



Health Care Reform **Bulletin**

2015 Draft Instructions for 6055 and 6056 Reporting Include Filing Extensions

Provided by Cottingham & Butler

Quick Facts

- On Aug. 7, 2015, the IRS released 2015 draft instructions for the forms used to report under Sections 6055 and 6056.
- 2015 draft forms were released on June 16.
- The 2015 draft instructions include a number of clarifications for reporting.
- These are draft versions only and should not be filed with the IRS or relied upon.

The 2015 draft instructions include new proposed filing extensions and a proposed waiver from the requirement to file electronically.

The Affordable Care Act (ACA) created new reporting requirements under Internal Revenue Code (Code) Sections 6055 and 6056. Under these new reporting 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. Reporting is first required in 2016, related to coverage offered or provided in 2015.

On Aug. 7, 2015, the Internal Revenue Service (IRS) released the following:

- [2015 draft instructions for Form 1094-B and 1095-B](#), used by entities reporting under **Section 6055**, including sponsors of self-insured group health plans that are not reporting as applicable large employers (ALEs).
- [2015 draft instructions for Form 1094-C and 1095-C](#), used by ALEs that are reporting under **Section 6056**, as well as for combined reporting by ALEs who sponsor self-insured plans that are required to report under both **Sections 6055 and 6056**.

2015 draft Forms [1094-B](#), [1095-B](#), [1094-C](#) and [1095-C](#) were previously released on June 16, 2015. Except for a few minor changes and a

number of clarifications, the 2015 draft forms and instructions are largely unchanged from the 2014 versions. However, the 2015 draft instructions also include:

- A proposed **automatic 30-day filing extension**, upon request (under certain hardship conditions, reporting entities may apply for an additional 30-day extension); and
- A proposed **waiver from the requirement to file returns electronically**.

These 2015 forms and instructions are **draft versions only** and should not be filed with the IRS or relied upon for filing. The IRS may make changes prior to releasing final 2015 versions.

Proposed Filing Extensions and Waivers

Although the changes made in the 2015 draft instructions were mostly clarifications of existing requirements, they did include new **proposed filing extensions** and a **proposed waiver from the requirement to file electronically**.

Filing Extensions

Reporting entities can get an **automatic 30-day extension of time to file** by completing and filing [Form 8809](#), *Application for Extension of*

Time To File Information Returns by the due date of the returns. The form may be submitted on paper or electronically through the FIRE System. No signature or explanation is required for the extension.

Under certain hardship conditions, reporting entities may apply for an additional 30-day extension. See the instructions for Form 8809 for more information.

Furnishing Extensions

Reporting entities may also request an extension of time to furnish the statements to recipients by sending a letter to: IRS, Information Returns Branch, Attn: Extension of Time Coordinator, 240 Murall Drive, Mail Stop 4360, Kearneysville, WV 25430.

The letter must include the filer's name, taxpayer identification number (TIN) and address, the type of return, a statement that the extension request is for providing statements to recipients, a reason for the delay and the signature of the filer or authorized agent. The request must be postmarked by the date on which the statements are due to the recipients.

If a request for an extension is approved, a maximum of 30 extra days will generally be granted to furnish the recipient statements.

Electronic Reporting Waiver

To receive a **waiver from the requirement to file returns electronically**, reporting entities must submit [Form 8508, Request for Waiver From Filing Information Returns Electronically](#), **at least 45 days before the due date of the returns**.

Without an approved waiver, a reporting entity that is required to file electronically but fails to do so may be subject to a penalty of up to \$250 per return, unless it can establish reasonable cause. However, reporting entities can file up to 250 returns on paper; those returns will not be subject to a penalty for failure to file electronically.

2015 Draft Instructions—Additional Clarifications

The 2015 draft instructions also include the following clarifications:

- ***Substitute Forms***—Entities using substitute forms instead of the official IRS versions may develop substitute forms themselves or buy them from a private printer. The IRS is currently developing Publication 5223, *General Rules & Specifications for Substitute ACA Forms 1094-B, 1095-B, 1094-C, and 1095-C and Certain Other Information*, which explains the requirements for the format and content of substitute statements to recipients. **Only forms that conform to the official form and the specifications in Publication 5223 are acceptable for filing with the IRS.**
- ***Corrected Returns***—The 2015 draft instructions include detailed information for correcting returns. The procedure for correcting a return will vary, depending on the form and whether it is filed with the IRS or provided to individuals. The instructions provide examples of errors and step-by-step instructions for filing corrected returns.
- ***Expatriate Health Plans***—According to the 2015 draft instructions, statements reporting coverage under an expatriate health plan may generally be furnished electronically without affirmative consent, unless the recipient affirmatively refuses consent or requests a paper statement. For more information on expatriate health plans, see [Notice 2015-43](#).
- ***Penalties***—The 2015 draft instructions include an additional section outlining the penalties for reporting entities that fail to comply with the reporting requirements. For 2015, the IRS will not impose penalties for reporting incorrect or incomplete information if the filer can show that it made good faith efforts to comply with the information reporting requirements. No relief is provided for reporting entities that



fail to file on time. For more information on penalty relief, see the [Sections 6055 and 6056 FAQs](#).

- **COBRA Coverage**—For purposes of the Form 1095-C, the 2015 draft instructions included additional information for reporting offers of COBRA coverage. In general, an offer of COBRA coverage to a **former employee upon termination** is reported as an offer of coverage on Line 14 only if the former employee enrolls in the coverage. An offer of COBRA coverage to an **active employee** (for example, due to a reduction in the employee’s hours) is reported in the same manner and uses the same code as an offer of that type of coverage to any other active employee.
- **Method for Determining Monthly Cost**—For purposes of the Form 1095-C, the 2015 draft instructions allow an employer to divide the total employee share of the premium for the plan year by the number of months in the plan year to determine the monthly employee contribution for the plan year. This monthly employee contribution would then be reported for any months of that plan year that fall in the 2015 calendar year.
- **Indexed Affordability Percentage**—The 2015 draft instructions note that references to 9.5 percent in the affordability safe harbors and alternative reporting methods may be subject to change if future IRS guidance provides that the percentage is indexed in the same manner as for purposes of applying the affordability thresholds under the premium tax credit. In general, this should not affect reporting for 2015, but taxpayers may visit www.irs.gov for any related updates.
- **Minimum Value**—The definition of “minimum value” was revised to clarify that the plan must provide substantial coverage of inpatient hospitalization services and physician services. An offer of coverage

under a plan that fails to provide substantial coverage of inpatient hospitalization and physician services should be reported on Form 1095-C as not providing minimum value, even if an employer qualifies for the transition rule under [Notice 2014-69](#).

- **Supplemental Coverage**—The 2015 draft instructions for Forms 1094-B and 1095-B included information about supplemental coverage. Providers are not required to report the following minimum essential coverage that is supplemental to other minimum essential coverage:
 - Coverage that supplements a government-sponsored program, such as Medicare or TRICARE supplemental coverage.
 - Coverage of an individual in more than one plan or program provided by the same plan sponsor (the plan sponsor is required to report only one type of minimum essential coverage).

2015 Draft Forms

The 2015 draft forms were largely unchanged from the 2014 versions. One change was addressed in the 2015 draft instructions.

The 2015 draft Form 1095-C includes an additional field, titled “Plan Start Month.” This new field is **optional for 2015**, but will be required for 2016 and beyond. For 2015, ALEs can choose to:

1. Add this field and provide plan year information;
2. Add this field and enter “00”; or
3. Leave this new field out (thus using the 2014 format).

Additional Resources

The IRS previously released the following final 2014 versions on Feb. 8, 2015:

- Forms [1094-B](#) and [1095-B](#) (and related [instructions](#)); and



- Forms [1094-C](#) and [1095-C](#) (and related [instructions](#)).

These forms are **not required to be filed for 2014**, but reporting entities may voluntarily file them in 2015 for 2014 coverage.

The IRS also released:

- [Q&As on Section 6055](#) and [Q&As on Section 6056](#), which were both updated in May 2015; and
- A separate set of [Q&As on Employer Reporting using Form 1094-C and Form 1095-C](#), on May 28, 2015.

More Information

Please contact Cottingham & Butler for more information on reporting under Code Sections 6055 and 6056.

