



**Department of the Treasury
Internal Revenue Service**

Address
City, ST Zip code

Employer Name
Address
City, ST Zip code

Date:
05/29/2018
Tax year:
2015
Employer ID number:
##-#####
Contact name:
Name
Contact ID number:

Contact telephone number:
(###) ###-####
Contact e-fax number:
(###) ###-####
Response date:
04/01/2018

Dear Taxpayer:

Information about your proposed Employer Shared Responsibility Payment (ESRP)

We received your response to our previous correspondence about your proposed ESRP under Internal Revenue Code Section 4980H.

We considered the information you provided; however, the amount of your proposed ESRP is unchanged. To the extent any of the data used in the computation of your proposed ESRP changed based on the information you provided, the changes are reflected in the updated ESRP Summary Table below which itemizes your proposed ESRP by month. Also enclosed is an explanation of the ESRP Summary Table, Form 14765, Employee Premium Tax Credit (PTC) Listing, which lists your full-time employees who were assessable full-time employees and an explanation of the recalculated ESRP.

What you need to do

Review this letter carefully. It explains the proposed ESRP and what you should do if you agree or disagree with the proposal. You must tell us whether you agree or disagree with the proposed ESRP by the Response date shown on the first page of this letter.

If you agree with the proposed ESRP

- Complete, sign, and date the enclosed Form 14764, ESRP Response, and return it to us by the Response date shown on the first page of this letter.
- Include your payment of \$0.00. If you're enrolled in the Electronic Federal Tax Payment System (EFTPS), you can pay electronically instead of paying by check or money order.
- If you don't pay the entire proposed ESRP, you will receive a Notice and Demand (your "bill") for the balance due. For additional payment options, refer to Publication 594, The IRS Collection Process, or call the telephone number on your bill. We will begin the collection process if you do not make payment in full and on time or make other payment arrangements after you receive your bill.

If you disagree with the proposed ESRP

- You may request a meeting or telephone conference with the supervisor of the IRS contact person identified on the first page of this letter. If you do not want to request a meeting or a conference, or you still do not agree after the meeting or telephone conference, you may request a conference with our Office of Appeals.

To make this request:

- Submit either a small case request or a formal written protest to the IRS contact identified above so that we receive it by the Response date shown on the first page of this letter. The total combined ESRP amount for the months that you dispute will determine whether you need to submit a small case request or a formal written protest.
 - **Small case request:** If the total combined ESRP for all the months that you disagree with is \$25,000 or less, you can send us a letter requesting consideration by Appeals. Indicate the reasons why you do not agree.
 - **Formal protest:** If the total combined ESRP for all the months that you disagree with is more than \$25,000 you must submit a formal written protest requesting consideration by Appeals. The requirements for filing a formal protest is explained in the enclosed Publication 5, Your Appeal Rights and How To Prepare a Protest If You Don't Agree.

If you request a conference with our Appeals Office, an appeals officer will contact you. The Appeals Office is an independent office and most disputes considered by the Appeals Office are resolved informally and promptly.

If you do not reach an agreement with Appeals or do not respond to this letter

- We will assess the amount as shown in this letter and you will receive a Notice and Demand (your “bill”) for payment. The ESRP will be subject to IRS lien and levy enforcement actions. Interest will continue to accrue from the date of the Notice and Demand until you pay the total ESRP balance due. We can apply your federal tax refund to the ESRP amount that you owe until it is paid in full.

If you have any questions about this letter, you may write to the IRS contact person identified on the first page of this letter. If you write, please include your daytime telephone number, the best time for us to call you if we need more information, and a copy of this letter to help us identify your account. Keep the original letter for your records.

If you prefer, you may call the IRS contact at the telephone number shown on the first page of this letter. If this number is outside your local calling area, there may be a charge to you.

You also have the right to contact a Taxpayer Advocate. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you’ve tried but haven’t been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

ESRP Summary Table - Updated Based on Submitted Information

Month	a. Form 1094-C, Part III, Col (a) Minimum essential coverage offer indicator offered to at least [70% or 95%]	b. Form 1094-C, Part III, Col (b) Full-time employee count for ALE member	c. Allocated reduction of full-time employee count for IRC Section 4980H(a)	d. Count of assessable full-time employees with a PTC for IRC Section 4980H(a)	e. Count of assessable full-time employees with a PTC for IRC Section 4980H(b)	f. Applicable IRC Section 4980H provision	g. Monthly ESRP amount
January	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
February	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
March	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
April	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
May	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
June	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
July	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
August	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
September	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
October	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
November	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
December	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0.00
Total Proposed ESRP							\$0.00

Explanation of the Updated ESRP Summary Table

The ESRP summary table includes the following information.

Column (a). Form 1094-C, Part III, Col (a), Minimum essential coverage offer indicator (offered to at least [100%])

This column shows the information you reported on the Form 1094-C, Part III, Column (a) filed with the IRS about whether you offered MEC to at least [100%] of your full-time employees and their dependents. If there was no entry on Form 1094-C, Part III, Column (a) for one or more months, each missing entry is shown as "No" in column (a). However, if in response to previous correspondence about the proposed ESRP, you submitted additional information to support changing the information you reported on the Form 1094-C, Part III, Col(a) and we accepted some, or all of your proposed changes, this column has been updated to reflect the changes we accepted.

Column (b). Form 1094-C, Part III, Col (b), Full-time employee count for ALE member

This column shows the information you reported on the Form 1094-C, Part III, Column (b) filed with the IRS reporting the number of your full-time employees. However, if you did not report the number of full-time employees for any month of the year, the full-time employee count in column (b) will reflect the number you reported on Form 1094-C, Part II, line 20, "Total number of Forms 1095-C filed by and/or on behalf of ALE Member." If you reported the number of full-time employees for some, but not all months of the year, the full-time employee count in column (b) for each month for which you did not report will reflect the greatest number of full-time employees you reported for any one month of the year. If in response to previous correspondence about the proposed ESRP, you submitted additional information to support changing the information shown in column (b) on the ESRP Summary Table included with our previous correspondence, and we accepted some, or all of your proposed changes, this column has been updated to reflect the revised number.

Column (c). Allocated reduction of full-time employee count for IRC Section 4980H(a)

This column shows the number by which the full-time employee count in column (b) is reduced when computing an ESRP under IRC Section 4980H(a). In general, under IRC Section 4980H(a), an ALE's number of full-time employees is reduced by its allocable share of 30. If the ALE is not part of an Aggregated ALE Group, the ALE's allocable share is 30. If the ALE is a member of an Aggregated ALE Group, the ALE's allocable share is based upon the number of ALE members reported in Part IV of Form 1094-C. For the 2015 year only, transition relief increased 30 to 80 for an employer that certified on Form 1094-C, Line 22 and entered B on Form 1094-C, Part III, Column (e), reporting that it met the criteria for the transition relief. Even if "yes" is entered in column (a) (meaning no ESRP under IRC Section 4980H(a) applies for the month), this column (c) will be filled in because the amount of a potential ESRP under IRC Section 4980H(a) for a month caps the amount of an ESRP under IRC Section 4980H(b) for a month. If in response to previous correspondence about the proposed ESRP, you submitted additional information proposing a reallocation of the allocated reduction of the full-time employee count and we accepted some, or all of your proposed changes, this column has been updated to reflect the revised allocation.

Column (d). Count of assessable full-time employees with a PTC for IRC Section 4980H(a)

The number shown for each month is the number of your full-time employees who were allowed a PTC on their individual income tax returns and for whom no provision providing relief is applicable under IRC Section 4980H(a). These employees are listed on the Employee PTC Listing and are referred to as assessable full-time employees. You are subject to an ESRP for any month that IRC Section 4980H(a) applies to you, if there is at least one assessable full-time employee for that month. If in response to previous correspondence about the proposed ESRP, you provided information supporting changes to the Employee PTC Listing, and we accepted some, or all of your proposed changes, this column has been updated to reflect the revised count.

Column (e). Count of assessable full-time employees with a PTC for IRC Section 4980H(b)

The number shown for each month is the number of your full-time employees who were allowed a PTC and for whom no safe harbor or other provision providing relief is applicable under IRC Section 4980H(b). These employees are listed on the Employee PTC Listing and are referred to as assessable full-time employees. You are subject to an ESRP for these employees for any month that IRC Section 4980H(b) applies to you, if there is at least one assessable full-time employee for that month. If in response to previous correspondence about the proposed ESRP, you provided information supporting changes to the Employee PTC Listing, and we accepted some, or all of your proposed changes, this column has been updated to reflect the revised count.

Column (f). Applicable IRC Section 4980H provision

This column shows whether the ESRP, if any, has been computed under IRC Section 4980H(a) or (b). If in response to previous correspondence about the proposed ESRP, you provided information that affected whether the proposed ESRP was computed under IRC Section 4980H(a) or (b) and we accepted some, or all of the information you provided, this column has been updated accordingly.

Column (g). Monthly ESRP amount

This column shows the revised proposed ESRP amount per month, if any. Each month is a separate taxable period. The total proposed ESRP amount for the year is shown at the bottom. For more information, see "Calculation of your ESRP" below.

Calculation of your ESRP

NOTE: References to all columns relate to the updated ESRP Summary Table above.

We computed your ESRP amount on a month-by-month basis as shown in column (g). For any month, an employer may owe no ESRP or an ESRP under either IRC Section 4980H(a) or 4980H(b) as described below, but not both. (See column (f) for the ESRP provision, if any, that applies to you for each month.)

IRC Section 4980H(a) applies for a month when column (a) Minimum essential coverage offer indicator (offered to at least [100%]) is marked "No" and column (d) Count of assessable full-time employees with a PTC for IRC Section 4980H(a) is at least one for that same month. An IRC Section 4980H(a) ESRP is computed by taking the number in column (b), IRC Section 4980H full-time employee count for ALE member, subtracting the number in column (c), Allocated reduction of full-time employee count for IRC Section 4980H(a), and multiplying the resulting number by [\$2,080/12 or \$173.33] to arrive at the monthly ESRP amount.

IRC Section 4980H(b) applies for a month when column (a) Minimum essential coverage indicator (offered to at least [100%]) is marked "Yes" and column (e) Count of assessable full-time employees with a PTC for IRC Section 4980H(b) is at least one for that same month. An IRC Section 4980H(b) ESRP is computed by taking the number in column (e), Count of assessable full-time employees with a PTC for 4980H(b), and multiplying that number by [\$3,120/12 or \$260.00] to arrive at the monthly ESRP amount.

NOTE: The ESRP amount under IRC Section 4980H(b) in column (g) cannot be more than the amount that would have been proposed under IRC Section 4980H(a) had it applied to you for that same month. If you are a member of an Aggregated ALE Group and are subject to an ESRP under IRC Section 4980H(a) or are subject to an ESRP under IRC Section 4980H(b) that may be limited by IRC Section 4980H(a) cap, please contact the person identified on the first page of this letter to ensure the allocation has been correctly computed.

Additional information

- For more information about this letter, visit www.irs.gov/ltr227m.
- For information about Appeals with the IRS visit www.irs.gov/individuals/appeals-resolving-tax-disputes.
- For information about the ESRP and the PTC, visit www.irs.gov/aca.
- For information about the collection process visit [www.irs.gov/Publication 594](http://www.irs.gov/Publication%20594).
- For tax forms, instructions and publications, visit www.irs.gov/forms-pubs or call 800-TAX-FORM (800-829-3676).
- Keep this letter for your records.

Sincerely,

[Name]

[Title]

Enclosures:

Form 14764

Form 14765

Explanation of Recalculated ESRP

Publication 5

SAMPLE