

Benefits Bulletin

• October 9, 2020 •



Extended Deadline for ACA Reporting, Final Extension of Good Faith Reporting Relief

On **October 2, 2020**, the IRS issued Notice 2020-76, which extends the deadline for certain Affordable Care Act (ACA) information reporting requirements for insurers, self-insured plan sponsors, and Applicable Large Employers. **Notably, the IRS has indicated that this will most likely be the last extension granted.**

Overview of Reporting Extensions

The IRS is extending the deadline for furnishing 2020 Form 1095-B and 2020 Form 1095-C to individuals by 30 days—from **January 31, 2021 to March 2, 2021**. Notice 2020-76 does not, however, extend the deadline for filing the 2020 forms with the IRS. The IRS filing deadline remains March 31, 2021 if filing electronically (or March 1, 2021 if filing by paper).

Despite this extension, the IRS is encouraging reporting entities to furnish Form 1095-B and 1095-C statements as soon as they are able.

In addition to extending the due date for furnishing forms to individuals, Notice 2020-76 also extends the “good faith” transition relief from penalties. **However, the IRS announced that this year’s extension will be the final extension of “good faith” reporting relief.** Under this relief, employers and other reporting entities will not be penalized for providing incorrect or incomplete information on the 2020 forms if they can demonstrate that they have made good faith efforts to comply with the reporting requirements.

In determining whether a reporting entity reported in good faith, the **IRS will take into account whether the reporting entity made reasonable efforts to prepare for reporting** (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 to the IRS). The IRS will also take into account whether the reporting entity is **taking steps to ensure that it will**

be able to comply with the reporting requirements for future reporting year 2021.

Impact on Individual Taxpayers

The IRS recognizes that taxpayers may not receive their Form 1095-B or Form 1095-C by the time they are ready to file their 2020 income tax returns due to the deadline extension. Like last year, taxpayers do not need to wait upon receipt of their Form 1095-B and/or 1095-C in order to file their 2020 tax returns.

Even though the individual mandate penalty was reduced to **\$0 in 2019**, taxpayers will need to attest on their tax returns as to whether they were eligible for a **Marketplace subsidy**. Instead of waiting for the Form 1095-B or form 1095-C, they may rely on other information received from their employer. They do not need to send their Form 1095-B, 1095-C or any information they relied upon in completing their 2020 tax return to the IRS, but should keep that information with their tax records.

States with an individual mandate (i.e., Massachusetts, New Jersey, Rhode Island, Vermont, Washington D.C. and California) may have reporting requirements different from the reporting requirements imposed by the ACA.

2020 Section 6055 Furnishing Requirement Relief for Carriers

The IRS recognizes that taxpayers may not receive their Form 1095-B or Form 1095-C by the time they are ready to file their 2020 income tax returns due to the deadline extension. Like last year, **taxpayers do not need to wait upon receipt of their Form 1095-B and/or 1095-C in order to file their 2020 tax returns.**

As a result of the effective repeal of the individual mandate by reducing the penalty amount to \$0, Notice 2020-76 creates **limited relief for the reporting requirements** under 6055 of the Code. The IRS states that it will not assess penalties for an insurance carrier's failure to furnish Form 1095-B to individuals providing the insurance carrier: **(1)** posts a notice prominently on its website stating that responsible individuals may receive a copy of their 2020 Form 1095-B upon request, accompanied by contact information to make the request, and **(2)** furnishes a 2020 Form 1095-B to any responsible individual upon request within 30 days of the date the request is received.

This relief is only available to insurance carriers and **does not affect the reporting requirements of employers who sponsor a self-insured medical plan that only covers "full-time" employees defined by the ACA.** However, if the employer also covers "part-time" employees on their self-insured medical plan, they can use the relief described above for their part-time employees (instead of issuing a 1095-C form to these employees, they could use the simplified posting method). This simplified method may provide limited

relief, however, because the employer still needs to furnish 1095-C forms for all employees to the IRS.

Future Reporting Years

This extension relates to **2020 reporting only**. The IRS has indicated that it does not anticipate extending deadlines for the 2021 reporting year and will not be extending good-faith transition relief to 2021 forms filed in 2022. As a result, employers that will be subject to 2021 reporting should make necessary preparations in order to meet earlier deadlines and provide accurate, error-free data.

ADDITIONAL RESOURCES

Extension for Furnishing Individual Statements Related to Health Coverage Reporting Required by I.R.C. Sections 6055 and 6056 and Good Faith Transition Relief from Penalties for 2020

[Notice 2020-76](#)