UPDATE: Health Care Reform – End of 2015 Developments Affecting Reporting and Taxation

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January 5, 2016

Pursuant to additional federal guidance issued at the end of 2015, this Advisory supplements our previous advisory regarding important Affordable Care Act ("ACA") mandates effective in 2016. As explained below, the ACA information reporting deadlines and the effective date of the Cadillac Tax have been extended. **ACA Information Reporting Deadlines Extended**

The IRS has extended the due dates for furnishing and filing 2015 ACA information forms as follows:

- The deadline for furnishing **individuals** the 2015 Forms 1095-B and 1095-C is extended from February 1, 2016 to **March 31, 2016**.
- The deadline for filing with the **IRS** the 2015 Forms 1094-B, 1095-B, 1094-C, and 1095-C is extended from March 31, 2016 to **June 30, 2016 if filing electronically** and from February 29, 2016 to **May 31, 2016 if not filing electronically**.

In light of these extensions, provisions regarding automatic and permissive extensions of time for filing and furnishing statements and returns will not apply to the extended due dates.

The IRS reiterated that it will not impose penalties on employers that can demonstrate they have made good faith efforts to comply with the 2015 information reporting requirements. This relief, however, applies only to furnishing and filing incorrect or incomplete information and not to a failure to timely furnish or file a statement or return. In that case, penalties may apply absent reasonable cause.

The IRS is prepared to accept filings beginning in January 2016 and encourages employers to furnish statements and file information returns as soon as they are ready. **Cadillac Tax Delayed**

The Cadillac Tax, designed to impose a 40 percent tax on the cost of employer-sponsored health coverage over a threshold amount, was scheduled to become effective during 2018. This tax will be delayed whereby the earliest the tax would be effective is 2020. The new law further provides that the Cadillac Tax (if imposed) will be deductible, but it does not change the current indexing formula (meaning that the dollar thresholds will reflect nearly two years of general inflation when the tax becomes effective). While opponents continue efforts to repeal the Cadillac Tax altogether, employers should nonetheless continue reviewing their health plans to assess whether future changes to avoid the tax may be required.

Kelley Drye will continue to monitor health care reform and keep you updated on any new developments. In the meantime, please contact our Employee Benefits group for any questions or compliance assistance with any Affordable Care Act requirements.