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Newsletter

VOLUME 5, ISSUE 4

JUNE 7, 2016

EMPLOYER INFORMATION FOR CORRECTING FORM 1095'S AND GOOD FAITH COMPLIANCE STANDARDS

- Most employers that filed Form 1095-C are aware that the IRS had announced there would be no penalties as long as the employer made a “good faith effort”.
- The IRS has recently provided guidelines and additional standards that do not qualify as good faith compliance.
 - Good faith compliance is not met if a filer transmits a batch of returns with no health coverage information but just names and addresses.
 - In this scenario, good-faith relief would not be available to the employer for the failure to file accurate and complete returns.

How Are Errors Identified?

1. By the IRS as an error message reported by the IRS as part of the information return submission process
2. By the employer as a result of an internal review
3. By the employee who reports an error to the employer



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Most Common Errors:

- Mismatches between names and social security numbers
- Safe harbor or relief codes
- Premium amounts

How to File a Corrected Return?

- When correcting a return, the employer will need to refile the correction along with the information that was on the original form. It is unacceptable to file the return showing only the corrected information. In essence, the corrected return will totally replace the one previously filed. It's also important to note that a corrected return must also be provided to the employee.
- In the case of an error in the social security number, employers cannot simply default to the date of birth. A filer may have to prove to the IRS that they followed the "TIN solicitation process." This process requires:
 - The initial solicitation is made at an individual's first enrollment or, if already enrolled on September 17, 2015, the next open season
 - The second solicitation is a reasonable time thereafter
 - And the third solicitation is made by December 31st of the year following the initial solicitation

The IRS has produced a video of a compliance seminar.

The video is linked here >>> [IRS VIDEO](#)

Employers should not disregard any error notices from the IRS. Failure to make corrections – or to make them timely – can result in the assessment of sizable penalties.