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ACA Reporting pursuant to IRC Section 6055 and 6056 Filing Requirements

BACKGROUND

The Affordable Care Act (ACA) created new reporting requirements based on health care provided to employees in 2015 and beyond. Most employers may be completely unaware that these new reporting requirements are mandated by some very hefty fines, and worse yet, attempting to gather the information that needs to be reported to the IRS after-the-fact may be more difficult and expensive.

To determine how you will meet these reporting requirements, you should review the following two steps. The first step will determine what IRC section applies to your company, and the second one will explain the forms that need to be completed and the due dates in order to avoid being fined.

The Summary section following these two steps will then explain whether you can rely on your health care provider to file the necessary reports or if you will need to do this yourself.

Step 1

The first step is to determine what IRC section applies to you or your clients. Once you determine the section, you can then review the information that needs to be maintained so that you are ready to file the necessary reports when they are due.

The following chart can help you determine what IRC section applies to you or your clients.

| Full-time Equivalents *See resources below | Health Plan | IRC Section 6055 (IRS Form 1094-B and 1095-B) | IRC Section 6056 (IRS Form 1094-C and 1095-C) |
|--|--------------------|--|--|
| Less than 50 | None | n/a | n/a |
| Less than 50 | Insurance Company | n/a | n/a |
| Less than 50 | Self-insured | YES | |
| Less than 50, but affiliated group > 50 | None | | YES |
| Less than 50, but affiliated group > 50 | Insurance Company | | YES |
| Less than 50, but affiliated group > 50 | Self-insured | YES | YES |
| 50 or more | None | | YES |
| 50 or more | Insurance Company | | YES |
| 50 or more | Self-insured | | YES |

Step 2

After determining what section you are subject to, you can then decide what tax forms you will need to file and when they will be due based on the following chart.

| Section | Transmittal | Employee Information | Due Date (2023 Returns) |
|------------------|-------------|----------------------|---|
| IRC Section 6055 | 1094-B | | Feb 28, 2024 (IRS paper copy) Apr 1, 2024 (IRS e-file) |
| IRC Section 6055 | | 1095-B | Mar 1, 2024 (employee copy) Feb. 28, 2024 (IRS paper copy) Apr 1, 2024 (IRS e-file) |
| IRC Section 6056 | 1094-C | | Feb 28, 2024 (IRS paper copy) Apr 1, 2024 (IRS e-file) |
| IRC Section 6056 | | 1095-C | Mar 1, 2024 (employee copy) Feb 28, 2024 (IRS paper copy) Apr 1, 2024 (IRS e-file) |

Note that for forms 1095-C and 1095-B, they must be e-filed if you have 10 or more forms to be filed (not to be confused with the number of employees).

Penalties for failure to file timely can be up to \$ 200 per return or failure to furnish copies to employees in the case of 1095-C.

SUMMARY

If you are only subject to IRC Section 6055, then you can assume that your health insurance provider will file the necessary reports for you. However, as in all things related to government reporting, it would be wise to verify this with a phone call.

If you are subject to IRC Section 6056 (and possibly 6055 also), then you will have the responsibility of data collection and preparing forms 1095-B and 1095-C. Keep in mind that if you are required to file 1095-C forms there is only one transmittal form (1094-C) that accompanies the 1095-C forms that are submitted, but a form 1095-C needs to be completed for each employee that was a full-time employee at any time during the year. (See [Determine Full-Time Employees for Purposes of Share Responsibility](#) for more information.) You must provide a copy of the 1095-C to each employee and submit a copy f to the Internal Revenue Service along with the 1094-C transmittal. For forms 1095-B, each covered individual receives a separate 1095-B form and the 1094-B transmittal form is provided with the filing company's information.

ACA 1095 REPORTING

Companies are looking for a flexible and economical way to comply with these mandated reporting requirements. We have applied our 30 years of experience in meeting the needs of professional accountants to develop a software application that will allow you to meet these reporting requirements in a cost effective and efficient manner.

Our software, ACA 1095 Reporting, consists of two elements related to these reporting requirements.

1. Data gathering - This can be a very difficult and time intensive process, but we have some innovative ways to streamline this process, including the ability to import employee and

dependent data that may already be available in other applications, such as, payroll or human resources software.

2. Report generation - You will be able to generate both the transmittals and employee forms based on the data entered. If you need to electronically file the reports with the IRS, we will provide options that allow you to generate the XML data and then submit it through an authorized “transmitter”. Our goal is to provide e-file services to function as the transmitter for your data, but this will be an additional fee option (\$199).

ACA 1095 Reporting is currently available and can be purchased in our online store or by calling PRO-WARE, LLC at 402.861.8800.

Questions or comments regarding any information contained in this document should be sent to support@proware-cpa.com

Other resources:

[Instructions for 1094-B and 1095-B](#) (2017 forms)

[Instructions for 1094-C and 1095-C](#) (2017 forms)

FULL-TIME EQUIVALENTS

Note - There are two calculations of full-time employees that need to be made.

The first is to determine how many full-time employees you have. This is done by looking at all of your employees in the look back period and taking the number of full-time employees and adding to it the full-time equivalent part-time employees. Full-time employees are those that work more than 30 hours in a week or 130 hours in any month during the look back period.

To determine the full-time equivalent part-time employees, take the total hours they worked and divide by 30 to get the number of full-time employees.

For example:

Full-time employees - 25

Part-time employees working 30 hours per week = 25

Full-time equivalent employees = 50

Convert part-time employees to full-time equivalents as follows:

$39,000 = \text{Hours worked during 52 week period (25 part-timers X 30 hours X 52 weeks)}$

$25 = \text{Full-time equivalents (39000 hours / 52 weeks / 30 hours)}$

The second calculation of full-time equivalent is used to determine the employees you must offer coverage to. This can be very complicated since you must use a different procedure for on-going employees, part-time employees expected to be full-time, and hourly/seasonal employees.

The following document explains the procedure to be followed to make this determination.

[Determine Full-Time Employees for Purposes of Share Responsibility](#)