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Almost every form and publication also has its own easily accessible information page on IRS.gov. For example, the Form 1040 page is at [IRS.gov/form1040](https://www.irs.gov/form1040); the Form W-2 page is at [IRS.gov/w2](https://www.irs.gov/w2); the Publication 17 page is at [IRS.gov/pub17](https://www.irs.gov/pub17); the Form W-4 page is at [IRS.gov/w4](https://www.irs.gov/w4); the Form 8863 page is at [IRS.gov/form8863](https://www.irs.gov/form8863); and the Schedule A (Form 1040) page is at [IRS.gov/schedulea](https://www.irs.gov/schedulea). If typing in the links above instead of clicking on them: type the link into the address bar of your browser, not in a Search box; the text after the slash must be lowercase; and your browser may require the link to begin with “www.”. Note that these are shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications on the [Comment on Tax Forms and Publications](#) page on IRS.gov. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each one. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

2014 Instructions for Forms 1094-C and 1095-C



Department of the Treasury
Internal Revenue Service

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, and Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, and instructions, such as legislation enacted after they were published, go to www.irs.gov/form1094c and www.irs.gov/form1095c.

Reminders

Forms 1094-C and 1095-C are not required to be filed by any employer for 2014. However, in preparation for the first required filing of these forms (that is, filing in 2016 for 2015), employers may, if they wish, voluntarily file in 2015 for 2014 in accordance with the forms and these instructions. For more information about voluntary filing for 2014, visit IRS.gov. No employer shared responsibility payments under section 4980H will apply for 2014 for any employer, regardless of whether they voluntarily file for 2014. For more information on transition relief from the reporting requirements and employer shared responsibility payments for 2014, see Notice 2013-45, 2013-31 I.R.B. 116, at www.irs.gov/irb/2013-31_IRB/ar08.html.

Additional Information

For information related to the Affordable Care Act, visit www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions-Home. For the final regulations under section 6056, see T.D. 9661, 2014-13 I.R.B. 855, at www.irs.gov/irb/2014-13_IRB/ar09.html. For the final regulations under section 6055, see T.D. 9660, 2014-13 I.R.B. 842, at www.irs.gov/irb/2014-13_IRB/ar08.html. For the final regulations under section 4980H, see T.D. 9655, 2014-9 I.R.B. 541, at www.irs.gov/irb/2014-9_IRB/ar05.html. For answers to frequently asked questions regarding the employer shared responsibility provisions, visit IRS.gov.

General Instructions for Forms 1094-C and 1095-C

See *Definitions*, later, for key terms used in these instructions.

Purpose of Form

Employers with 50 or more full-time employees (including full-time equivalent employees) use Forms 1094-C and 1095-C to report the information required under sections 6055 and 6056 about offers of health coverage and enrollment in health coverage for their employees. Form 1094-C must be used to report to the IRS summary information for each employer and to transmit Forms 1095-C to the IRS. Form 1095-C is used to report information about each employee. In addition, Forms 1094-C and 1095-C are used in determining whether an

employer owes payments under the employer shared responsibility provisions under section 4980H. Form 1095-C is also used in determining eligibility of employees for premium tax credits.

Employers that offer employer-sponsored self-insured coverage also use Form 1095-C to report information to the IRS and to taxpayers about individuals who are covered by minimum essential coverage under the employer plan and therefore are not liable for the individual shared responsibility payments.

The employer is required to file Forms 1094-C and 1095-C with the IRS and to furnish a copy of Form 1095-C to the employee.

Who Must File

An employer subject to the employer shared responsibility provisions under section 4980H must file one or more Forms 1094-C (including an Authoritative Transmittal, whether or not filing multiple Forms 1094-C), and must file a Form 1095-C (or a substitute form) for each employee who was a full-time employee of the employer for any month of the calendar year. Each employer has its own reporting obligation related to the health coverage the employer offered (or did not offer) to each of its full-time employees. An employer subject to the employer shared responsibility provisions under section 4980H generally refers to an employer with 50 or more full-time employees (including full-time equivalent employees) during the prior calendar year. For more information on which employers are subject to the employer shared responsibility provisions of section 4980H, see *Employer*, later.

An employer that provides health coverage through an employer-sponsored self-insured health plan must also complete Form 1095-C, Part III, for any individual (including any full-time employee, non-full-time employee, employee family members, and others) who enrolled in the self-insured health plan. If an employer offers health coverage through a health plan, and some of the enrollment options under the plan are employer-sponsored self-insured health arrangements while others are not (for example, some of the enrollment options are insured arrangements), the employer must only complete Form 1095-C, Part III, for the employees who enrolled in the self-insured enrollment option(s) under the plan.

An employer that provides health coverage through an employer-sponsored self-insured health plan must complete Form 1095-C, Parts I and III, for any employee who enrolls in the health coverage, whether or not the employee is a full-time employee for any month of the calendar year. If the employee is a full-time employee for any month of the calendar year, the employer must also complete Part II. If, for all 12 months of the calendar year, the employee is not a full-time employee, the employer must complete only Part II, line 14, by entering code 1G in the "All 12 Months" column.

If an employer is providing health coverage in another manner, such as through an insured health plan or a multiemployer health plan, the issuer of the insurance or the sponsor of the plan providing the coverage will provide the information about their health coverage to any enrolled employees, and the employer should not complete Form 1095-C, Part III, for those employees.

An employer that provides employer-sponsored self-insured health coverage but is not subject to the employer shared responsibility provisions under section 4980H, is not required to file Forms 1094-C and 1095-C and reports instead on Forms 1094-B and 1095-B for employees who enrolled in the employer-sponsored self-insured health coverage.

Authoritative Transmittal for Employers Filing Multiple Forms 1094-C

A Form 1094-C must be attached to any Forms 1095-C filed by an employer. An employer may choose to submit multiple Forms 1094-C, each accompanied by Forms 1095-C for some of its employees, provided that, in combination, Forms 1095-C are filed for each employee for whom the employer is required to file. An employer must file a single Form 1094-C reporting aggregate employer-level data for all full-time employees of the employer and identify the form, on line 19 of Part II, as the Authoritative Transmittal. One Authoritative Transmittal must be filed for each employer, even in cases in which multiple Forms 1094-C are filed by and on behalf of the employer (including in the case of a Governmental Unit that has delegated its reporting responsibilities for some of its employees to another Governmental Unit). For example, if an employer has prepared a separate Form 1094-C for each of its two divisions to transmit Forms 1095-C for each division's full-time employees, one of the Forms 1094-C filed must be designated as the Authoritative Transmittal and report aggregate employer-level data for all full-time employees of the employer (the employees of both divisions).

One Form 1095-C for Each Employee of Each Employer

For each full-time employee of an employer, there must be only one Form 1095-C for employment with that employer. For example, if an employer separately reports for the full-time employees of its two divisions, the employer must combine the information for any employee who worked at both divisions during the calendar year so that there is only a single Form 1095-C for that employee which reports information for all twelve months of the calendar year.

In contrast, a full-time employee who works for more than one employer that is a member of the same Aggregated ALE Group (that is, works for two separate ALE Members) must receive a separate Form 1095-C from each employer.

When To File

You will meet the requirement to file if the forms are properly addressed and mailed on or before the due date. If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. A business

day is any day that is not a Saturday, Sunday, or legal holiday.

You must file Forms 1094-C and 1095-C by February 28 if filing on paper (or March 31 if filing electronically) of the year following the calendar year to which the return relates. For calendar year 2014, there is no filing requirement, but employers may voluntarily file Forms 1094-C and 1095-C.

For calendar year 2015, Forms 1094-C and 1095-C are required to be filed by February 29, 2016, (or March 31, 2016, if filing electronically).

Form 1095-C must be furnished to the individual by January 31 of the year following the year to which the return relates. The first Forms 1095-C are due to individuals by February 1, 2016.

Where To File

Send all information returns filed on paper to the following:

If your principal business, office or agency, or legal residence in the case of an individual, is located in:

Use the following address:

Alabama, Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia

Department of the Treasury
Internal Revenue Service
Center
Austin, TX 73301

Alaska, California, Colorado, District of Columbia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Washington, Wisconsin, Wyoming

Department of the Treasury
Internal Revenue Service
Center
Kansas City, MO 64999

If your legal residence or principal place of business or principal office or agency is outside the United States, file with the Department of the Treasury, Internal Revenue Service Center, Austin, TX 73301.

How To File



Form 1094-C and Form 1095-C are subject to the requirements to file

returns electronically. Filers of 250 or more information returns must file the returns electronically. The 250-or-more requirement applies separately to each type of return and separately to each type of corrected return.

Pub. 5165, Affordable Care Act (ACA) Information Returns (AIR) Guide for Software Developers and

Transmitters, currently under development, will outline the communication procedures, transmission formats, business rules, and validation procedures for returns filed electronically through the AIR system. To develop software for use with the AIR system, transmitters and software developers should use the guidelines provided in Pub. 5165 along with the Extensible Markup Language (XML) Schemas published on IRS.gov. See Pub. 5165 for more information.

You will receive an electronic acknowledgment once you complete the transaction. Keep it with your records.

Corrected Forms 1094-C and 1095-C

Reserved.

Furnishing Forms 1095-C To Employees

You will meet the requirement to file if the forms are properly addressed and mailed on or before the due date. If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday.

An employer must furnish a Form 1095-C to each of its full-time employees by January 31 of the year following the year to which the Form 1095-C relates.

The first Forms 1095-C are due to individuals by February 1, 2016.

For more information on alternative furnishing methods for employers, see the *Qualifying Offer Method* and the *Qualifying Offer Method Transition Relief for 2015*, later.

Filers of Form 1095-C may truncate the social security number (SSN) of an individual (the employee or any family member of the employee receiving coverage) on Form 1095-C statements furnished to employees by showing only the last four digits of the SSN and replacing the first five digits with asterisks (*) or Xs. Truncation is not allowed on forms filed with the IRS. The filing employer's EIN may not be truncated on either the statement furnished to the employee or the forms filed with the IRS.

Statements must be furnished on paper by mail, unless the recipient affirmatively consents to receive the statement in an electronic format. If mailed, the statement must be sent to the employee's last known permanent address, or if no permanent address is known, to the employee's temporary address.

Consent to furnish statement electronically. The requirement to obtain affirmative consent to furnish a statement electronically ensures that statements are sent electronically only to individuals who are able to access them. An individual may consent on paper or electronically, such as by email. If consent is on paper, the individual must confirm the consent electronically. A statement may be furnished electronically by email or by informing the individual how to access the statement on the employer's website.

Specific Instructions for Form 1094-C

Part I—Applicable Large Employer Member (ALE Member)

Line 1. Enter employer's name.

Line 2. Enter the employer's employer identification number (EIN). A social security number (SSN) may not be entered in lieu of an EIN. Enter the 9-digit EIN including the dash.



If you are filing Form 1094-C, a valid EIN is required at the time it is filed. If a valid EIN is not provided, the Form 1094-C will not be processed. If you do not have an EIN, you may apply for one online. Go to IRS.gov and enter "EIN" in the search box. You may also apply by faxing or mailing Form SS-4, Application for Employer Identification Number, to the IRS. See the Instructions for Form SS-4 for more information. See Publication 1635, Employer Identification Number, for more information.

Lines 3–6. Enter the employer's complete address (including room or suite no., if applicable). This address should match the employer's address used on the Form 1095-C.

Lines 7 and 8. Enter the name and telephone number of the person to contact who is responsible for answering any questions.

Note. If you are a Designated Governmental Entity (DGE) filing on behalf of an employer, complete lines 9–16. If you are not a DGE filing on behalf of an employer do not complete lines 9–16. Instead skip to line 18.

Line 9 If a DGE is filing on behalf of the employer, enter the name of the DGE.

Line 10. Enter the DGE's EIN. A social security number (SSN) may not be entered in lieu of an EIN.



If you are a DGE that is filing Form 1094-C, a valid EIN is required at the time the return is filed. If a valid EIN is not provided, the return will not be processed. If the DGE does not have an EIN when filing Form 1094-C it can get an EIN by applying online at IRS.gov or by faxing or mailing a completed Form SS-4, Application for Employer Identification Number. See Publication 1635, Employer Identification Number, for more information.

Lines 11–14. Enter the DGE's complete address (including room or suite no., if applicable).

Lines 15 and 16. Enter the name and telephone number of the person to contact who is responsible for answering any questions.

Line 17. This line is reserved for future use.

Line 18. Enter the total number of Forms 1095-C submitted with this Form 1094-C transmittal.

Part II—ALE Member Information

Line 19. If you are using this Form 1094-C transmittal as the Authoritative Transmittal to report aggregate

employer-level data for the employer, check the box on line 19 and continue completing Part II.

There must be only one Authoritative Transmittal filed for each employer. If only one Form 1094-C is being filed for the employer, that Form 1094-C must report aggregate employer-level data for the employer and be identified on line 19 as the Authoritative Transmittal. If multiple Forms 1094-C are being filed for an employer so that Forms 1095-C for all full-time employees of the employer are not attached to this transmittal (because Forms 1095-C for some full-time employees of the employer are being transmitted separately), one of the Forms 1094-C must report aggregate employer-level data for the employer and be identified on line 19 as the Authoritative Transmittal.

Note. Lines 20–22 should be completed only on the Authoritative Transmittal for the employer. For more information, see *Authoritative Transmittal for Employees Filing Multiple Forms 1094-C*, earlier. If this is not the Authoritative Transmittal for the employer, do not complete lines 20–22, Parts III or IV. Sign Form 1094-C.

Line 20. Enter the total number of Forms 1095-C that will be filed by and/or on behalf of the employer. This includes Forms 1095-C for the employer's full-time employees that are filed with this transmittal, those that will be filed with another transmittal filed by or on behalf of the employer, and Forms 1095-C filed for non-full-time employees who enroll in the employer's employer-sponsored self-insured health plan.

Line 21. If during any month of the calendar year the employer was a member of an Aggregated ALE Group, check "Yes." If you check "Yes," you must also complete the "Aggregated Group Indicator" in Part III, column (d), and Part IV to list the other members of the Aggregated ALE Group. If, for all 12 months of the calendar year, the employer was not a member of an Aggregated ALE Group, check "No," and do not complete Part III, column (d), or Part IV.

Line 22. If the employer meets the eligibility requirements and is using one of the Offer Methods and/or one of the forms of Transition Relief indicated, it must check each applicable box. See the description of the *Offer Methods* and *Section 4980H Transition Relief*, later.

Note. For 2014, Forms 1094-C and 1095-C are not required to be filed by any employer, and no employer shared responsibility payment will apply for 2014 for any employer.

A. Qualifying Offer Method. Check this box if the employer is eligible to use and is using the Qualifying Offer Method for one or more full-time employees. To be eligible to use the Qualifying Offer Method, the employer must certify that, for all months during the year in which the employee was a full-time employee for whom a section 4980H employer shared responsibility payment could apply, the employer made a Qualifying Offer.

If the employer uses this method, it must not provide on Form 1095-C, line 15, the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value. It instead must use the Qualifying Offer code 1A on Form 1095-C, line 14, to

indicate that the employee received a Qualifying Offer for all 12 months. Use of this method is optional and an employer may, rather than report using this method and the Qualifying Offer code 1A, report on line 14 the applicable offer code and on line 15 the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value for that month. An employer may not, for any month, use code 1A and also report the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value.



If the employer is eligible to use the Qualifying Offer Method, it may use the Qualifying Offer code 1A for any month for which it made a Qualifying Offer to an employee, even if the employee did not receive a Qualifying Offer for all 12 months. However, the employer must furnish a copy of Form 1095-C to any employee who did not receive a Qualifying Offer for all 12 months, unless the Qualifying Offer Method Transition Relief applies.

Alternative Method of Furnishing to Employees under the Qualifying Offer Method. An employer that is eligible to use the Qualifying Offer Method meets the requirement to furnish the Form 1095-C to its full-time employees who received a Qualifying Offer for all 12 months of the calendar year if it furnishes each of those full-time employees either a copy of Form 1095-C as filed with the IRS or a statement containing the following information.

- Employer name, address, and EIN.
- Contact name and telephone number.
- A statement indicating that, for all 12 months of the calendar year, the employee and his or her spouse and dependents, if any, received a Qualifying Offer and therefore are not eligible for a premium tax credit. See Pub. 974, Premium Tax Credit (PTC), for more information on eligibility for the premium tax credit.

B. 2015 Qualifying Offer Method Transition Relief. Check this box if the employer is eligible for and is using the Qualifying Offer Method Transition Relief for 2015. For the 2015 calendar year, to be eligible to use the Qualifying Offer Method Transition Relief the employer must certify that it made a Qualifying Offer for one or more months of calendar year 2015 to at least 95% of its full-time employees.

If an employer uses this method, it must not provide on Form 1095-C, line 15, the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value and instead must use either the Qualifying Offer code 1A or the Qualifying Offer Method Transition Relief code 11 on Form 1095-C, line 14, to indicate the months in 2015 for which the employer is eligible for the Qualifying Offer Method Transition Relief code 11 or the months for which the employee received a Qualifying Offer code 1A. For any months for which the employee received a Qualifying Offer, the employer must report using the Qualifying Offer code 1A to indicate that the employee received a Qualifying Offer for that month. For any month, use of this method is optional, and an employer may, rather than report using this method and the Qualifying Offer code 1A or the Qualifying Offer Method Transition Relief code 11, report on line 14 the

applicable offer code and on line 15 the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value for that month. An employer may not, for any month, use code 1A or code 1I and also report the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value.

Alternative Furnishing Methods Under the Qualifying Offer Method Transition Relief for 2015.

Solely for 2015, for any employee of an employer eligible for the Qualifying Offer Method Transition Relief who does not receive a Qualifying Offer for all 12 calendar months, including employees who receive no offer, the employer may, in lieu of providing the employee with a copy of Form 1095-C, furnish a statement containing the following information.

- Employer name, address, and EIN.
- Contact name and telephone number.
- A statement indicating that the employee and his or her spouse and dependents, if any, may be eligible for a premium tax credit for one or more months of 2015.

See Pub. 974 for more information on eligibility for the premium tax credit.

An employer that is eligible for the Qualifying Offer Method Transition Relief for any employee who receives a Qualifying Offer for all 12 months of the calendar year may, in lieu of furnishing the employee a copy of Form 1095-C, furnish a statement as described in *Alternative Method of Furnishing to Employees Under the Qualifying Offer Method*, earlier.

C. Section 4980H Transition Relief. Check this box if either (1) 2015 Section 4980H Transition Relief for ALEs with Fewer Than 100 Full-Time Employees, Including Full-Time Equivalent Employees (50-99 Transition Relief) or (2) 2015 Transition Relief for Calculation of Assessable Payments Under Section 4980H(a) for ALEs with 100 or More Full-Time Employees, Including Full-Time Equivalent Employees (100 or More Transition Relief) apply. For a description of the relief, including which employers are eligible for the relief, see *Section 4980H Transition Relief for 2015*, later. If an employer checks this box, it must also complete Form 1094-C, Part III, column (e), Section 4980H Transition Relief Indicator, to indicate the type of section 4980H transition relief for which it is eligible.

D. 98% Offer Method. Select this box if the employer is eligible for and is using the 98% Offer Method. To be eligible to use the 98% Offer Method, an employer must certify that it offered, for all months of the calendar year, affordable health coverage providing minimum value to at least 98% of its employees and their dependents for whom it is filing a Form 1095-C employee statement. The employer is not required to identify which of the employees for whom it is filing were full-time employees, but the employer is still required to file Forms 1095-C on behalf of all of its full-time employees. (For this purpose, the health coverage is affordable if the employer meets one of the section 4980H affordability safe harbors.)

Note. If an employer uses this method, it is not required to complete the "Full-Time Employee Count" in Part III, column (b).

Part III—ALE Member Information—Monthly (Line 23-35)

Column (a) Minimum Essential Coverage Offer Indicator. If the employer offered minimum essential coverage under an eligible employer-sponsored plan to at least 95% of its full-time employees and their dependents for the entire calendar year, enter "X" in the "Yes" checkbox on line 23 for "All 12 Months". If the employer offered minimum essential coverage to at least 95% of its full-time employees and their dependents only for certain calendar months, enter "X" in the "Yes" checkbox for each applicable month. For the months, if any, for which the employer did not offer minimum essential coverage to at least 95% of its full-time employees and their dependents, enter "X" in the "No" checkbox for each applicable month, or enter "X" in the "All 12 Months" box on line 23 if the employer did not offer minimum essential coverage to at least 95% of its full-time employees and their dependents for any of the 12 months. However, an employer that did not offer minimum essential coverage to at least 95% of its full-time employees and their dependents but is entitled to certain transition relief described in the instructions later under *Section 4980H Transition Relief for 2015* should enter an "X" in the "Yes" checkbox for Part III, line 23, column (a), as applicable. See the instructions later under *Section 4980H Transition Relief for 2015*.

Note. For purposes of column (a), an employee in a Limited Non-Assessment Period is not counted in determining whether minimum essential coverage was offered to at least 95% of an employer's full-time employees and their dependents.

TIP For purposes of column (a), if the employer offered minimum essential coverage to all but five of its full-time employees and their dependents, and if five is greater than 5% of the number of full-time employees of the employer, the employer may report in column (a) as if it offered health coverage to at least 95% of its full-time employees and their dependents (even if it offered health coverage to less than 95% of its full-time employees and their dependents, for example to 75 of its 80 full-time employees and their dependents).

See *Definitions*, later, for more information on an offer of health coverage.

Column (b) Full-Time Employee Count for ALE Member. Enter the number of full-time employees for each month, but do not include any employee in a Limited Non-Assessment Period. (If the number of full-time employees (excluding employees in a Limited Non-Assessment Period) for a month is zero, enter 0.)

Note. If the employer certified that it was eligible for the 98% Offer Method by selecting box D, on line 22, it is not required to complete column (b).

Column (c) Total Employee Count for ALE Member. Enter the total number of employees, including full-time employees and non-full-time employees, for each calendar month. An employer must choose to use either the first day of each month or the last day of each month to determine the number of employees per month and must use the same day (first or last day of the month) for

all months of the year. If the total number of employees was the same for every month of the entire calendar year, enter that number in line 23 "All 12 months." If the number of employees for any month is zero, enter 0.

Column (d) Aggregated Group Indicator. An employer must complete this column if it checked "Yes" on line 21, indicating that, during any month of the calendar year, it was a member of an Aggregated ALE Group. If during each month of the calendar year the employer was a member of an Aggregated ALE Group, enter "X" in the "All 12 months" box. If the employer was not a member of an Aggregated ALE Group for all 12 months but was a member of an Aggregated ALE Group for one or more month(s), enter "X" in each month for which it was a member of an Aggregated ALE Group. If an employer enters "X" in one or more months in this column, it must also complete Part IV.

Column (e) Section 4980H Transition Relief Indicator. If the employer certifies by selecting box D on line 22, that it is eligible for Section 4980H Transition Relief and is eligible for the 50 to 99 Relief, enter code A. If the employer certifies by selecting box C on line 22, that it is eligible for Section 4980H Transition Relief and is eligible for the 100 or More Relief, enter code B. An employer will not be eligible for both types of relief.

Part IV—Other ALE Members of Aggregated ALE Group (Lines 36-65)

An employer must complete this section if it checks "Yes" on line 21. If the employer was a member of an Aggregated ALE Group for any month of the calendar year, enter the name(s) and EIN of up to 30 of the other Aggregated ALE Group members. If there are more than 30 members of the Aggregated ALE Group, enter the 30 with the highest monthly average number of full-time employees (as reported in Part III, column (b)) for the year or for the number of months during which the ALE Member was a member of the Aggregated ALE Group. Regardless of the number of members in the Aggregated ALE Group, list the members in descending order listing first the member with the highest average monthly number of full-time employees. The employer must also complete Part III, column (d), to indicate which months it was part of the Aggregated ALE Group

Specific Instructions for Form 1095-C

Part I—Employee

Line 1. Enter the name of the employee.

Line 2. Enter the 9-digit SSN of the employee without the dashes.

Lines 3–6. Enter the employee's complete address (including apartment no., if applicable).

Part I—Applicable Large Employer Member (Employer)

Line 7. Enter the name of the employer.

Line 8. Enter the employer's EIN. Do not enter a SSN in lieu of an EIN. Enter the 9-digit EIN including the dash.



If you are filing Form 1095-C, a valid EIN is required at the time it is filed. If a valid EIN is not provided, the Form 1095-C will not be processed. If you do not have an EIN, you may apply for one online. Go to IRS.gov and enter "EIN" in the search box. You may also apply by faxing or mailing Form SS-4, Application for Employer Identification Number, to the IRS. See the Instructions for Form SS-4 for more information. See Publication 1635, Employer Identification Number, for further information.

Lines 9 and 11–13. Enter the ALE Member's complete address (including room or suite no., if applicable). This address should match the address reported on lines 3–6 of the Form 1094-C.

Line 10. Enter the telephone number of the person to contact whom the recipient may call about the information reported on the form.

Part II—Employee Offer and Coverage

Line 14. For each calendar month, enter the applicable code from Code Series 1. If the same code applies for all 12 calendar months, enter the applicable code in the "All 12 Months" box and do not complete the individual calendar month boxes.

A code must be entered for each calendar month January through December, even if the employee was not a full-time employee for one or more of the calendar months. Enter the code identifying the type of health coverage actually offered by the employer (or on behalf of the employer) to the employee, if any. Do not enter a code for any other type of health coverage the employer is treated as having offered under the dependent coverage transition relief, non-calendar year transition relief, or multiemployer arrangement interim guidance (if the employer is contributing on behalf of an employee but the employee is not eligible for coverage under the multiemployer plan) under Form 1094-C, Part III, column (a).

Indicator Codes for Employee Offer and Coverage (Form 1095-C, Line 14)

Code Series 1, Offer of Coverage.

- **1A.** Qualifying Offer: Minimum essential coverage providing minimum value offered to full-time employee with employee contribution for self-only coverage equal to or less than 9.5% mainland single federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).



This code may be used to report for specific months for which a Qualifying Offer was made, even if the employee did not receive a Qualifying Offer for all 12 months of the calendar year. However, an employer may not use the Alternative Furnishing Method for an employee who did not receive a Qualifying Offer for all 12 calendar months.

- **1B.** Minimum essential coverage providing minimum value offered to employee only.

- **1C.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) (not spouse).
- **1D.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependent(s)).
- **1E.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse.
- **1F.** Minimum essential coverage NOT providing minimum value offered to employee, or employee and spouse or dependent(s), or employee, spouse and dependents.
- **1G.** Offer of coverage to employee who was not a full-time employee for any month of the calendar year and who enrolled in self-insured coverage for one or more months of the calendar year. Enter code 1G in the “All 12 Months” box and do not complete the monthly boxes.
- **1H.** No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage).
- **1I.** Qualified Offer Transition Relief 2015: Employee (and spouse or dependents) received no offer of coverage, received an offer that is not a qualified offer, or received a qualified offer for less than 12 months.

Line 15. Complete line 15 only if the coverage offered to the employee provided minimum value and code 1B, 1C, 1D, or 1E is entered on line 14 either in the “All 12 Months” box or in any of the monthly boxes. Enter the amount of the employee share of the lowest-cost monthly premium for self-only minimum essential coverage providing minimum value that is offered to the employee. Enter the amount including any cents. If the employee is not required to contribute any amount towards the premium, enter “0.00.” If the employee share of the lowest-cost monthly amount was the same amount for all 12 calendar months, enter that monthly amount in the “All 12 Months” box and do not complete the monthly boxes. If the employee share of the lowest-cost monthly amount was not the same for all 12 months, enter the amount in each calendar month for which the employee was offered minimum value coverage. If the employer did not offer health coverage, or it offered health coverage that was not minimum essential coverage or did not provide minimum value, do not complete this line.

Line 16. For each calendar month, enter the applicable code from Series 2, but enter only one code from Code Series 2 per calendar month. The instructions below address which code to use for a month if more than one code from Series 2 could apply. If the same code applies for all 12 calendar months, enter the applicable code in the “All 12 Months” box and do not complete individual calendar month boxes. If none of the codes apply for a calendar month, leave the line blank for that month. These codes indicate that under a rule or safe harbor the employer will not be subject to an assessable payment under section 4980H(b) for the month, or that the health coverage offered will be treated as affordable for purposes of section 4980H(b).

Code Series 2—Section 4980H Safe Harbor Codes and Other Relief for Employers

- **2A.** Employee not employed during the month. Enter code 2A if the employee was not employed on any day of the month. Do not use code 2A for a month if the individual is an employee of the employer on any day of the month. Do not use this code for the month during which an employee terminates employment with the employer.
- **2B.** Employee not a full-time employee. Enter code 2B if the employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month.
- **2C.** Employee enrolled in coverage offered. Enter code 2C for any month in which the employee enrolled in health coverage offered by the employer, regardless of whether any other code in Code Series 2 might also apply.

Note. If the employee enrolled in the minimum essential coverage offered for the month, enter code 2C (employee enrolled in coverage offered), and not any other in Code Series 2 that might also apply.

- **2D.** Employee in a section 4980H(b) Limited Non-Assessment Period. Enter code 2D for any month during which an employee is in a Limited Non-Assessment Period for section 4980H(b).

If an employee is in an initial measurement period, enter code 2D (employee in a section 4980H(b) Limited Non-Assessment Period) for the month, and not code 2B (employee not a full-time employee). For an employee in a section 4980H(b) Limited Non-Assessment Period for whom the employer is also eligible for the multiemployer interim rule relief for the month code 2E, enter code 2E (multiemployer interim rule relief) and not code 2D (employee in a Limited Non-Assessment Period).

- **2E.** Multiemployer interim rule relief. Enter code 2E for any month for which the multiemployer interim guidance applies for that employee. This relief is described in the *Definitions* under *Offer of Health Coverage*.

Although employers may use the section 4980H affordability safe harbors to determine affordability for purposes of the multiemployer interim guidance, an employer eligible for the relief provided in the multiemployer interim guidance for a month for an employee should enter code 2E (multiemployer interim rule relief), and not a code for the section 4980H affordability safe harbors (codes 2F, 2G, or 2H).

- **2F.** Section 4980H affordability Form W-2 safe harbor. Enter code 2F if the employer used the section 4980H Form W-2 safe harbor to determine affordability for purposes of section 4980H(b) for this employee for the year. If an employer uses this safe harbor for an employee, it must be used for all months of the calendar year for which the employee is offered health coverage.
- **2G.** Section 4980H affordability federal poverty line safe harbor. Enter code 2G if the employer used the section 4980H federal poverty line safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).
- **2H.** Section 4980H affordability rate of pay safe harbor. Enter code 2H if the employer used the section 4980H rate of pay safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).

- **2I.** Non-calendar year transition relief applies to this employee. Enter code 2I if non-calendar year transition relief for section 4980H(b) applies to this employee for the month. See the instructions later under *Section 4980H Transition Relief for 2015 and 2015 Section 4980H(b) Transition Relief for Employers with Non-Calendar Year Plans (Form 1095-C, line 16, code 2I)*, for a description of this relief.

Part III—Covered Individuals (Lines 17-22)

Complete Part III ONLY if the employer offers employer-sponsored self-insured health coverage in which the employee enrolled. This part must be completed by an employer offering self-insured health coverage for any employee who enrolled in the coverage, regardless of whether the employee is a full-time employee. If the employer is completing Part III, enter “X” in the check box in Part III. If the employer is not completing Part III, do not enter “X” in the check box in Part III.

For this purpose, employer-sponsored self-insured health coverage does not include coverage under a multiemployer plan.



Employers that offer employer-sponsored self-insured health coverage to non-employees (for example, non-employee directors) who enroll in the coverage will complete Forms 1094-B and 1095-B, rather than Part III, for those individuals.

Columns (a) through (d), as applicable, must be completed for each individual enrolled in the coverage, including the employee reported on line 1. A date of birth will be entered in column (c) only if a SSN is not entered in column (b). Column (d) will be checked if the individual was covered for at least one day in every month of the year. For individuals who were covered for some but not all months, information will be entered in column (e) indicating the months for which these individuals were covered. If there are more than 6 covered individuals, complete one or more additional Forms 1095-C, Part III.

Column (a). Enter the name of each covered individual.

Column (b). Enter the 9-digit SSN for each covered individual without the dashes.

Column (c). Enter a date of birth (MM/DD/YYYY) for the covered individual only if column (b) is blank.

Column (d). Check this box if the individual was covered for at least one day per month for all 12 months of the calendar year.

Column (e). If the individual was not covered for all 12 months of the calendar year, check the applicable box(es) for the months in which the individual was covered for at least one day.

Definitions

This section contains the definitions of key terms used in Forms 1094-C and 1095-C and these instructions. For definitions of terms not included in this section, see the final regulations under section 4980H, T.D. 9655, 2014-9 I.R.B. and section 6056, T.D. 9661, 2014-13 I.R.B.

Aggregated ALE Group. An Aggregated ALE Group refers to a group of ALE Members treated as a single employer under section 414(b), 414(c), 414(m), or 414(o). An ALE Member is a member of an Aggregated ALE Group for a month if it is treated as a single employer with the other members of the group on any day of the calendar month. If an ALE is made up of only one person or entity, that one ALE Member is not a part of an Aggregated ALE Group. Government entities and churches or conventions or associations of churches may apply a reasonable, good faith interpretation of the aggregation rules under section 414 in determining their status as an ALE or member of an Aggregated ALE Group.

Applicable Large Employer (ALE). An ALE is, for a particular calendar year, any single employer, or group of employers treated as an Aggregated ALE Group, that employed an average of at least 50 full-time employees (including full-time equivalent employees) on business days during the preceding calendar year. A new employer (that is, an employer that was not in existence on any business day in the prior calendar year) is an ALE for the current calendar year if it reasonably expects to employ, and actually does employ, an average of at least 50 full-time employees (including full-time equivalent employees) on business days during the current calendar year.

Applicable Large Employer Member (ALE Member). An ALE Member is a single person or entity that is an ALE, or if applicable, each person or entity that is a member of an Aggregated ALE Group. A person or entity that does not have employees or only has employees with no hours of service (for example, only employees whose entire service consists of work outside of the United States that does not count as hours of service under section 4980H) is not an ALE Member.

Bona fide volunteer. A bona fide volunteer is an employee of a government entity or tax-exempt organization whose only compensation from that entity or organization is (1) reimbursement for (or reasonable allowance for) reasonable expenses incurred in the performance of services by volunteers, or (2) reasonable benefits (including length of service awards), and nominal fees, customarily paid by similar entities in connection with the performance of services by volunteers.

Dependent. A dependent is an employee’s child, including a child who has been legally adopted or legally placed for adoption with the employee, who has not reached age 26. A child reaches age 26 on the 26th anniversary of the date the child was born and is treated as a dependent for the entire calendar month during which he or she reaches age 26. For this purpose, a dependent does not include stepchildren, foster children, or a child that does not reside in the United States (or a country contiguous to the United States) and who is not a United States citizen or national. For this purpose, a dependent does not include a spouse.

Designated Government Entity (DGE). A DGE is a person or persons that are part of or related to the Governmental Unit that is the ALE Member and that is

appropriately designated for purposes of these reporting requirements.

Eligible Employer-Sponsored Plan. An eligible Employer-Sponsored Plan refers to group health insurance coverage for employees under (1) a governmental plan, such as the Federal Employees Health Benefits Program (FEHB), (2) an insured plan or coverage offered in the small or large group market within a state, (3) a grandfathered health plan offered in a group market, or (4) a self-insured group health plan for employees.

Employee. For this purpose, an employee is an individual who is an employee under the common-law standard for determining employer-employee relationships. An employee does not include a sole proprietor, a partner in a partnership, a 2-percent S corporation shareholder, or a worker that is a qualified real estate agent or direct seller. If an employee is an employee of more than one employer of the same Aggregated ALE Group during a calendar month, the employee is treated as an employee of the employer for whom the employee has the greatest number of hours of service for that calendar month; if the employee has an equal number of hours of service for two or more employers of the same Aggregated ALE Group for the calendar month, those employers can treat one of the employers as the employer of that employee for that calendar month and if the employers do not select one employer, or select in an inconsistent manner, the IRS will select an employer to be treated as the employer of that employee for that calendar month. See Publication 15-A, Employer's Supplemental Tax Guide, for more information on determining who is an employee.

Employer. For purposes of these instructions, an employer is the person that is the employer of an employee under the common-law standard for determining employer-employee relationships and that is subject to the employer shared responsibility provisions of section 4980H (these employers are referred to as ALE Members). For more information on which employers are ALE Members, see the definition of Applicable Large Employer Member (ALE Member).

Full-time employee. A full-time employee is an employee who, for a calendar month, is employed an average of at least 30 hours of service per week with the employer. For this purpose, 130 of service hours in a calendar month is treated as the monthly equivalent of at least 30 hours per week. An employer must complete information for all twelve months of the calendar year for any of its employees who were full-time employees for one or more months of the calendar year. For more information, see Regulations sections 54.4980H-1(a)(21) and 54.4980H-3.

Note. A retiree (meaning an individual who was not an employee during the applicable period) is not a full-time employee. However, if the retiree was a full-time employee for any month of the calendar year (for example, before retiring mid-year), the employer must complete information for all twelve months of the calendar year.

Full-time equivalent employee. A combination of employees, each of whom individually is not treated as a full-time employee because he or she is not employed on average at least 30 hours of service per week with an employer, but who, in combination, are counted as the equivalent of a full-time employee solely for purposes of determining whether the employer is an ALE. For rules on how to determine full-time equivalent employees, see Regulations section 54.4980H-2(c).

Governmental Unit and Agency or Instrumentality of a Governmental Unit. A Governmental Unit is the government of the United States, any State or political subdivision thereof, or any Indian tribal government (as defined in section 7701(a)(40)) or subdivision of an Indian tribal government (as defined in section 7871(d)). For purposes of these instructions, references to a Governmental Unit include an Agency or Instrumentality of a Governmental Unit. Until guidance is issued that defines the term Agency or Instrumentality of a Governmental Unit for purposes of section 6056, an entity may determine whether it is an Agency or Instrumentality of a Governmental Unit based on a reasonable and good faith interpretation of existing rules relating to agency or instrumentality determinations for other federal tax purposes.

Health coverage. As used in these instructions, refers to minimum essential coverage, unless otherwise indicated.

Hours of service. An hour of service is each hour for which an employee is paid, or entitled to payment, for the performance of duties for the employer, and each hour for which an employee is paid, or entitled to payment, for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence. An hour of service does not include any hour of service performed as a Bona Fide Volunteer of a government entity or tax-exempt entity, as part of a Federal Work-Study Program (or a substantially similar program of a State or political subdivision thereof) or to the extent the compensation for services performed constitutes income from sources without the United States. See www.irs.gov/irb/2014-13_IRB/ar09.html for a discussion of determination of hours of service for categories of employees for whom the general rules for determining hours of service may present special difficulties (including adjunct faculty and commissioned salespeople) and certain categories of work hours associated with some positions of employment, including layover hours (for example, for certain airline employees) on-call hours, and work performed by an individual who is subject to a vow of poverty as a member of a religious order.

Limited Non-Assessment Period. A Limited Non-Assessment Period generally refers to a period during which an ALE Member will not be subject to an assessable payment under section 4980H(a), and in certain cases section 4980H(b), for a full-time employee, regardless of whether that employee is offered health coverage during that period.

The first five periods described below are Limited Non-Assessment Periods only if the employee is offered

health coverage by the first day of the first month following the end of the period, and are Limited Non-Assessment Periods for section 4980H(b) only if the health coverage that is offered at the end of the period provides minimum value. For more information on Limited Non-Assessment Periods and the application of section 4980H, see Regulations section 54.4980H-1(a)(26).

- **First Year as ALE Period.** January through March of the first calendar year in which an employer is an ALE, but only for an employee who was not offered health coverage by the employer at any point during the prior calendar year. For this purpose, 2015 is not the first year an employer is an ALE, if that employer was an ALE in 2014 (notwithstanding that transition relief provides that no employer shared responsibility payments under section 4980H will apply for 2014 for any employer).

- **Waiting Period under the Monthly Measurement Method.** If an employer is using the monthly measurement method to determine whether an employee is a full-time employee, the period beginning with the first full calendar month in which the employee is first otherwise (but for completion of the waiting period) eligible for an offer of health coverage and ending no later than two full calendar months after the end of that first calendar month.

- **Waiting Period under the Look-Back Measurement Method.** If an employer is using the look-back measurement method to determine whether an employee is a full-time employee and the employee is reasonably expected to be a full-time employee at his or her start date, the period beginning on the employee's start date and ending not later than the end of the employee's third full calendar month of employment.

- **Initial Measurement Period and Associated Administrative Period under the Look-Back Measurement Method.** If an employer is using the look-back measurement method to determine whether a new employee is a full-time employee, and the employee is a variable hour employee, seasonal employee or part-time employee, the initial measurement period for that employee and the administrative period immediately following the end of that initial measurement period.

- **Period Following Change in Status that Occurs During Initial Measurement Period Under the Look-Back Measurement Method.** If an employer is using the look-back measurement method to determine whether a new employee is a full-time employee, and, as of the employee's start date, the employee is a variable hour employee, seasonal employee or part-time employee, but, during the initial measurement period, the employee has a change in employment status such that, if the employee had begun employment in the new position or status, the employee would have reasonably been expected to be a full-time employee, the period beginning on the date of the employee's change in employment status and ending not later than the end of the third full calendar month following the change in employment status. If the employee is a full-time employee based on the initial measurement period and the associated stability period starts sooner than the end of the third full calendar month following the change in employment status, this Limited Non-Assessment Period ends on the day before the first day of that associated stability period.

- **First Calendar Month of Employment.** If the employee's first day of employment is a day other than the first day of the calendar month, then the employee's first calendar month of employment is a Limited Non-Assessment Period.

Minimum essential coverage (MEC). Although various types of health coverage may qualify as minimum essential coverage, for purposes of these instructions, minimum essential coverage refers to health coverage under an eligible employer-sponsored plan. For more details on *Minimum essential coverage*, see Minimum essential coverage in Pub. 974.

Minimum value. A plan provides minimum value if the plan pays at least 60 percent of the costs of benefits.

Offer of health coverage. An offer to an employee providing the employee an effective opportunity to enroll in the health coverage (or to decline that coverage) at least once for each plan year. An employer makes an offer of health coverage to an employee for the plan year if it continues the employee's election of coverage from a prior year but provides the employee an effective opportunity to opt out of the health coverage. If an employer provides health coverage to an employee but does not provide the employee an effective opportunity to decline the coverage, the employer is treated as having made an offer of health coverage to the employee only if that health coverage provides minimum value and does not require an employee contribution for the coverage for any calendar month of more than 9.5 percent of a monthly amount determined as the mainland federal poverty line for a single individual for the applicable calendar year, divided by 12.

An employer offers health coverage for a month only if it offers health coverage that would provide coverage for every day of that calendar month. However, if an employee's employment terminates before the last day of a calendar month and the health coverage also ends before the last day of that calendar month, the employer will still have offered the employee health coverage for the month if the employee would have been offered health coverage for the entire month had the employee been employed for the entire month.

An employer offers health coverage to an employee if it, or another employer in the Aggregated ALE Group, or a third party such as a multiemployer or single employer Taft-Hartley plan, a multiple employer welfare arrangement (MEWA), or, in certain cases, a staffing firm, offers health coverage on behalf of the employer.



Interim Guidance Regarding Multiemployer Arrangements. An employer is treated as offering health coverage to an employee if the employer is required by a collective bargaining agreement or related participation agreement to make contributions for that employee to a multiemployer plan that offers, to individuals who satisfy the plan's eligibility conditions, health coverage that is affordable and provides minimum value, and that also offers health coverage to those individuals' dependents. For more information, see section XV.E of the preamble to the final section 4980H regulations.

Qualifying offer. A qualifying offer is an offer of MEC providing minimum value to one or more full-time employees for all calendar months during the calendar year for which the employee was a full-time employee for whom a section 4980H assessable payment could apply, at an employee cost for employee-only coverage for each month not exceeding 9.5 percent of the mainland single federal poverty line divided by 12, provided that the offer includes an offer of MEC to the employee's spouse and dependents (if any).

Section 4980H Transition Relief for 2015

This section describes various types of section 4980H transition relief and how an employer reports its eligibility for any particular type of relief. For more details regarding this, and other, section 4980H transition relief, see section XV of the preamble to the final regulations under section 4980H.

The transition relief described in this section is solely for the employer for purposes of section 4980H and does not affect the employee's potential eligibility for the premium tax credit. Accordingly, regardless of whether the employer is eligible for relief under section 4980H for an employee for one or more months, the Form 1095-C for that employee must accurately reflect the health coverage offered to that employee (if any) during that period, including, if applicable, the required employee contribution.

An employer eligible for this relief is still subject to the Forms 1094-C and 1095-C reporting requirements for 2015.

2015 Section 4980H Transition Relief Based on Number of Full-Time Employees (Form 1094-C, Line 22, Box C, and Form 1094-C, Lines 23-35, Column (e))

An employer may be eligible for one of the two types of 2015 transition relief under section 4980H based on the employer's number of full-time employees (and full-time equivalent employees) if certain conditions described below are met. One of these two types of 2015 transition relief under section 4980H is for employers with 50 to 99 full-time employees and the other type of relief is for employers with 100 or more full-time employees (in each case including full-time equivalent employees). Eligibility for this transition relief is reported on Form 1094-C, line 22, box C, and the specific form of relief for which the employer is eligible must be reported on Form 1094-C, Lines 23-35, column (e), using either code A (50-99 Transition Relief) or code B (100 or more Transition Relief).

For purposes of determining eligibility for either of these types of section 4980H transition relief, the number of full-time employees (including full-time equivalent employees) for 2015 is determined in the same way that an employer determines whether it is an ALE (including using employment and hours of service data from 2014) and is calculated for the Aggregated ALE Group (rather than for each employer).

1. 2015 Section 4980H Transition Relief for ALEs with Fewer Than 100 Full-Time Employees, Including

Full-Time Equivalent Employees (50-99 Transition Relief). For an employer that is eligible for this 2015 transition relief, no assessable payment under section 4980H(a) or (b) will apply for any calendar month during 2015 and, if the employer has a non-calendar-year plan, will not apply for the portion of the 2015 plan year that falls in 2016. To certify that an employer is eligible for this transition relief it must have met the following conditions:

- The employer is an ALE or is part of an Aggregated ALE Group that had 50 to 99 full-time employees, including full-time equivalent employees, on business days in 2014;
- During the period of February 9, 2014, through December 31, 2014, the ALE or the Aggregated ALE Group of which the employer is a member did not reduce the size of its workforce or reduce the overall hours of service of its employees in order to qualify for the transition relief; and
- During the period of February 9, 2014, through December 31, 2015, (or, if the employer has a non-calendar-year plan(s)), ending on the last day of the 2015 plan year) the ALE or Aggregated ALE Group of which the employer is a member does not eliminate or materially reduce the health coverage, if any, it offered as of February 9, 2014.

Example. As of February 9, 2014, Employer A (which is an ALE with only one ALE Member) sponsors a group health plan with a calendar year plan year under which 40 of its full-time employees are offered health coverage that provides minimum value and with an employer contribution of \$300 per month for employee-only coverage. The offer of health coverage is affordable for some, but not all, of Employer A's full-time employees. During the period from February 9, 2014, through December 31, 2014, two of Employer A's employees voluntarily terminate employment and Employer A terminates three employees because of the non-renewal of a customer contract but does not otherwise reduce the size of its workforce or reduce any employee's hours of service. Had those five employees continued in employment throughout 2014, the employer would have had an average of 100 full-time employees (including full-time equivalent employees) on business days in 2014. However, as a result of the terminations, it had an average of only 97 full-time employees (including full-time equivalent employees) for business days in 2014. During the period of February 9, 2014, through December 31, 2015, Employer A does not change the eligibility requirements for the group health plan (including not amending it to eliminate its existing health coverage for dependents) and continues to make an employer contribution of \$300 per month toward the cost of employee-only coverage that provides minimum value. Employer A certifies in a timely manner as to its eligibility for the transition relief; Employer A is eligible for the transition relief.

2. 2015 Transition Relief for Calculation of Assessable Payments Under Section 4980H(a) for ALEs with 100 or More Full-Time Employees, Including Full-Time Equivalent Employees (100 or More Transition Relief). As 2015 transition relief, for each month in 2015 (and, in addition, for the portion of the 2015 plan year that ends in 2016 if the employer has a

non-calendar year plan), if an employer is an ALE or is part of an Aggregated ALE Group that had 100 or more full-time employees (including full-time equivalent employees) on business days in 2014, and is subject to an assessable payment under section 4980H(a), the assessable payment under section 4980H(a) is calculated by reducing the employer's number of full-time employees by that employer's allocable share of 80 (rather than by the employer's standard allocable share of 30). For the rules on how the 80 employee reduction is allocated among the employers in an Aggregated ALE Group, see Regulations section 54.4980H-4(e).

2015 Section 4980H(a) Transition Relief if an Offer of Health Coverage is Made to at least 70 Percent of Full-Time Employees (Form 1094-C, Lines 23–35, Column (a))

For each calendar month during 2015 (and any calendar months during the 2015 plan year that occur in 2016, if the employer has a non-calendar year plan), an employer that offers health coverage to at least 70 percent of its full-time employees (and their dependents) may, on Form 1094-C, lines 23–35, column (a), enter an "X" in the "Yes" checkbox either for "All 12 months" or for the month(s) during which it met that 70-percent threshold, as applicable.

2015 Section 4980H(a) Transition Relief for Certain Arrangements that do not Offer Health Coverage for Dependents (Form 1094-C, Lines 23–35, Column (a))

For the 2014 and 2015 plan years, for an employee who was not offered dependent health coverage during the 2013 or 2014 plan years, an employer may treat, solely for purposes of section 4980H, an offer of health coverage to a full-time employee but not his or her dependents, as an offer of health coverage to the full-time employee and his or her dependents, if the employer takes steps during the 2014 or 2015 plan year (or both) to extend coverage under the plan to dependents not offered coverage during the 2013 or 2014 plan year (or both). An employer using this transition relief for a calendar year is not eligible to report using the Qualifying Offer Method (or the Qualifying Offer Transition Relief Method) for that calendar year.

2015 Section 4980H(a) Transition Relief for Employers with Non-Calendar Year Plans (Form 1094-C, Lines 23–35, Column (a))

An employer that sponsored a non-calendar year health plan as of December 27, 2012, (or two or more health plans with the same non-calendar year plan year) may be eligible for certain transition relief. The relief would apply for some or all of its employees for the period during 2015 before the beginning of the 2015 plan year (for example, the months January, February, and March 2015 for an employer with a plan year starting April 1, 2015). In certain circumstances described below, this relief applies so that an employee and his or her dependents may be treated for purposes of section 4980H(a) as offered minimum essential coverage during that period even if not actually offered minimum essential coverage. An employer that is eligible for the relief may treat the employee and his or her

dependents as offered minimum essential coverage for purposes of Form 1094-C, Part III, column (a), (and specifically for purposes of determining whether to enter an "X" in the "Yes" or "No" checkbox for the months during that period). See instructions for *2015 Section 4980H(b) Transition Relief for Employers with Non-Calendar Year Plans (Form 1095-C, line 16)*, later.

Treatment of full-time employees eligible for the non-calendar year plan. For an employee of the employer (whenever hired) who was eligible for health coverage under that non-calendar year health plan effective beginning on the first day of the 2015 plan year under the eligibility terms of the plan as in effect on February 9, 2014, for purposes of Form 1094-C, Part III, column (a), the employer may treat the employee (and his or her dependents) as having been offered coverage for the months in 2015 prior to the 2015 plan year if the employee was offered health coverage no later than the first day of the 2015 plan year.

Treatment of full-time employees not eligible for the non-calendar year plan—Significant percentage transition guidance (all employees). If an employer otherwise eligible for the relief described in this section (1) had at least 1/4 of its employees enrolled in health coverage under the non-calendar year plan as of any date in the 12 months ending on February 9, 2014, or (2) offered health coverage under the non-calendar year plan to at least 1/3 of its employees during the open enrollment period that ended most recently before February 9, 2014, for purposes of Form 1094-C, Part III, column (a), Minimum Essential Coverage Offer Indicator, the employer may treat an employee who was not offered coverage for the months in 2015 prior to the 2015 plan year (and his or her dependents) as having been offered coverage for that period if the employee was offered health coverage no later than the first day of the 2015 plan year.

Treatment of full-time employees not eligible for the non-calendar year plan—Significant percentage transition guidance (full-time employees). If an employer otherwise eligible for the relief in this section (1) had at least 1/3 of its full-time employees enrolled in health coverage under the non-calendar year plan as of any date in the 12 months ending on February 9, 2014, or (2) offered health coverage under the plan to at least 1/2 of its full-time employees during the open enrollment period that ended most recently before February 9, 2014, for purposes of Form 1094-C, Part III, column (a), Minimum Essential Coverage Offer Indicator, the employer may treat an employee (and his or her dependents) as having been offered coverage for the months in 2015 prior to the 2015 plan year if the employee was offered health coverage no later than the first day of the 2015 plan year.

2015 Section 4980H(b) Transition Relief for Employers with Non-Calendar Year Plans (Form 1095-C, Line 16, Code 2I)

Relief under section 4980H(b) for an employee for the months in 2015 prior to the 2015 plan year is available for an employer that met the conditions described above under 2015 Section 4980H(a) Transition Relief for Employers with Non-Calendar Year Plans (Form 1094-C,

Lines 23-35, column (a)), if the coverage offered to the employee by the beginning of the 2015 plan year was affordable and provided minimum value. In that case, the employee may be treated for purposes of section 4980H(b) as offered minimum essential coverage providing minimum value that is affordable for the months prior to the 2015 plan year. An employer that meets these requirements reports its eligibility on the Form 1095-C, line 16, code 2I for each full-time employee for which the employer is eligible for this relief.

Section 4980H Transition Relief for Health Coverage for January 2015 (Form 1094-C, Lines 23-24, column (a) and Form 1095-C, Line 14)

Solely for January 2015, if an employer offers health coverage to an employee no later than the first day of the first payroll period that begins in January 2015, the employer is treated as having offered health coverage for January 2015. An employer that is eligible for this transition relief for an employee for January 2015 should treat that employee as having been offered minimum essential coverage for January 2015 for purposes of Form 1094-C, line 23 or 24 (whichever is applicable), column (a). An employer that is eligible for this transition relief would report on Form 1095-C, line 14 that it offered its employee health coverage for the month of January. There is not a specific indicator code to reflect this transition relief.

Interim Guidance Regarding Multiemployer Arrangements. For a description of the treatment of certain coverage provided through a multiemployer arrangement, see the definition of offer of health coverage in the *Definitions* section.

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Internal Revenue laws of the United States. You are required by the Internal Revenue Code to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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