

Important Changes to ACA Form 1095 Reporting

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PRACTICES Employee Benefits and Executive Compensation

On December 23, 2024, President Biden signed two new laws that impact employer Form 1095 reporting. As a reminder, for “applicable large employers”, the Affordable Care Act (“ACA”) requires Forms 1095 to be filed with the IRS and distributed to employees to report information regarding offers of employer-sponsored health coverage and enrollment in that coverage. The newly enacted Paperwork Burden Reduction Act permits such employers to post a notice regarding the availability of the Form 1095 instead of distributing it to each employee. The notice must be clear, conspicuous, and accessible. It must also state that an individual may request a copy of their Form 1095. It is anticipated that future guidance may direct employers to post the notice on their websites. If requested, the employer must furnish the Form 1095 to the individual by the later of (i) January 31 (for the prior year’s notice) or (ii) 30 days after the date of the request. The newly enacted Employer Reporting Improvement Act gives employers 90 days (instead of 30 days) to respond to an IRS Letter 226-J, which is a proposed assessment of the employer shared responsibility penalty (“ESRP”) under the ACA. It also creates a six-year limitations period for assessing an ESRP, effective for returns due after December 31, 2024, and, for such returns, the limitations period starts on the due date for filing Forms 1094-C and 1095-C or the date the return is actually filed, if later.