



Affordable Care Act (ACA) Information Returns (AIR)

*Working Group Meeting
January 26, 2016*

General Affordable Care Act Information Returns (AIR)
Program Topics



Agenda

Things To Know

Overview of Rejection Triggers

Lessons Learned

Review of Policy/Legal Requirements

Q&A

Reference Materials Review



Things To Know

Important things to know about filing ACA Information Returns:

- Affordable Care Act Information Returns (Forms 1094-B, 1095-B, 1094-C and 1095-C) must be filed using “AIR” (Affordable Care Act Information Return System) – ACA Information Returns may not be filed electronically using FIRE
- Acceptable format for electronic transmission is XML (Returns will not be accepted electronically in any other format)
- Tax Year 2015 Returns:
 - Returns must be furnished to recipients by March 31, 2016
 - Electronic returns must be filed by June 30, 2016. This is an automatic extension
 - Mandatory electronic filing for 250+ returns. Less than 250 can electronically file
 - Filing began January 21, 2016
 - There are replacement and correction processes available for rejections and errors
 - No penalties for incorrect or incomplete information accepted by the IRS where good faith efforts to comply were made for the initial mandatory filing year (TY 2015)
- AIR Program page on IRS.gov has been redesigned
 - Easier for newcomers
 - Better flow of information



Things To Know (continued)

- Updates have been posted for the AIR Submission Composition and Reference Guide. Please review the current version if you need additional assistance while programming
- Phase 2 AATS environment began January 19, 2016
 - Mimics the Production environment.
 - If the tests were passed in the Phase 1 AATS then passing the Phase 2 AATS is not required. However, the IRS encourages transmitters to retest under this new more robust testing environment
- Routine maintenance is scheduled from 12:00 a.m. to 8:00 a.m. every Sunday
- Software Developers, Transmitters, and Issuers should contact the Help Desk at 1-866-937-4130 for assistance in the following areas:
 - ACA Application for Transmitter Control Code (TCC)
 - **ACA Assurance Testing System (AATS)** or Communication Testing
 - Transmission issues
 - Rejects

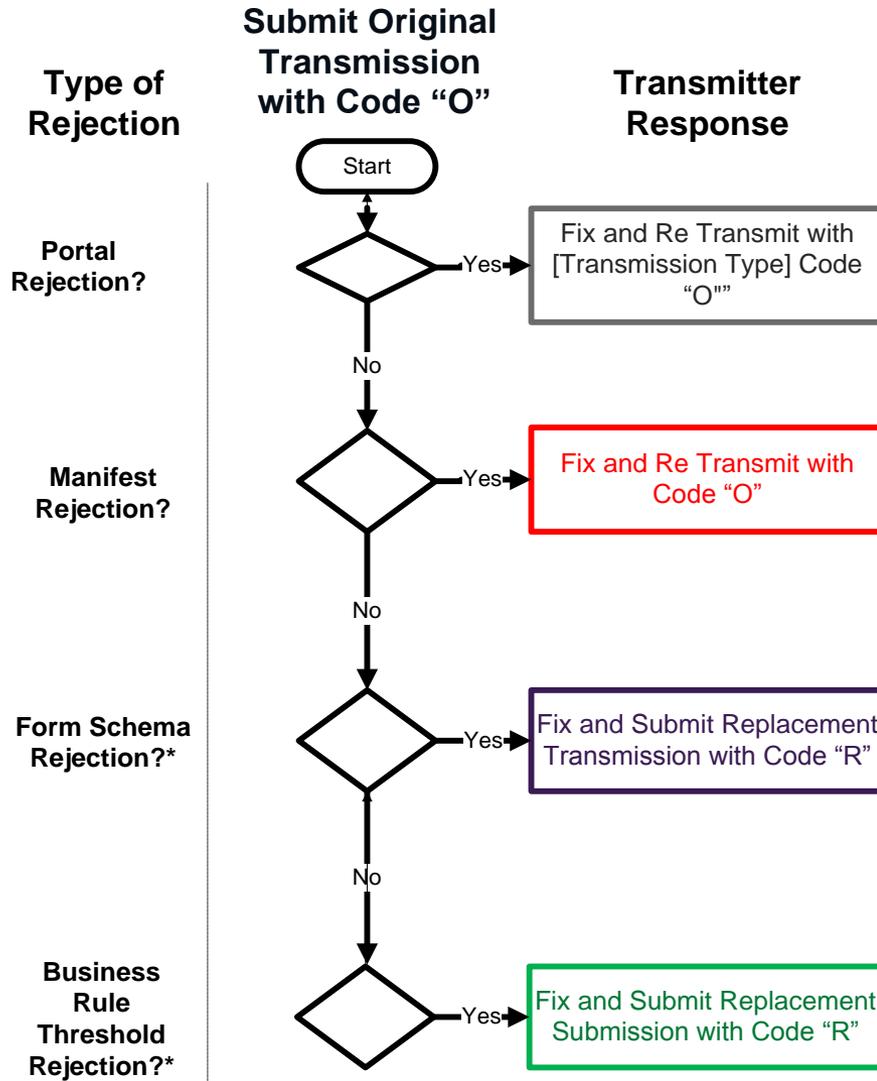


Two Types of Rejections and Replacements

- There are two types of rejections and replacements corresponding to their levels
 - **Transmission level:** The entire Transmission is rejected – in this case the entire Transmission *would need to be replaced*, for example
 - A missing required data element triggers a schema error
 - An invalid TCC triggers a manifest error
 - **Submission level:** One or more but not all of the Submissions in a Transmission are rejected – in this case, the individual Submissions *would need to be replaced*, for example
 - A non-matching Employer TIN on a 1094-C triggers a single element reject
 - The number of Employee Name / SSN mismatches triggers a business rule threshold error
- As a result, the 2016 Release alleviates the Transmitters' burden of having to replace every Submission in a Transmission when only one or two Submissions are rejected



Triggering Events – Responses for Rejections and Corrections



TIP: If your Corrected Transmission is Rejected...

- **Fix the errors and resubmit as a Correction Transmission**
- **Do not resubmit as a Replacement Transmission**



Tax Year 2015 Lessons Learned

- Verify namespaces and prefixes are applied correctly throughout the XML
- Software ID must be correct and valid
- Ensure you are using the correct TCC
 - Do not use your Software Developer TCC to transmit to the Production environment
- Element name must be correct
 - DocSystemFileNm is incorrect; DocumentSystemFileNm (is correct).
- Element names are case sensitive
 - TimeStamp is incorrect; Timestamp is correct
- The Timestamp value must be in the correct format
 - <:Timestamp>2015-11-12T15:31:49Z</:Timestamp>



Tax Year 2015 Lessons Learned (cont.)

- The name of the file must contain a lowercase “.xml”
 - .XML is not valid
- The UTF in `<?xml version="1.0" encoding="UTF-8"?>` must be capital letters
- The XML file cannot contain a hidden special character at the beginning called a Byte Order Mark (BOM), which indicates what the file is encoded in (UTF-8 in this case)
 - Sometimes a text/XML editor will add this but it will cause an error when the AIR system parses the file
 - The user must make sure their editor will not add this character when they save it



Tax Year 2015 Lessons Learned (cont.)

A2A Channel only:

- Add references for all of the parts that are being signed. The signed elements should be Timestamps, ACABusinessHeader, and ACATransmitterManifestReqDtl
- Elements have to be the proper order
- CanonicalizationMethod Algorithm must be <http://www.w3.org/2001/10/xml-exc-c14n#WithComments>
- The Timestamp within the Security element for the transmission must be within 10 minutes or it will be rejected by AIR



Tax Year 2015 Lessons Learned (cont.)

- **TPE1105 error:** Ensure library properties are set to match the 100MB IRS limit
- **TPE1106 error:** Do not include **AddressLine2Txt** with null value or a blank space. Both will be rejected with TPE1106 (Request message violates WSDL schema specification)

Data used for null test:

```
<urn:AddressLine2Txt></urn:AddressLine2Txt>
```

Data used for blank space test:

```
<urn:AddressLine2Txt> </urn:AddressLine2Txt>
```



Tax Year 2015 Lessons Learned (cont.)

- BusinessNameLine1Txt must not includes commas or periods
- VendorInd should be “V” for Vendor or “I” for In-house
- Remove empty optional tags (an empty tag is where the element is included; however, there is no data):
 - `<urn:AddressLine2Txt></urn:AddressLine2Txt>`
- Ensure the xml file does not contain erroneous characters such as dashes in front of or between elements. These can cause a malformed XML error.
 - `<soapenv:Header xmlns:soapenv`
 - `<urn:TransmitterNameGrp>`



Tax Year 2015 Lessons Learned (cont.)

- The correct format for the element BirthDt is:

`<irs:BirthDt>1957-08-13</irs:BirthDt>`

- The element USZIPCd, must have a valid US Postal Zip Code
- AddressLine1Txt and AddressLine2Txt the only valid values are:
`[A-Za-z0-9](?[A-Za-z0-9\ - /])*`
 - If invalid characters are entered for AddressLine1Txt, the system will not recognize the characters and the return will reject since this is a required field



Form 1094/5-C Questions & Answers

1. When will the FAQs on Form 1094-C and 1095-C be updated?

- *Updated FAQs will be posted as soon as the review process has been completed.*

2. On Form 1095-C, Line 14, Offer of Coverage, what does “offer” mean? Is that the offer of coverage the employee received or the coverage the employee enrolled in?

- *An “offer” is the offer of coverage the employer made to the employee; it is not the coverage the employee enrolled in, if any. An employer has made an offer of coverage, only if the offer would provide health coverage for every day of the month. If an employer offers minimum essential coverage providing minimum value to the employee and at least minimum essential coverage is offered to the dependent(s) and spouse, the employer would use Code 1E to report that offer, even if the employee does not have a spouse or dependents. Generally, employers do not know whether employees have a spouse or dependent(s). On the other hand, if the offer of coverage is for the employee only, the employer would use either Code 1B or Code 1F depending upon the terms of the offer. For more information, see “Offer of health coverage” in the Instructions for Forms 1094-C and 1095-C and the final regulations under section 4980H, Shared Responsibility for Employers Regarding Health Coverage.*



Form 1094/5-C Questions & Answers

3. **On Form 1095-C, Line 14, Offer of Coverage, what Code is used when the employee waives, declines, opts out or otherwise does not enroll in the coverage?**
 - *On Line 14, the employer reports the offer of coverage that was made to the employee. There is no code to report whether the employee waives, declines, opts out of, or did not enroll in the coverage.*

4. **Must a Form 1095-C be furnished to employees who do not enroll in the coverage offered?**
 - *Yes. If the employer is an ALE and the employee was a full-time employee for one or more months of the calendar year, Form 1095-C must be filed with the IRS and copy furnished to the employee.*

5. **On Form 1095-C, Line 15, Employee Share of Lowest Cost Monthly Premium for Self-Only Minimum Value Coverage, what amount is entered?**
 - *An entry is required on Line 15, only if Code 1B, 1C, 1D, or 1E is entered on Line 14, whether or not the employee enrolled in the coverage offered. Enter the amount of the employee share of the lowest-cost monthly premium for self-only coverage providing minimum value that is offered to the employee. Do not enter the amount the employee pays for family coverage. For more information, see “Line 15” in the Instructions for Forms 1094-C and 1095-C.*



Form 1094/5-C Questions & Answers

- 6. On Form 1095-C if Code 1A is entered on Line 14, are entries required in either Line 15 or Line 16?**
- No entry is required in Line 15 or Line 16 when Code 1A is entered in Line 14. Therefore, if an employer made a Qualifying Offer for all 12 months of the calendar year it can enter Code 1A in the All 12 Months box in Line 14 and no other entries are needed in Lines 15 or 16. If an employer made a Qualifying offer for one or more months in the calendar year, but not all 12 months, it can enter Code 1A in the monthly boxes of Line 14 for months in which a Qualifying Offer was made. For any month in which Code 1A is entered, no entries are needed in the corresponding monthly boxes in Lines 15 or 16.
- 7. Form 1095-C, line 16, Applicable Section 4980 H Safe Harbor, is an entry required?**
- No. An entry is not required on line 16 of Form 1095-C. However, an employer can use line 16 to indicate whether it qualifies for an exception from the assessable payment under section 4980H(b) for a given month. An employer should enter the appropriate code on line 16 if any applies. For more information about using line 16, see the Instructions for Forms 1094-C and 1095-C. If no code is applicable for a given month, line 16 should be left blank.



Q & A



Technical Online Resources

Topic	Details	Source
ACA Tax Law	IRS ACA Homepage	irs.gov/aca
	4980H – Employer Shared Responsibility Provisions	http://www.irs.gov/Affordable-Care-Act/Employers/Employer-Shared-Responsibility-Provisions
	4980H Q&As	http://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act
	4980H Recorded Webinar	http://www.irsvideos.gov/IRSACA_ESRP_Webinar_2015_0618
	6056 Information Reporting Overview	http://www.irs.gov/Affordable-Care-Act/Employers/Information-Reporting-by-Applicable-Large-Employers
	6056 Information Reporting Q&As	http://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-on-Reporting-of-Offers-of-Health-Insurance-Coverage-by-Employers-Section-6056
	6056 Recorded Webinar	http://www.irsvideos.gov/ACAInformationReportingLargeEmployersIRC6056
	6055 Information Reporting Overview	irs.gov/Affordable-Care-Act/Employers/Information-Reporting-by-Providers-of-Minimum-Essential-Coverage
	6055 Information Reporting Q&As	irs.gov/Affordable-Care-Act/Questions-and-Answers-on-Information-Reporting-by-Health-Coverage-Providers-Section-6055
	6055 Recorded Webinar	http://www.irsvideos.gov/IRSACA_IRMEC_Webinar_2015_0618/
	Legal Guidance and Other Resources	irs.gov/Affordable-Care-Act/Affordable-Care-Act-of-2010-News-Releases-Multimedia-and-Legal-Guidance
	e-File Overview	irs.gov/Businesses/Corporations/e-file-Affordable-Care-Act-Information-Reports



Technical Online Resources

Topic	Details	Source
Forms and Instructions	2015 Form 1094-B	http://www.irs.gov/pub/irs-pdf/f1094b.pdf
	2015 Form 1095-B	http://www.irs.gov/pub/irs-pdf/f1095b.pdf
	2015 Instructions 1094 / 1095-B	http://www.irs.gov/pub/irs-pdf/i109495b.pdf
	2015 Form 1094-C	http://www.irs.gov/pub/irs-pdf/f1094c.pdf
	2015 Form 1095-C	http://www.irs.gov/pub/irs-pdf/f1095c.pdf
	2015 Instructions 1094 / 1095-C	http://www.irs.gov/pub/irs-pdf/i109495c.pdf
Regulations	4980H Final Regulations	http://www.gpo.gov/fdsys/pkg/FR-2014-02-12/pdf/2014-03082.pdf
	6055 Final Regulations	http://www.gpo.gov/fdsys/pkg/FR-2014-03-10/pdf/2014-05051.pdf
	6056 Final Regulations	http://www.gpo.gov/fdsys/pkg/FR-2014-03-10/pdf/2014-05050.pdf
	Extension Notice	https://www.irs.gov/pub/irs-drop/n-16-04.pdf



Technical Online Resources

Topic	Details	Source
ACA Information Returns (AIR) Program	AIR Homepage	Returns/Affordable-Care-Act-Information-Return-AIR-Program">irs.gov/for-Tax-Pros/Software-Developers/Information>Returns/Affordable-Care-Act-Information-Return-AIR-Program
	Working Group Meeting Details	Returns/Affordable-Care-Act-Information>Returns-AIR-Program-Overview">irs.gov/for-Tax-Pros/Software-Developers/Information>Returns/Affordable-Care-Act-Information>Returns-AIR-Program-Overview
	AIR Transmission Checklist	https://www.irs.gov/PUP/for_taxpros/software_developers/information_returns/AIR%20AATS-Production%20Submitter%20Transmission%20Checklist.pdf
	AIR Mailbox – <i>Technical Inquiries Only</i>	airmailbox@irs.gov
	Subscribe to Quick Alerts	http://www.irs.gov/Tax-Professionals/e-File-Providers-&Partners/Subscribe-To-Quick-Alerts
Technical Artifacts for TY 2015	Schemas and Business Rules	Returns/Tax-Year-2015-Schemas-and-Business-Rules-for-Affordable-Care-Act-Information>Returns-AIR">https://www.irs.gov/for-Tax-Pros/Software-Developers/Information>Returns/Tax-Year-2015-Schemas-and-Business-Rules-for-Affordable-Care-Act-Information>Returns-AIR
	Publication 5164 Phase II	https://www.irs.gov/pub/irs-pdf/p5164.pdf
	Publication 5165	https://www.irs.gov/pub/irs-pdf/p5165.pdf
	AIR Submission Composition and Reference Guide	https://www.irs.gov/pub/info_return/AIR%20Submission%20Compositio n%20and%20Reference%20Guide%20TY2015_v4.0.pdf