



Federal, State & Local Governments NEWSLETTER

July 2015

In an effort to provide information to you in a timelier manner, Federal, State and Local Governments (FSLG) will discontinue its semi-annual newsletter. This change is being made in favor of issuing various articles timely addressing issues of current interest or alerting readers to new developments. We believe this new approach will improve the timeliness and relevance of the information we share with you. We'll continue to use the distribution list that currently exists to ensure that each of you receives the same relevant information you've received in the past, but now in a timelier manner. Moving forward, we'll use our distribution list to alert you to new articles that we post to the FSLG website, including a link to the article.

We anticipate this change will be positive and help us to provide you with an improved level of service. Thank you for your continued interest and support. We look forward to continuing to provide our customers top quality customer service!

For more information, visit www.irs.gov/govts. For account-related assistance, contact Customer Account Services at 877-829-5500.

The explanations and examples in this publication reflect the interpretation by the IRS of tax laws, regulations and court decisions. The articles are intended for general guidance only and are not intended to provide a specific legal determination on a particular set of circumstances. You may contact the IRS for additional information. You may also want to consult a tax advisor to address your situation.

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ACA Resources

Do you need help sorting through all the information available on the Affordable Care Act? We have several publications and Web pages to assist you:

Publications:

[Publication 5208](#), *Affordable Care Act: Are you an applicable large employer?*, includes links to the new information forms, reporting requirements and the 2015 transition relief provisions.

[Publication 5196](#), *Affordable Care Act: Reporting Requirements for Applicable Large Employers*, includes information to help you understand the employer reporting requirements of the health care law, important definitions and basic information about filling out the new information forms. It explains what information you'll need to maintain for monthly tracking.

[Publication 5215](#), *Affordable Care Act: Responsibilities for Health Coverage Providers*, explains how to identify the minimum essential coverage provider, reporting that coverage to the IRS and giving the covered individuals information about the coverage to help them when filing their federal tax return.

Web Resources:

Visit [ACA Tax Provisions](#) for more information, links to questions and answers, publications, forms, regulations and notices. This page is continuously updated to provide you with the most current information.

[ACA Information Returns Program \(AIR\)](#) provides information on electronic reporting for the new forms. [Draft Publication 5165](#), *Guide for Electronically Filing Affordable Care Act (ACA) Information Returns for Software Developers and Transmitters*, outlines the communication procedures, transmission formats, business rules and validation procedures for ACA information returns filed electronically. *ACA documents that are filed electronically must use the AIR system, not FIRE (Filing Information Returns Electronically).*

For recorded webinars on the Affordable Care Act, go to www.irsvideos.gov. Select one of the tabs and click on "ACA" on the left. If you select the "Governments" tab, you'll find ACA videos under both "ACA" and "Employers." These videos are sorted by date so you can see the most current webinars available on topics of interest.

Webinar Series Offered on Affordable Care Act Provisions for Employers and Coverage Providers

If you're an employer or health coverage provider, you can attend a series of educational webinars this summer to help you understand the Affordable Care Act's employer provisions and related requirements. The IRS is presenting three different webinars in July that will each be repeated in August and September.

The IRS designed these webinars for business owners, tax managers, employee benefits managers and health coverage providers. All times listed below are Eastern Daylight Time.

Employer Shared Responsibility and Information Reporting

Learn about the ACA's employer shared responsibility provisions and information reporting requirements for employers and providers of minimum essential coverage.

- Sept. 16, 1:30 – 3 p.m. – [Click here to register](#)

Employer-Sponsored Health Coverage Information Reporting Requirements for Applicable Large Employers

Learn about employer-sponsored health coverage information reporting requirements for applicable large employers, including who is required to report, what information the law requires you to report and how to complete the required forms.

- Sept. 10, 11 a.m. – 12 p.m. – [Click here to register](#)

Information Reporting Requirements for Providers of Minimal Essential Coverage

Learn about the information reporting requirements for providers of minimum essential coverage, including employers that provide self-insured coverage. Learn who is required to report, what information the law requires you to report and how to complete the required forms.

- Aug. 26, 1 – 2 p.m. – [Click here to register](#)
- Sept. 22, 1 – 2 p.m. – [Click here to register](#)

For more information about the Affordable Care Act and tax provisions for employers and health coverage providers, visit [IRS.gov/aca](https://www.irs.gov/aca).

Tax Payments Made Easy

If you get a tax bill from the IRS, don't ignore it. A delay may cost you more in the long run. The longer you wait the more interest and penalties you may have to pay. It's simple to make payments using IRS [electronic payment options](#). Here's some information to help you pay and avoid those extra charges:

Pay electronically. [IRS electronic payment options](#) are quick, easy and secure. You also get a record of your payment. Your options include:

- IRS [Direct Pay](#)
- [EFTPS](#) - Electronic Federal Tax Payment System
- [Credit or debit card](#)

Direct Pay and EFTPS are free services. If you pay by credit or debit card, the company that processes your payment will charge a fee.

Pay monthly if you can't pay in full. If you can't pay all at once, apply for a payment plan. You can apply using the IRS [Online Payment Agreement Application](#) at IRS.gov.

Pay by check or money order. Make your [check or money order](#) payable to the U.S. Treasury. Mail it to the address listed on your notice. Do not send cash in the mail.

Additional resources:

[Publication 5034](#) – *Need to make a payment?*

IRS YouTube Videos:

- *Online Payment Agreement* – [English](#) | [Spanish](#) | [ASL](#)
- *IRS Tax Payment Options* – [English](#) | [Spanish](#) | [ASL](#)

IRS Podcasts:

- *Online Payment Agreement* – [English](#) | [Spanish](#)
- *IRS Tax Payment Options* – [English](#) | [Spanish](#)

SOCIAL SECURITY AND MEDICARE TAXES AND SECTION 218 RETROACTIVE PAYMENTS

State and local governments that have established Section 218 agreements with the Social Security Administration (SSA) can agree to modify these agreements to establish coverage for past years. These modifications can be effective retroactively, going back as much as five years. In most cases, this will require a government entity to make retroactive payments to the IRS for back employment taxes.

In cases where the Section 218 modification agreement covers only years for which the statute of limitations on assessment remains open, a government entity should use [Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund](#), or [Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund](#), to amend the employment tax returns and pay the back employment taxes. If the modification covers years where the IRS statute is barred or closed, the government entity will need to seek a closing agreement with IRS for those barred statute years.

Under Section 218(c)(4) of the Social Security Act, an entity covered by a Section 218 Agreement and the Social Security Administration can agree to modify the Section 218 Agreement. Section 218(e) specifies that coverage may cover a retroactive period of not more than five calendar years. If this agreement is executed, the entity is expected to pay the additional Social Security and/or Medicare taxes associated with the retroactive coverage.

IRS Statutes of Limitations

Under Internal Revenue Code Sections 6501(a) and 6501(b)(2), the statute of limitations for assessment of Social Security and Medicare taxes is three years from the date the returns are deemed filed, or when they are actually filed, whichever is later. When returns are timely filed, the statute runs from April 15 of the year following the calendar year to which the employment tax returns relate. For example, in tax year 2014, a fourth quarter Form 941 return that's timely filed by the due date of January 31, 2015, has a statute that runs until April 15, 2018. Likewise, a 2014 annual Form 944 return, timely filed by the due date of January 31, 2015, has a statute that runs until April 15, 2018.

If a government entity pursues implementation of a retroactive modification to a Section 218 agreement covering a five-year period, the earliest two years will generally be barred from assessment. For payments on the full five-year retroactive period (including the barred statute years), the government entity will seek to enter into a closing agreement with IRS under which it waives the statute of limitations for assessment and agrees to pay the full amount of tax due.

The government entity may contact the office of Federal, State and Local Governments regarding the closing agreement process for these types of payments, in writing at the following address:

IRS
SE:T:GE:FSL – NCA 534-10
Attn: FSLG Closing Agreement Coordinator
1111 Constitution Ave.
Washington, D.C. 20224

More information about Section 218 Agreements may be found in IRS [Publication 963](#), *Federal-State Reference Guide*.