



## Health Care Reform **Bulletin**

# 2015 Guidelines Finalized for Electronic Reporting under Sections 6055 and 6056

Provided by Cottingham & Butler

### Quick Facts

- Final guidelines and testing information for electronic reporting under Sections 6055 and 6056 for tax year 2015 are now available.
- Entities that file 250 or more returns are required to file electronically.
- Electronic filing will be done using the AIR Program, which is not yet available, although testing scenarios are available through AATS.
- A waiver of the electronic filing requirement is available upon request.

The AIR Program for the 2015 tax year returns is scheduled to become available at a later date, but testing scenarios for reporting electronically are currently available through the ACA Assurance Testing System.

The Affordable Care Act (ACA) created new reporting requirements under Internal Revenue Code (Code) Sections 6055 and 6056, which require certain employers to provide information to the Internal Revenue Service (IRS) about the health plan coverage they offer (or do not offer) to their employees.

On Dec. 2, 2015, the IRS finalized several pieces of guidance regarding the electronic filing requirements for Section 6055 and Section 6056 reporting for calendar year 2015 information returns (filed in early 2016).

- [Pub. 5165, Guide for Electronically Filing ACA Information Returns for Software Developers and Transmitters](#)—This guide provides very detailed technical information regarding standards for software developers and transmitters that plan to facilitate this electronic reporting for tax year 2015 through the ACA Information Returns (AIR) Program.
- [Pub. 5164, Test Package for Electronic Filers of ACA Information Returns](#)—This is a finalized test package that contains general and program-specific testing information for use with the ACA Assurance Testing System (AATS).

- [AIR Submission Composition and Reference Guide](#)—This guide provides information for issuers, transmitters and software developers about composing and successfully transmitting compliant submissions to the IRS.

Also, on Nov. 5, 2015, the [AATS](#) opened for testing for Section 6055 and Section 6056 returns that will be processed in 2016 (for the 2015 tax year). The testing scenarios are generally intended for software developers and other entities that plan on providing electronic reporting services.

Electronic filing will be done using the AIR Program, which is scheduled to become available for the 2015 tax year returns at a later date.

### Electronic Reporting Requirement

Any reporting entity that is required to file at least 250 returns under Sections 6055 or 6056 must file electronically. The 250-or-more requirement applies separately to each type of return and separately to each type of *corrected* return. Entities filing fewer than 250 returns during the calendar year may choose to file on paper, but are permitted (and encouraged) to file electronically.

The IRS previously finalized Pub. 5164, Pub. 5165 and the [AIR Submission Composition and Reference Guide](#) for processing year 2015 (tax year 2014) on Aug. 18, 2015. Also, on Oct. 9, 2015, the IRS released an early look of [Pub. 5164](#), [Pub. 5165](#) and the [AIR Submission Composition and Reference Guide](#) for processing year 2016 (tax year 2015).

Electronic filing will be done using the AIR Program, which became available on Oct. 22, 2015, for the 2014 tax year returns. The AIR Program for the 2015 tax year returns is scheduled to become available at a later date.

However, testing scenarios for the 2015 tax year are currently available through the [AATS](#). These testing scenarios are generally intended for software developers and other entities that plan on providing electronic reporting services.

Any entity that submits electronic returns through the AIR Program will have to first complete the [e-Services Registration](#) to obtain log-in credentials, and then will have to log in within 28 days to confirm their registration and activate their IRS user account.

Then, entities will have to complete the ACA Information Return Transmitter Control Code (TCC) Application and receive a TCC in the mail prior to electronically filing AIR Forms 1094-B, 1094-C, 1095-B and 1095-C. The IRS has issued a [tutorial](#) for requesting a TCC. The TCC Application is obtained through [e-Services](#).

The IRS will only accept electronic forms in **Extensible Markup Language (XML) format**. XML format is a markup language that defines a set of rules for encoding documents in a format which is both human-readable and machine-readable. **Portable Document Format (PDF), Microsoft Word, Microsoft Excel or any other electronic format will not be accepted.**

In addition, AIR forms must be transmitted to the IRS using either the **Application to Application (A2A) channel** or the **ACA Web Browser User Interface (UI) channel**. An A2A Transmitter must complete the Automated

Enrollment Process to obtain a certificate prior to transmitting returns to the IRS.

### **Electronic Reporting Guidance**

The IRS has been regularly issuing guidance on using the AIR Program for electronic filing under Sections 6055 and 6056. Because the AIR Program and electronic reporting process is currently being developed, this information is generally very technical, and is intended for software developers and other entities that plan on providing electronic reporting services.

**The IRS' existing electronic filing guidance is not generally intended to be used by employers that are required to file under Section 6055 or Section 6056**, although it can provide some useful information on standards and procedures for returns transmitted through the AIR System.

Pub. 5165 outlines the communication procedures, transmission formats, business rules and validation procedures for returns transmitted electronically through the AIR system. To develop software for use with the AIR system, software developers, transmitters and issuers should use the guidelines provided in this publication, along with the [XML Schemas](#) published on [www.IRS.gov](#).

Pub. 5164 contains general and program-specific testing information for use with AATS. AATS refers to both the process and the system used to test software and electronic transmissions prior to accepting software developers, transmitters and issuers into the AIR System. Software developers are required to annually pass pre-defined AATS submissions and to test scenarios for the forms that they will support. Transmitters and issuers are required to pass communication tests for the forms they will file.

The AIR Submission Composition and Reference Guide provides information about:

- Electronic composition of Forms 1094-B, 1095-B, 1094-C and 1095-C;



- Transmitting forms through AIR; and
- Sample XML.

Also, the IRS regularly hosts webinars, called AIR Working Group meetings, to provide information on electronic reporting through the AIR System. These and other IRS resources are available at:

- [AIR Program Main Page](#)
- [AIR Program Overview](#)
- [AIR Program Technical Information](#)
- [AIR Program – Did You Know?](#)

#### **Waiver of the Electronic Filing Requirement**

The 2015 final instructions for the forms that employers will use to report under Sections 6055 and 6056 **include a waiver from the requirement to file returns electronically.**

To receive a waiver, 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.

Reporting entities cannot apply for a waiver for more than one tax year at a time, and must reapply at the appropriate time for each year in which a waiver is required. Any approved waivers should be kept for the reporting entity's records only. A copy of an approved waiver should not be sent to the service center where paper returns are filed.

If a waiver for original returns is approved, any corrections for the same types of returns will be covered under the waiver. However, if original returns are submitted electronically, but the reporting entity wants to submit corrections on paper, a waiver must be approved for the corrections if the reporting entity must file 250 or more corrections.

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.

#### **More Information**

Please contact Cottingham & Butler for more information on Section 6055 and 6056 reporting.

