Affordable Care Act:
What employers need to know

IRS

Affordable Care Act
Employers

The health care law contains tax provisions that affect employers. The size and structure of a workforce – small, or large – helps determine which parts of the law apply to which employers. The number of employees an employer has during the current year determines whether it is an applicable large employer (defined below) for the following year.

- Applicable large employers are generally those with 50 or more full-time employees or full-time equivalent employees.
- Employers with fewer than 50 full-time or full-time equivalent employees are not applicable large employers.
- Calculating the number of employees is especially important for employers that have close to 50 employees or whose work force fluctuates during the year

Fewer than 50	50 or more
SHOP Eligibility • Employers with fewer than 50 employees can purchase insurance through the Small Business Health Options Program.	**SHOP Eligibility** • Employers with exactly 50 employees can purchase insurance through the Small Business Health Options Program.
Information Reporting • Self-Insured Employers: All employers, regardless of size, that provide self-insured health coverage must file an annual return for individuals they cover and provide a statement to responsible individuals (generally the person who enrolls one or more individuals). • The first information reporting returns are due to be filed (and furnished) in 2016 for the year 2015. This rule is optional for 2014.	**Information Reporting** • Applicable large employers must file an annual return (and provide a statement to each full-time employee) reporting whether they offered health insurance, and if so, what insurance they offered their employees. • The first information reporting returns are due to be filed (and furnished) in 2016 for the year 2015. This rule is optional for 2014.
Credits and Payments • Employers may be eligible for the small business health care tax credit if they: 1. cover at least 50 percent of employees' premium costs 2. have fewer than 25 full-time equivalent employees with average annual wages of less than $50,000 and 3. purchase their coverage through the Small Business Health Options Program. • Employers with fewer than 50 full-time employees or full-time equivalent employees are not subject to the employer shared responsibility provisions.	**Payments** • Applicable large employers will be subject to the employer shared responsibility provisions beginning in 2015.* • In general, an applicable large employer will be subject to a payment if the employer does not offer "affordable" coverage that provides "minimum value" to its full-time employees (and their dependents) and one or more full-time employee(s) gets a premium tax credit.

***Various forms of transition relief are available for 2015, including for applicable large employers with fewer than 100 full-time employees (including full-time equivalent employees).** Full details are available in the transition relief section of the employer shared responsibility questions and answers page and in the preamble to the final employer shared responsibility regulations.

Find out more about the tax provisions of the Affordable Care Act at IRS.gov/aca.

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