



July 2, 2013

Treasury Announces Transition Period for Employer Penalties, Information Reporting Requirements Under Health Care Law

The Department of the Treasury late today (July 2, 2013) announced in a [blog post](#) that employer shared responsibility payments under the Affordable Care Act (ACA) will not apply until 2015 and that information reporting by employers and health insurers will not be mandatory until 2015. The blog post states that formal guidance will be issued in the next week.

In granting employers a transition period, the Administration encouraged employers to “maintain or expand health coverage” in 2014, but stated that employer tax penalties will not apply until 2015.

The transition period for employer penalties and reporting requirements does not affect access to premium assistance tax credits for eligible employees or other provisions of the ACA, including health insurance Exchanges.

Highlights of the announcement are provided below.

Employer penalties

Under the ACA, large employers may be subject to a non-deductible excise tax under IRC section 4980H if at least one full-time employee whose household income is between 100% and 400% of the federal poverty level receives a premium tax credit for Exchange coverage and an employer either:

- Fails to offer coverage to full-time employees and their dependents; or
- Offers coverage to full-time employees that does not meet the law’s affordability or minimum value standards

Under the policy announced this evening, employer tax penalties under IRC section 4980H will not apply until 2015.

Employer reporting requirements

The ACA requires employers to report to the Internal Revenue Service information about the coverage they offer to full-time employees. Employers who offer self-insured plans, health insurers, and other entities that provide minimum essential coverage also are required to report to the IRS information about who is enrolled in coverage.

The Administration this evening announced that compliance with these reporting requirements will be mandatory for 2015, rather than for 2014. The Treasury blog posting states that the Administration expects to publish proposed rules implementing these provisions this summer, after a dialogue with employers and other stakeholders. Once the proposed rules are published, the Administration will encourage employers to voluntarily implement this information reporting in 2014, explaining that, "Real-world testing of reporting systems in 2014 will contribute to a smoother transition to full implementation in 2015."

More information

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