IRS Extends Due Date for Furnishing Forms 1095-C and 1095-B

December 2019

On December 2, 2019, the Internal Revenue Service (IRS) published Notice 2019-63, which provides an extension of time from January 31, 2020, to March 2, 2020, for employers and insurers to furnish 2019 Forms 1095-B and 1095-C to individuals.

The IRS also introduced new guidance providing reporting relief to insurers with respect to Form 1095-B and to employers with respect to employees who were not full-time employees for any month in 2019. The IRS will once again provide penalty relief for filers who make information reporting errors but demonstrate good faith efforts to comply with the Affordable Care Act (ACA) reporting requirements.

Due Date for Furnishing Statements to Individuals Extended

Notice 2019-63 extends to March 2, 2020, the due date for furnishing 2019 Forms 1095-B and 1095-C to individuals. Since this extension is automatic, no further extensions will be permitted and the IRS will not respond to any pending requests for an extension.

Due Date for Submitting Forms to IRS Not Extended

Notice 2019-63 does not extend the due date for filing Forms 1094-B and 1094-C with the IRS. The filing deadline is February 28, 2020 (if not filing electronically), and March 31, 2020 (if filing electronically). Filers may request an automatic 30-day extension of time to file Forms 1094-C, 1095-B, and 1095-C by submitting Form 8809 by the applicable due date. An additional 30-day extension of time to file may be available in cases of hardship.

Form 1095-B Reporting Relief

Since the individual mandate penalty is “zero” for 2019 and individuals do not need the information on the Form 1095-B for filing 2019 tax returns, the IRS will not assess a penalty under Internal Revenue Code Section 6722 for reporting entities that fail to furnish Form 1095-B to individuals if the following two conditions are met:

1. A notice is posted prominently on the entity’s website stating that responsible individuals may receive a Form 1095-B upon request along with an email address, physical address, and a telephone number that responsible individuals can use to request a Form 1095-B; and
2. A Form 1095-B is furnished to any responsible individual upon request within 30 days of the date the request is received.

This reporting relief does not apply to the obligation to file Form 1095-B with the IRS and does not apply to self-insured employers who use Part III of the Form 1095-C to list full-time employees and their dependents who are covered under the plan. However, the relief does apply for self-insured employers who use Form 1095-C to report coverage for individuals who were not full-time employees for any month of the year. For example, self-insured employers will no longer need to furnish Form 1095-C to individuals who were part-time employees for every month of the year or for retirees covered under the plan who retired in a previous year.

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Interaction With State Individual Mandate Reporting Requirements

Although the IRS has provided relief from some of the federal reporting requirements, issuers and employers may need to continue furnishing Forms 1095-B and 1095-C in 2019 in order to comply with state individual mandate requirements. New Jersey and Washington D.C. recently enacted ACA reporting requirements requiring issuers and employers to furnish Forms 1095-C and 1095-B to state residents and file the Forms with the state in 2019. Vermont, Rhode Island, and California enacted similar state reporting requirements that will go into effect in 2020.

Good Faith Compliance Penalty Relief

As was the case for the last four filing years, penalty relief from information reporting penalties under Internal Revenue Code Sections 6721 and 6722 for incorrect and incomplete information reported on Forms 1094 and 1095 will be available for the 2019 filing year. This relief will be available if employers and insurers are able to demonstrate they made a good faith effort to comply with the IRS information reporting requirements under Internal Revenue Code Sections 6055 and 6056 (both for furnishing statements to individuals and filing with the IRS). This relief applies to missing and inaccurate taxpayer identification numbers and dates of birth, as well as other information required on the return or statement.

No relief is provided in the case of reporting entities that do not make a good-faith effort to comply with the regulations or that fail to file an information return or furnish a statement by the extended due date with respect to the Form 1095-C or the due date with respect to the Form 1094-C.

In determining good faith compliance, the IRS will take into account whether an employer or insurer made reasonable efforts to prepare for reporting information to the IRS and to its employees and covered individuals, such as gathering and transmitting the necessary data to an agent to prepare the data for transmission to the IRS or testing its ability to transmit information to the IRS.

Resources

Notice 2019-63 is available here.

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