



IRS Tax Tips

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Information for Employers about Their Responsibilities Under the Affordable Care Act

If you are an employer, the number of employees in your business will affect what you need to know about the Affordable Care Act (ACA).

Employers with 50 or more full-time and full-time-equivalent employees are generally considered to be “applicable large employers” (ALEs) under the employer shared responsibility provisions of the ACA. Applicable large employers are subject to the [employer shared responsibility provisions](#). However, more than 95 percent of employers are not ALEs and are not subject to these provisions because they have fewer than 50 full-time and full-time-equivalent employees.

Whether an employer is an ALE is determined each calendar year based on employment and hours of service data from the prior calendar year. An employer can find information about determining the size of its workforce in the [employer shared responsibility provision questions and answers section](#) of the [IRS.gov/aca](#) website and in the related [final regulations](#).

In general, beginning January 1, 2015, ALEs with at least 100 full-time and full-time equivalent employees must offer affordable health coverage that provides minimum value to their full-time employees and their dependents or they may be subject to an employer shared responsibility payment. This payment would apply only if at least one of its full-time employees receives a [premium tax credit](#) through enrollment in a state based Marketplace or a federally facilitated or Marketplace. Also, starting in 2016 ALEs must report to the IRS information about the health care coverage, if any, they offered to their full-time employees for calendar year 2015, and must also furnish related statements to their full-time employees.

For 2014, the IRS will not assess employer shared responsibility payments and the information reporting related to the employer shared responsibility provisions is voluntary. In addition, the employer shared responsibility provisions will be phased in for smaller ALEs from 2015 to 2016. Specifically, ALEs that meet certain conditions regarding maintenance of workforce size and coverage in 2014 are not subject to the employer shared responsibility provision for 2015. For these employers, no employer shared responsibility payment will apply for any calendar month during 2015 (including, for an employer with a non-calendar year plan, the



months in 2016 that are part of the 2015 plan year). However these employers are required to meet the information reporting requirements for 2015. The employer shared responsibility provision questions and answers section of the IRS.gov/aca website and the preamble to the employer shared responsibility final regulations describe the requirements for this relief in more detail. Both resources also describe additional forms of transition relief that apply for 2015.

Small employers, specifically those with fewer than 25 full-time equivalent employees, may be eligible for the [small business health care tax credit](#).

Regardless of the number of employees, if an employer sponsors a self-insured health plan, it must [report to the IRS certain information](#) about its health insurance coverage plan for each covered employee.

More information

Find out more about the small business health care tax credit, applicable large employers, the employer shared responsibility provision, information reporting requirements and the premium tax credit at IRS.gov/aca.

Find out more about the health care law at HealthCare.gov.

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