

PUBLICATION

Deadlines Extended on Cadillac Tax and ACA Forms 1095 and 1094 Reporting

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Cadillac Tax Extension

In a recent Omnibus appropriations package, Congress extended the effective date for the Affordable Care Act (ACA) "Cadillac Tax" by two years, from plan years beginning on or after January 1, 2018, to plan years beginning on or after January 1, 2020. The Cadillac Tax is an excise tax on "high cost" employer-sponsored health coverage, provided for under Internal Revenue Code Section 4980I. The Cadillac Tax imposes a 40 percent excise tax on an employee's "excess benefit." An "excess benefit" is the value of "applicable employer-sponsored coverage" that is in excess of a specified dollar limit. Essentially, for 2018, that dollar limit would have been expected to be at least \$10,200 for single coverage and \$27,500 for family coverage. These amounts will be indexed for inflation for 2019 and subsequent years. Recent studies have indicated a large number of employer-sponsored plans would trigger this tax. If applicable, the Cadillac Tax assessed against insurance companies for insured plans and against employers for self-insured plans.

ACA Reporting Extension

On Monday, December 28, the IRS issued IRS Notice 2016-4, extending the deadlines for the 2015 ACA information reporting. These informational forms are intended to show compliance with the ACA shared responsibility rules. The delays are as follows:

Forms 1095-B and 1095-C: Deadline to Furnish Forms to Individuals

- Original Due Date: February 1, 2016
- *Extended Due Date: March 31, 2016*

Forms 1094-B and 1094-C: Deadline to File Forms with IRS By Paper

- Original Due Date: February 29, 2016
- *Extended Due Date: May 31, 2016*

Forms 1094-B and 1094-C: Deadline to File Forms with IRS Electronically (Required for 250 or More Returns)

- Original Due Date: March 31, 2016
- *Extended Due Date: June 30, 2016*

The IRS will not process or formally grant any additional requests for delay for the 2015 forms. The IRS advises that employers that fail to meet these extended deadlines should still furnish and file the forms as soon as possible after the deadline because they may receive a reduced penalty (generally \$250 per return), depending on the facts and circumstances.

For questions about these or any employment-related issue, please reach out to your regular Baker Donelson attorney, the author of this alert or any of our more than 70 Labor & Employment attorneys located in Birmingham, Alabama; Tallahassee, Florida; Atlanta, Georgia; Baton Rouge and New Orleans, Louisiana;

Jackson, Mississippi; Chattanooga, Johnson City, Knoxville, Memphis and Nashville, Tennessee; and Houston, Texas.