methods identify **specific groups of employees** for whom simplified alternative reporting would provide sufficient information. If a large employer cannot use the alternative reporting methods for certain employees, the employer **must** use the general method for those employees. The following **optional** alternative reporting methods are available:

- 1. Qualifying Offer Method.** To be eligible to use this method, an employer must certify on Form 1094-C that it made a "qualifying offer"—that is, an offer of MEC providing minimum value to one or more full-time employees for all calendar months during the calendar year for which the employee was a full-time employee for whom a "pay or play" penalty could apply, at an employee cost for self-only coverage not exceeding 9.5% of the mainland single federal poverty line, and which includes an offer of MEC to the employee's spouse and dependents (if any).

- **Alternative Method of Reporting:** An eligible employer that reports using this method **will use a special code on Form 1095-C** to indicate that the employee received a qualifying offer, **in lieu of entering specific information regarding the employee's share of the premium for each month.**

Note: Solely for 2015, an employer may generally be eligible for transition relief if, among other things, it certifies that it made a qualifying offer for one or more months of calendar year 2015 to at least 95% of its full-time employees (not including any employee in a limited non-assessment period). Employers eligible for this transition relief **will use special codes on Form 1095-C** to indicate either that a qualifying offer was made or that the 2015 transition relief applies (for any months for which a qualifying offer was not made), **in lieu of entering specific information regarding the employee's share of the premium for each month.**

- **Alternative Method of Furnishing Employee Statement:** According to the [instructions](#) for Forms 1094-C and 1095-C, employees that receive a qualifying offer for all 12 months of the calendar year (or, for employers eligible for 2015 transition relief, employees that receive a qualifying offer for less than all 12 months) and that did not enroll in self-insured coverage may be furnished with **either** a copy of Form 1095-C filed with the IRS **or** a statement containing the following information:

- Employer name, address, and EIN;
- Contact name and telephone number where the employee can receive information about the offer of coverage (if any) and the Form 1095-C filed with the IRS for that employee;
- A statement indicating that, for all 12 months of the calendar year, the employee and his or her spouse and dependents, if any, received a qualifying offer and therefore are not eligible for a premium tax credit (or that the employee and his or her spouse and dependents, if any, may be eligible for a premium tax credit for one or more months of 2015, for employers qualifying for transition relief); and
- A statement directing the employee to see [Publication 974](#) for more information on eligibility for the premium tax credit.

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3. Select Reporting Method. (Cont'd)

Alternative Methods (Cont'd)

2. **98% Offer Method.** According to the [instructions](#) for Forms 1094-C and 1095-C, if an employer certifies on Form 1094-C that it offered MEC providing minimum value that was affordable to **at least 98% of its employees** for whom it is filing an employee statement and offered MEC to those employees' dependents, and otherwise meets its reporting obligations under section 6056, **the employer is not required to:**
- Identify whether a particular employee is a full-time employee for one or more calendar months of the reporting year (but the employer is still required to file Forms 1095-C on behalf of all of its full-time employees); or
 - Report the total number of its full-time employees for the reporting year.

4. Begin Compiling Required Reporting Information.

Form 1094-C – Large employers will include the following information on this form:

- Identifying information for the organization.
- Name and telephone number of the large employer's contact person (this can generally be any person, whether an employee or an agent of the employer).
- Information about whether the employer offered coverage to 70% of its full-time employees and their dependents in 2015. (After 2015, this threshold changes to 95%.)
- Information for the "**authoritative transmittal**."* This information includes:
 - The total number of Forms 1095-C the employer issued to employees.
 - Information about members of the aggregated large employer group, if any.
 - Full-time employee counts by month (unless the 98% offer alternative reporting method applies).
 - Total employee counts by month.
 - Whether the employer is eligible for certain transition relief.

*Because an employer may choose to file multiple Forms 1094-C, one of the Forms 1094-C must be designated as the "authoritative transmittal" that reports aggregate employer-level data for the employer. **There must be only one authoritative transmittal filed for each employer.**

Form 1095-C – Large employers will include the following information on this form:

- Which employees are considered full-time employees for each month (unless the 98% offer alternative reporting method applies).
- Identifying information for the employer and its employees, such as names and addresses.
- Information about the health coverage offered by month, if any.
- The employee's share of the monthly premium for lowest-cost self-only minimum value coverage (unless the qualifying offer alternative reporting method applies).
- The months the employee was enrolled in the employer's coverage.
- The months the employer met an affordability safe harbor with respect to an employee and whether other transition relief applies for an employee for a month.
- If the employer offers a self-insured plan, information about the covered individuals enrolled in the plan, by month.

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5. Review the IRS Forms and Instructions for Specific Reporting Requirements.

- [Forms 1094-C](#) and [1095-C](#), along with [instructions](#), are available for large employers (including large employers that sponsor self-insured group health plans that are subject to **both** reporting provisions) to prepare for compliance.

6. Determine Whether to Hire a Third Party to Fulfill Reporting Responsibilities.

- Large employers are permitted to use third parties to facilitate filing returns and furnishing employee statements to comply with reporting requirements. However, this **does not** transfer the large employer's potential "pay or play" liability, nor does it transfer the potential liability for the failure to report and furnish statements.
 - **Aggregated Employer Groups:** If more than one third party is facilitating reporting for employers under common ownership or that are otherwise related, there must be only **one** authoritative transmittal (Form 1094-C). Additionally, there must be only **one** employee statement (Form 1095-C) for each full-time employee with respect to that large employer.
- If a person who prepares returns or statements under section 6056 is a tax return preparer, that person will be subject to the requirements generally applicable to tax return preparers.

7. If Furnishing Employee Statements Electronically, Satisfy Certain Requirements.

Large employers may furnish the employee statement in an electronic format in lieu of a paper format if the following requirements are satisfied:

1. **Affirmative consent** is obtained from employees prior to furnishing. Employees may make the consent electronically in any manner that reasonably demonstrates that the employee can access the statement in the electronic format in which it will be furnished, or in a paper document so long as the employee confirms the consent electronically.
2. **Required Disclosures.** Prior to, or at the time of, an employee's consent, the employee must be provided with a clear and conspicuous disclosure statement that informs him or her of the following:
 - That the statement will be furnished on paper if the employee does not consent to receive it electronically;
 - The scope and duration of the consent;
 - Any procedure for obtaining a paper copy of the employee's statement after giving the consent, and whether a request for a paper statement will be treated as a withdrawal of consent;
 - That the employee may withdraw consent (to take effect either on the date it is received by the employer or on a subsequent date);
 - The conditions under which the employer will cease furnishing statements electronically to the employee (i.e., termination of the employee's employment);
 - The procedures for updating the information needed to contact the employee and any change in the employer's contact information;
 - A description of the hardware and software required to access, print, and retain the statement, and the date when the statement will no longer be available on the website (if applicable); and
 - That the statement may be required to be printed and attached to a federal, state, or local income tax return.

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7. If Furnishing Employee Statements Electronically, Satisfy Certain Requirements. (Cont'd)

3. **Format.** The electronic version of the statement must contain all required information and comply with applicable rules relating to substitute statements to employees.
4. **Notice.** The employer must notify the employee—by mail, email, or in person—if the statement is posted on a website, which provides instructions on how to access and print the statement. The notice must include the following statement in capital letters, "IMPORTANT TAX RETURN DOCUMENT AVAILABLE." (If the notice is provided by email, the foregoing statement must be on the subject line of the email.)
5. **Access period.** Statements furnished on a website must be retained on the website through October 15 of the year following the calendar year to which the statements relate (or the first business day after October 15, if October 15 falls on a Saturday, Sunday, or legal holiday).

8. Comply With Information Reporting Deadlines for Calendar Year 2015.

- First transmittal forms and employee statements must be filed **with the IRS no later than February 29, 2016**, or March 31, 2016 if filed electronically. ([Regulations](#) under Internal Revenue Code section 6081 address extensions of time to file.)
- First employee statements must be furnished **to all full-time employees no later than February 1, 2016** (January 31, 2016 being a Sunday).

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