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BUSINESSES

Had the premium tax credits been struck down, individuals who elected to purchase health insurance through a federally established marketplace would have no longer been eligible to receive a premium tax credit.

Sep. 08, 2015

Earlier this year, the United States Supreme Court made the decision to uphold the outlay of premium tax credits to all eligible taxpayers for health insurance premiums, including those who purchased them through federally established marketplaces. The Court's ruling will have an impact on many businesses, particularly when filing information with the Internal Revenue Service for the 2015 tax year.

The Court heard arguments in *King v. Burwell* in March, when plaintiffs argued that individuals in states with only federally established marketplaces were not eligible for premium tax credits under the Affordable Care Act. This is because a section of the law describing how the credit amounts are determined said these credits applied to exchanges "established by the State." The government argued that when the law is read as a whole, it's clear the tax credits are intended for any "applicable taxpayer." In June, the Court rejected the plaintiffs' argument..

Although the Court's opinion said that the wording was "ambiguous," six Justices decided that "Congress passed the Affordable Care Act to improve health insurance markets, not destroy them. If at all possible, we must interpret the Act in a way that is consistent with the former, and avoids the latter." Thirty-seven states currently have health insurance marketplaces facilitated by the federal government, so had the Court sided with the plaintiffs, millions of people would have lost their premium tax credits and more importantly, access to affordable health insurance.

What does this mean for business owners? Had the premium tax credits been struck

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penalty would have only been triggered when a full-time employee received a tax credit through a state-facilitated marketplace.

With the premium tax credits, and thereby the Employer Shared Responsibility provisions, still intact, those that are considered ALEs need to be aware of the reporting requirements associated with the ESR provisions.

ALEs must file the appropriate information with the IRS for the 2015 tax year, using the new Forms 1094-C and 1095-C under IRS Section 6056 and 6055. Business owners that fall into this category will need to provide information on the type of coverage for their full-time employees. Information to report includes all offers of health coverage and details of the cost and adequacy of that coverage. These forms document how many full-time employees you have and to whom you offered coverage.

The ESR provisions remain in effect in all states, and potential penalties will continue to apply to all ALEs who do not offer affordable health coverage that provides a minimum level of coverage to their full-time employees and their dependents. If at least one full-time employee receives a premium tax credit for purchasing individual coverage through the Health Insurance Marketplace, the employer may be subject to an Employer Shared Responsibility penalty. There are two potential penalties a business owner may receive.

The generally larger penalty is assessed if an applicable large employer (ALE), who does not qualify for transition relief, does not offer minimum essential coverage to at least 70 percent of full-time employees and dependents in 2015 and at least 95 percent in 2016 and at least one full-time employee receive a premium tax credit.

Another penalty may be assessed for each full-time employee who is not offered affordable coverage or coverage that does not meet minimum actuarial value (a

health plan that covers at least 60 percent of the allowed costs of plan benefits), if

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Reporting begins in January 2016 for the 2015 tax year and employees must be provided copies of Form 1095-C by February 1, 2016. All forms must be filed by February 29, 2016 or March 31, 2016 if filing electronically. With the deadline fast approaching, this provides a good opportunity for accountants to provide added value to clients and prospects by guiding them through the process.

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