



## IRS Extends Deadline to Furnish Forms 1095-B and 1095-C to Individuals; Provides Additional Relief

December 2019

### Deadline to Furnish Statements to Individuals Extended

On December 2, the Internal Revenue Service (IRS) released Notice 2019-63, extending the deadline for employers required to furnish ACA health care reform Forms 1095-B and 1095-c **to individuals**. The announcement extends the deadline to furnish the forms from January 31, 2020 to March 2, 2020. With the same announcement the IRS relieved small employers (using Form 1095-B) from furnishing the forms under certain circumstances.

### Summary of IRS Changes

- Large and small employers are still required to report/file forms with the IRS on time, but have an automatic extension of 30 days to provide the forms to employees.
- Small employers will not be penalized if they do not provide forms to employees if two conditions are met (see below). VEHI/BCBSVT **will** file these forms if already authorized by designated small employers to file on their behalf.

Large employers will not be penalized for not providing the forms to part-time employees or COBRA qualified beneficiaries if two conditions are met (see below).

### Deadlines

The 2020 filing deadlines for 2019 coverage are as follows:

ACA Requirement	Deadline
1095 forms <u>delivered to employees</u>	Jan 31 ( <b>extended to March 2</b> )*
Paper filing with IRS	Feb 28 (no change)
Electronic filing with IRS	Apr 1 (no change)

IRS regulations generally allow for 30-day extensions on an individual employer basis; however, in light of the current extension, no additional extensions will be provided for the 2019 reporting year.

In addition, for the 2019 reporting year the IRS is again providing employers relief from penalties for filing or furnishing incorrect or incomplete statements provided the employer **can show they have made a**

**good faith effort to comply.** In determining good faith, the IRS will take into account whether an employer made reasonable efforts to prepare for reporting to the IRS and furnishing statements to employees and covered individuals, such as gathering and transmitting the necessary data to an agent to prepare the data for submission to the IRS, or testing its ability to transmit information to the IRS.

### **Additional Relief for 2019 Reporting Year**

When the individual shared responsibility payment was reduced to zero beginning January 1, 2019, the IRS reviewed the requirement to provide statements to employees to determine what changes, if any, should be made for future years. Following that review, the IRS announced that employers are still required to provide Forms 1095-B to individuals even though they are no longer needed when preparing their taxes. Nonetheless, employers responsible for providing **Form 1095-B (NOT Forms 1095-C)** are relieved of any penalty for the 2019 reporting year if instead of automatically furnishing the form to employees, **two conditions are met:**

1. The employer posts a notice prominently on its website stating responsible individuals may obtain a copy of their 2019 Forms 1095-B on request. The notice must include an email address **and** a physical address to which a request for the form may be sent, as well as a telephone number that individuals can use to contact the employer with any questions, **and**
2. The employer promptly furnishes the requested 2019 Form 1095-B to any individual requesting one within 30 days of the date the request is received.

It is important to note the relief is not extended to large employers with self-insured plans that are required to use Forms 1095-C to report coverage of full-time employees (30 hours of service). However, as to employees and other responsible individuals who were **not full-time on any day in 2019 (part-time employees and COBRA qualified beneficiaries)**, large employers are not required to furnish those employees a copy of the form **provided the same two conditions (above) are met.**

**NOTE:** This relief does not affect deadlines and penalties associated with filing with the IRS.

**When considering whether to take advantage of this relief, we recommend you consider (1) this relief has been announced for the 2019 filing year and (2) the extent to which making changes to your processes may disrupt the furnishing of forms to full-time employees, which is still required.**

Notice 2019-63 is available via this link: <https://www.irs.gov/pub/irs-drop/n-19-63.pdf>.

*The intent of this article is to provide general information on employee benefit issues. It should not be construed as legal advice and, as with any interpretation of law, plan sponsors should seek proper legal advice for application of these rules to their plans.*