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IRS Issues Additional Reporting Guidance

The IRS has recently released questions (and answers) with respect to some thorny 6055/6056 reporting issues.

The IRS updated some of its FAQs relating to an employer's reporting requirements under Code Section 6056. Click here for 6056 Reporting FAQs. Although the reporting rules are complex, employers struggling to master the details will be relieved to hear that the IRS will not impose penalties for incomplete or incorrect forms provided to employees in 2016, provided that the employer can show it has made a good faith effort to comply with the rules.

The IRS has also issued new FAQs providing practical tips for completing Form 1095-C. Click here for additional FAQs.

Among other items, such as reporting by governmental entities and information on filing transmittal forms, these new FAQs provide that:

- An individual is reported as being offered coverage for the month, only if that individual would have had coverage for the entire month.
    - If coverage begins other than on the first day of the month or ends before the last day of the month (such as during the month of hire or termination), the individual is reported as not having coverage for that month, though certain indicator codes may be available to indicate that no penalty would be due for that month.
    - For Part III of the reporting form, however, an individual who has coverage at any time during the month is reported as having coverage for that month.
- A social security number is required for covered non-employees, such as a covered non-employee director or family member receiving COBRA coverage,
- Helpful information for reporting for those on COBRA is also provided, including situations where an employee is offered COBRA due to a reduction in hours and for dependents who elect COBRA.