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Paychecks and taxes go hand in hand, but for small or mid-sized businesses, navigating the latest tax reporting changes and avoiding filing errors is not always straightforward.

Now is the time to start thinking about recent tax changes and how they affect your business. Even for the most organized among us, keeping the mountains of tax details straight is a tough and trying task, taking the focus off of the daily necessities of running a business.

[Greatland Corporation](#), a company that provides W-2 and 1099 tax forms and e-filing services to small businesses, is helping answer two of the most basic, but also most critical, questions during this time of year: “Who needs a 1099 or W-2?” and “What is required to file under the Affordable Care Act?”

In short, 1099s and W-2s are two different tax forms used for two types of workers. Independent contractors receive 1099 forms and traditional employees will receive a W-2 every year. It can often be difficult to classify workers, and costly if you make a mistake.

A **W-2** is the form employers will use to report yearly wage and withholding information. An employer needs to provide this form to employees no later than February 1, 2016. Employees will receive up to four copies of this form to report federal, state and local income and maintain a copy for their own records. By definition, an employee is anyone who performs services for an employer and the

employer can control what will be done and how it will be done. This is true even

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not withhold federal income tax or Social Security/Medicare taxes for independent contractors.

This year, the Affordable Care Act, or Obamacare, requires many employers to offer health insurance coverage to full-time employees and their dependents. The Internal Revenue Service developed **Form 1095** for employers to report the offer of that coverage to employees and to the IRS. If a company has at least 50 full-time employees or FTEs (full-time equivalents), they must file a 1095 on behalf of their employees, even for full-time employees who declined to participate in their employer's health plan.

It is important to note that all self-insured employers, regardless of size, must report healthcare coverage information to employees and the IRS. Full-time employees are defined as those who worked an average of at least 30 hours per week or 130 service hours in a calendar month. Using this guideline, businesses may discover that they have less than 50 full-time employees, yet still meet the requirements for ACA reporting. [Healthcare.gov](#) can act as a helpful resource and has tools such as a [full-time equivalent employee calculator](#) to help determine your filing status.

Gathering information necessary to complete Form 1095 presents a unique challenge to companies since the form requires data typically stored in the employer's payroll system as well as HIPAA-protected benefits information that is most often included in the employer's human resources software. Businesses can expect additional workload this year in correctly combining this information from two very different regulated databases and importing the data into the unfamiliar 1095 form.

"Many businesses are struggling to understand and prepare for the Affordable Care Act's new requirements, but it's important that they learn the tax filing changes for this season so they can avoid penalties," says Janice Krueger, a spokesperson for Greatland. "While incorrect filings will not be penalized for calendar year 2015 filing

(reported in 2016), employers/insurers are still required to file on time and make a

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