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This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information as a courtesy. **Do not file draft forms.** Also, do not rely on draft instructions and publications for filing. We generally do not release drafts of forms until we believe we have incorporated all changes. However, unexpected issues sometimes arise, or legislation is passed, necessitating a change to a draft form. In addition, forms generally are subject to OMB approval before they can be officially released. Drafts of instructions and publications usually have at least some changes before being officially released.

Early releases of draft forms and instructions are at [IRS.gov/draftforms](https://www.irs.gov/draftforms). Please note that drafts may remain on IRS.gov even after the final release is posted at [IRS.gov/downloadforms](https://www.irs.gov/downloadforms), and thus may not be removed until there is a new draft for the subsequent revision. All information about all revisions of all forms, instructions, and publications is at [IRS.gov/formspubs](https://www.irs.gov/formspubs).

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.

2015



Department of the Treasury
Internal Revenue Service

Instructions for Forms 1094-C and 1095-C

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.

What's New

2015 filing requirements. All Applicable Large Employer Members (ALE Members) are required to file Forms 1094-C and 1095-C for 2015. For a definition of ALE Member, see the *Definitions* section.

Form revisions. For 2015, Form 1094-C was revised to move line 19 (Is this the Authoritative Transmittal for this ALE Member?) into Part I of the form and to allow for an entry in the "All 12 Months field" in Part III, Line 23, column (b) Full-Time Employee Count for ALE Member. Form 1095-C was revised to include a first month of the plan year indicator (plan start month) in Part II and a Part III Covered Individuals Continuation Sheet.

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, Information Reporting by Applicable Large Employers on Health Insurance Coverage Offered Under Employer-Sponsored Plans, 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, Information Reporting on Minimum Essential Coverage, 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, Shared Responsibility for Employers Regarding Health Coverage, 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 and related information reporting requirements, visit IRS.gov.

For FAQs specifically related to completing Forms 1094-C and 1095-C, go to www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-about-Information-Reporting-by-Employers-on-Form-1094-C-and-Form-1095-C.

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) in the previous year 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 a payment under the employer shared responsibility provisions under section 4980H. Form 1095-C is also used in determining the eligibility of employees for the premium tax credit.

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

Who Must File

Applicable Large Employers, generally employers with 50 or more full-time employees (including full-time equivalent employees) in the previous year, must file one or more Forms 1094-C (including a Form 1094-C designated as the Authoritative Transmittal, whether or not filing multiple Forms 1094-C), and must file a Form 1095-C for each employee who was a full-time employee of the employer for any month of the calendar year. Generally, the employer is required to furnish a copy of the Form 1095-C (or a substitute form) to the employee. For information about transition relief for determining status as an Applicable Large Employer for 2015 (allowing an employer to determine the average number of full-time employees based on a period of at least six consecutive months during 2014), see section XV.D.3 of the preamble to the final regulations under section 4980H.



TIP For purposes of reporting on Forms 1094-C and 1095-C, an employee in a Limited Non-Assessment Period is not considered a full-time employee during that period.

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 in the *Definitions* section of these instructions. For more information on determining full-time employees, see *Full-Time Employee* in the *Definitions* section of these instructions, which includes information on the treatment of new hires and employees in Limited Non-Assessment Periods.

An employer that offers health coverage through an employer-sponsored self-insured health plan must complete Form 1095-C, Parts I, II, 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 who enrolled in self-insured coverage is a full-time employee for any month of the calendar year, the employer must complete Part II (in addition to Parts I and III). If the employee who enrolled is not a full-time employee, for any months of the calendar year (meaning that for all 12 calendar

months the employee was not a full-time employee), the employer must complete Form 1095-C, Parts I and III and on Part II, must enter code 1G on line 14 in the “All 12 Months” column or in each separate monthly box (the employer need not complete Part II, lines 15 and 16 in this case).

If an employer is offering health coverage to employees other than under a self-insured plan, 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 is required to furnish 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 offers employer-sponsored self-insured health coverage but is not an applicable large employer subject to the employer shared responsibility provisions under section 4980H, should not file Forms 1094-C and 1095-C, but should instead file Forms 1094-B and 1095-B to report information for employees who enrolled in the employer-sponsored self-insured health coverage.

Substitute Statements to Recipients

If you are not using the official IRS form to furnish statements to recipients, see Pub. 5223, General Rules & Specifications for Substitute Affordable Care Act Forms 1094-B, 1095-B, 1094-C, and 1095-C and Certain Other Information (Publication 5223 is currently under development) which explains the requirements for format and content of substitute statements to recipients. You may develop them yourself or buy them from a private printer.

Reporting of Enrollment Information for Non-Employees: Option to Use Forms 1094-B and 1095-B

Employers that offer employer-sponsored self-insured health coverage to non-employees who enroll in the coverage may use Forms 1094-B and 1095-B, rather than Form 1095-C, Part III, to report coverage for those individuals and other family members. For information on reporting with respect to non-employees enrolled in an employer-sponsored self-insured health plan using Forms 1094-B and 1095-B, see the instructions for those forms.

For employers that use Form 1095-C to report coverage information for non-employees enrolled in an employer-sponsored self-insured health plan, such as non-employee directors, an individual who was a retired employee during the entire year, or a non-employee COBRA beneficiary, see the specific instructions for Form 1095-C, Part III—Covered Individuals (Lines 17-22). The Form 1095-C may be used only if the individual identified on Line 1 has an SSN.

Authoritative Transmittal for Employers Filing Multiple Forms 1094-C

A Form 1094-C must be filed when an employer files one or more Forms 1095-C. An employer may choose to file multiple Forms 1094-C, accompanied by Forms 1095-C for some of its employees, provided that a Form 1095-C is filed for each employee for whom the employer is required to file. In the case of an Aggregated ALE Group, each separate employer (referred to in these instructions as an ALE Member or employer) must file its own Authoritative Transmittal. Although an employer may file multiple Forms 1094-C, one “Authoritative Transmittal” Form 1094-C, identified on line 19, Part I as the Authoritative Transmittal, must be filed for each employer reporting aggregate employer-level data for all full-time employees of the employer. Specifically, one Authoritative Transmittal must be filed for each employer, even if multiple Forms 1094-C are filed by and on behalf of that single employer. For example, if an employer intends to file 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 both divisions, as required in Parts II, III, and IV of Form 1094-C.

The same rules apply in the case of a Governmental Unit that has delegated its reporting responsibilities for some of its employees to another Governmental Unit—see *Designated Governmental Entity (DGE)* in the *Definitions* section of these instructions for more information. In the case of a Governmental Unit that has delegated its reporting responsibilities for some of its employees, the Governmental Unit must ensure that among the multiple Forms 1094-C filed by or on behalf of the Governmental Unit transmitting Forms 1095-C for the Governmental Unit’s employees, one of the filed Forms 1094-C is designated as the Authoritative Transmittal and reports aggregate employer-level data for the Governmental Unit, as required in Parts II, III, and IV of Form 1094-C.

Example. County is an ALE made up of ALE Members School District, Police District, and County General Office. School District designates the state to report on behalf of the teachers and reports for itself for its remaining full-time employees. In this case, either the School District or the state must file an Authoritative Transmittal reporting aggregate employer-level data for the School District.

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 filed for employment with that employer. For example, if an employer separately reports for each of its two divisions, the employer must combine the offer and coverage information for any employee who worked at both divisions during the calendar year so that a single Form 1095-C is filed for the calendar year for that employee which reports information for all twelve months of the calendar year from that employer.

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, unless the ALE Member is not treated as the employer for any calendar month in the calendar year as described later. See the *Definitions* section of these instructions for a definition of ALE Member.

For any calendar month in which a full-time employee works for more than one ALE Member of an Aggregated ALE Group, only one ALE Member is treated as the employer and only that ALE Member reports for that employee for that calendar month (and the other ALE Member is not required to report for that employee for that calendar month). If under these rules, an ALE member is not required to report for an employee for any month in the calendar year, the employer is not required to report for that full-time employee for that calendar year. For a description of the rules related to determining which ALE Member in an Aggregated ALE Group is treated as the employer for a month in this situation, see the definition of *Employee*, later.

When To File

You will meet the requirement to file Forms 1094-C and 1095-C 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.

Generally, 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 2015, Forms 1094-C and 1095-C are

required to be filed by February 29, 2016, or March 31, 2016, if filing electronically.

See *Furnishing Forms 1095-C to Employees* for information on when Form 1095-C must be furnished.

How to File

The IRS strongly encourages the quality review of data before filing to prevent erroneous notices from being mailed to statement recipients (or others for whom information is being reported).

Shipping and mailing. If you are filing on paper, send the forms to the IRS in a flat mailing (not folded). If you are sending many forms, you may send them in conveniently sized packages. On each package, write your name, number the packages consecutively, and place Form 1094-C in package number one. Postal regulations require forms and packages to be sent by First-Class Mail.

Keeping copies. Generally, keep copies of information returns you filed with the IRS or have the ability to reconstruct the data for at least 3 years, from the due date of the returns.

Electronic Filing



If you are required to file 250 or more information returns, you must file electronically. The 250-or-more requirement applies separately to each type of form. For example, if you must file 500 Forms 1095-B and 100 Forms 1095-C, you must file Forms 1095-B electronically, but you are not required to file Forms 1095-C electronically. The electronic filing requirement does not apply if you apply for and receive a hardship waiver. The IRS encourages you to file electronically even though you are filing fewer than 250 returns.

Pub. 5165, Guide for Electronically Filing Affordable Care Act (ACA) Information Returns (AIR) for Software Developers and Transmitters (Processing Year 2016), currently under development, specifies the communication procedures, transmission formats, business rules, and validation procedures for returns filed electronically for calendar year 2015 through the AIR system. To develop software for use with the AIR system, software developers, transmitters and issuers (employers filing their own Forms 1094-C and 1095-C) should use the guidelines provided in Pub. 5165 along with the Extensible Markup Language (XML) Schemas published on IRS.gov.

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

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

Use the following address:

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.

Substitute Returns Filed with the IRS

If you are filing your returns on paper, see Pub. 5223, which is currently under development, for specifications for private printing of substitute information returns. You may not request special consideration. Only forms that conform to the official form and the specifications in Pub. 5223 are acceptable for filing with the IRS.

Extensions and Waivers

Extension. You can get an automatic 30-day extension of time to file by completing Form 8809, Application for Extension of Time To File Information Returns. The form may be submitted on paper, or through the FIRE System either as a fill-in form or an electronic file. No signature or explanation is required for the extension. However, you must file Form 8809 by the due date of the returns in order to get the 30-day extension. Under certain hardship conditions you may apply for an additional 30-day extension. See the instructions for Form 8809 for more information.

How to apply. As soon as you know that a 30-day extension of time to file is needed, file Form 8809. Follow the instructions on Form 8809 and mail it to the address listed in the instructions on the form or you can fax it. See the instructions for Form 8809 for more information. You can submit the extension request online through the FIRE System. You are encouraged to submit requests using the online fill-in form. See Pub. 1220, Part B, for more information on filing online or electronically.

Waiver. To receive a waiver from the required filing of information returns electronically, submit Form 8508, Request for Waiver From Filing Information Returns Electronically, at least 45 days before the due date of the returns. You cannot apply for a waiver for more than one tax year at a time. If you need a waiver for more than one tax year, you must reapply at the appropriate time each year. If a waiver for original returns is approved, any corrections for the same types of returns will be covered under the waiver. However, if you submit original returns electronically but you want to submit your corrections on paper, a waiver must be approved for the corrections if you must file 250 or more corrections. If you receive an approved waiver, do not send a copy of it to the service center where you file your paper returns. Keep the waiver for your records only.

If you are required to file electronically but fail to do so, and you do not have an approved waiver, you may be subject to a penalty of up to \$250 per return for failure to file electronically

unless you establish reasonable cause. However, you can file up to 250 returns on paper; those returns will not be subject to a penalty for failure to file electronically. The penalty applies separately to original returns and corrected returns.

Corrected Forms 1094-C and 1095-C



To file corrections for electronically filed forms, see section 7.1 of Pub. 5165.

Corrected Returns on Paper Forms

A corrected return should be filed as soon as possible after an error is discovered. File the corrected returns as follows:

Form 1094-C. If correcting information on the Authoritative Transmittal (identified on Part I, line 19, as the Authoritative Transmittal, which must be filed for each employer reporting aggregate employer-level data for all full-time employees of the employer), file a standalone fully completed Form 1094-C including the correct information and enter an “X” in the CORRECTED checkbox. Do not file a return correcting information on a Form 1094-C that is not the Authoritative Transmittal.



Do not file any other documents (e.g. Form 1095-C) with the corrected Authoritative Transmittal.

Form 1095-C. If correcting information on a Form 1095-C that was previously filed with the IRS, file a fully completed Form 1095-C including the correct information and enter an “X” in the CORRECTED checkbox. File a Form 1094-C Transmittal (DO NOT mark the CORRECTED checkbox on the Form 1094-C) with corrected Form(s) 1095-C. Furnish the employee a copy of the corrected Form 1095-C, unless the employer is eligible to use the Qualifying Offer Method or the Qualifying Offer Method Transition Relief for 2015. For more information, see *Alternative Method of Furnishing Form 1095-C to Employees under the Qualifying Offer Method* or *Alternative Method of Furnishing Form 1095-C to Employees under the Qualifying Offer Method Transition Relief*, later.

Note. Enter an “X” in the corrected checkbox only when correcting a Form 1095-C previously filed with the IRS. If you are correcting a Form 1095-C that was previously furnished to a recipient, but not filed with the IRS, write CORRECTED on the new Form 1095-C furnished to the recipient.

Correcting information affecting statement furnished to employee using an Alternative Furnishing Method. If an employer eligible to use the Qualifying Offer Method or the Qualifying Offer Method Transition Relief for 2015 had furnished the employee an alternative statement, the employer must furnish the employee a corrected statement if it filed a corrected Form 1095-C correcting the employer’s name, EIN, address or contact name and telephone number. If the employer is no longer eligible to use an alternative furnishing method for the employee for whom it filed a corrected Form 1095-C, it must furnish a Form 1095-C to the employee and advise the employee that the Form 1095-C replaces the statement it had previously furnished.

Caution. If you fail to file correct information returns or fail to furnish a correct recipient statement, you may be subject to a penalty. Regulations section 301.6724-1 (relating to information return penalties) does not require you to file corrected returns for missing or incorrect TINs if you meet the reasonable cause criteria.



See the charts below for examples of errors and step by step instructions for filing corrected returns.

Original Authoritative Form 1094-C	
IF any of the following are incorrect	THEN ...
ALE Member or Designated Government Entity (Name and/or EIN)	1. Prepare a new authoritative Form 1094-C
Total Number of Forms 1095-C filed by and/or on behalf of ALE Member	2. Enter an “X” in the “CORRECTED” box at the top of the form
Aggregated Group Membership	3. Submit the standalone corrected transmittal with the correct information present
Certifications of Eligibility	
Minimum Essential Coverage Indicator	
Full Time Employee Count for ALE Member	
Aggregated Group Indicator	
Section 4980H Transition Relief Indicator	

Original Form 1095-C Submitted to IRS and Furnished to Employee	
IF any of the following are incorrect	THEN ...
Name, SSN, Employer EIN	1. Prepare a new Form 1095-C
Offer of Coverage	2. Enter an “X” in the “CORRECTED” box at the top of the form
Premium Amount	3. Submit corrected Form 1095-Cs with a non-authoritative Form 1094-C transmittal to the IRS
Safe Harbor and Other Relief Codes	4. Furnish a corrected Form 1095-C to the employee
Covered Individuals Information	

Original Alternative Method Statement Furnished to Employee	
IF any of the following are incorrect	THEN ...
Name, SSN, Employer EIN	<ul style="list-style-type: none"> • Submission to IRS: <ol style="list-style-type: none"> 1. Prepare a new Form 1095-C 2. Enter an "X" in the "CORRECTED" box at the top of the form 3. Submit corrected Form 1095-Cs with a non-authoritative Form 1094-C transmittal to the IRS • Furnish to employee If after the correction the employer is still eligible to use an alternative furnishing method, furnish the employee either a Form 1095-C or corrected statement. If the employer is no longer eligible to use an alternative furnishing method, furnish a Form 1095-C to the employee.
Offer of Coverage	
Premium Amount	

Furnishing Forms 1095-C To Employees

You will meet the requirement to furnish Form 1095-C to an employee if the form is 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. In addition, an ALE Member's employer identification number (EIN) may not be truncated on the statements furnished to employees or the forms filed with the IRS.

Statements must be furnished on paper by mail (or hand delivered), 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. An employer is required to obtain affirmative consent to furnish a statement electronically. This requirement ensures that statements are furnished 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. Statements reporting coverage under an expatriate health plan, however, may be furnished electronically unless the recipient affirmatively refuses consent or requests a paper

statement. For more information on expatriate health plans, see Notice 2015-43, 2015-29 I.R.B. 73, at www.irs.gov/pub/irs-drop/n-15-43.pdf.

Extensions of time to furnish statement to recipients. You may request an extension of time to furnish the statements to recipients by sending a letter to Internal Revenue Service, Information Returns Branch, Attn: Extension of Time Coordinator, 240 Murall Drive, Mail Stop 4360, Kearneysville, WV 25430. The letter must include (a) filer name, (b) filer TIN, (c) filer address, (d) type of return, (e) a statement that extension request is for providing statements to recipients, (f) reason for delay, and (g) the signature of the filer or authorized agent. Your request must be postmarked by the date on which the statements are due to the recipients. If your request for an extension is approved, generally you will be granted a maximum of 30 extra days to furnish the recipient statements.

Information reporting penalties. Employers subject to the employer shared responsibility provisions and ALE members that sponsor self-insured group health plans that fail to comply with the applicable information reporting requirements may be subject to the general reporting penalty provisions for failure to file correct information returns and failure to furnish correct payee statements. For returns required to be made and statements required to be furnished after December 31, 2015, the following apply.

- The penalty for failure to file an information return generally is \$250 for each return for which such failure occurs. The total penalty imposed for all failures during a calendar year cannot exceed \$3,000,000.
- The penalty for failure to provide a correct payee statement is \$250 for each statement with respect to which such failure occurs, with the total penalty for a calendar year not to exceed \$3,000,000.
- Special rules apply that increase the per-statement and total penalties if there is intentional disregard of the requirement to furnish a payee statement.

Relief from penalties. For 2015 reporting, the IRS will not impose penalties on a filer for reporting incorrect or incomplete information if the filer can show that it made good faith efforts to comply with the information reporting requirements for 2015. No relief is provided in the case of reporting entities that cannot show a good faith effort to comply with the information reporting requirements or that fail to timely file an information return or furnish a statement. However, consistent with the existing information reporting rules, reporting entities that fail to timely meet the requirements still may be eligible for penalty relief if the IRS determines that the standards for reasonable cause under section 6724 are satisfied. For additional information on penalty relief, see the sections 6055 and 6056 FAQs at www.irs.gov/Affordable-Care-Act/Affordable-Care-Act-Tax-Provisions-Questions-and-Answers.

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 EIN. An 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 the form 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 Pub. 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. See *Designated Governmental Entity (DGE)* in the *Definitions* section of these instructions.

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 (including the dash). An 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 Pub. 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 related to the Form 1094-C.

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.

Line 19. If this Form 1094-C transmittal is the Authoritative Transmittal that reports aggregate employer-level data for the employer, check the box on line 19 and complete Parts II, III, and IV, to the extent applicable. Otherwise, complete the signature portion of Form 1094-C and leave the remainder of the form (lines 20–22 of Part II, and all of Parts III and IV) blank.

There must be only one Authoritative Transmittal filed for each employer. If this is the only Form 1094-C being filed for the employer, this 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 a single Form 1094-C 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.

Part II—ALE Member Information

Reminder. 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.

Line 20. Enter the total number of Forms 1095-C that will be filed by and/or on behalf of the employer. This includes all Forms 1095-C that are filed with this transmittal including those filed for any individuals who enrolled in the employer-sponsored

self-insured plan, and for any Forms 1095-C filed with a separate transmittal filed by or on behalf of the employer.

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," also complete the "Aggregated Group Indicator" in Part III, column (d), and then complete 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.

A. Qualifying Offer Method. Check this box if the employer is eligible to use and is using the Qualifying Offer Method to report the information on Form 1095-C for one or more full-time employees. To be eligible to use the Qualifying Offer Method for reporting, the employer must certify that it made a Qualifying Offer to one or more of its full-time employees for all months during the year in which the employee was a full-time employee for whom an employer shared responsibility payment could apply. Additional requirements described below must be met to be eligible to use the alternative method for furnishing Form 1095-C to employees under the Qualifying Offer Method.

Alternative Method of Completing Form 1095-C under the Qualifying Offer Method. If the employer reports using this method, it must not complete Form 1095-C, Part II, line 15, for any month for which a Qualifying Offer is made. Instead it must enter the Qualifying Offer code 1A on Form 1095-C, line 14, for any month for which the employee received a Qualifying Offer (or in the all 12 months box if the employee received a Qualifying Offer for all 12 months), and must leave line 15 blank for any month for which code 1A is entered on line 14.

An employer is not required to use the Qualifying Offer Method, even if it is eligible and instead may enter on line 14 the applicable offer code and then enter on line 15 the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value for that month.



If the employer is eligible to use the Qualifying Offer Method, it may report on Form 1095-C by entering the Qualifying Offer code 1A on Form 1095-C, line 14, 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 calendar months. However, if an employee receives a Qualifying Offer for less than all 12 months, the employer must furnish a copy of Form 1095-C to the employee (rather than using the alternative method of furnishing Form 1095-C described below) unless the Qualifying Offer Method Transition Relief for 2015 described later applies.

Alternative Method of Furnishing Form 1095-C to Employees under the Qualifying Offer Method. An employer that is eligible to use the Qualifying Offer Method meets the requirement to furnish Form 1095-C to its full-time employees who received a Qualifying Offer for all 12 months of the calendar year, and who did not enroll in coverage that is self-insured coverage, 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 at which the employee may receive information about the offer of coverage and the information on the Form 1095-C filed with the IRS for that employee.

- 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.
- A statement directing the employee to see Pub. 974, Premium Tax Credit (PTC), for more information on eligibility for the premium tax credit.

For a full-time employee who received a Qualifying Offer and enrolled in self-insured coverage, the employer must furnish the information reporting enrollment in the coverage on Form 1095-C, Part III. The employer **may not** use the alternative method of furnishing Form 1095-C under the Qualifying Offer Method for that employee. The employer may provide the information to the employee by furnishing a copy of Form 1095-C as filed with the IRS (with or without the statement described above).

B. Qualifying Offer Method Transition Relief for 2015.

Check this box if the employer is eligible for and is using the Qualifying Offer Method Transition Relief for the 2015 calendar year to report information on Form 1095-C for one or more full-time employees. 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. For this purpose, an employee in a Limited Non-Assessment Period is not included in the 95% calculation.

If an employer reports using this method, it must not complete Form 1095-C, Part II, line 15, for any month for which a Qualifying Offer is made or for which Qualifying Offer Method Transition Relief applies. An employer that reports using this method must enter on Form 1095-C, line 14, either the Qualifying Offer code 1A for any months for which the employee received a Qualifying Offer, or the Qualifying Offer Method Transition Relief code 11 for any months for which the employee did not receive a Qualifying Offer.

An employer is not required to use this method, even if it is eligible and the employer may 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 11 and also report the dollar amount on line 15.

Alternative Method of Furnishing Form 1095-C to Employees 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 at which the employee may receive information about the offer of coverage (if any) and the information on the Form 1095-C filed with the IRS for that employee.
- 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.
- A statement directing the employee to 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.

Whether or not an employee received a Qualifying Offer, for an employee who enrolled in self-insured coverage the employer must furnish the information reporting enrollment in the coverage on Form 1095-C, Part III. The employer may not use the alternative method of furnishing Form 1095-C under the Qualifying Offer Method or the Qualifying Offer Method Transition Relief for that employee. Rather, the employer may provide the information to the employee by furnishing a copy of Form 1095-C as filed with the IRS (with or without the statement described above).

C. Section 4980H Transition Relief. Check this box if the employer is eligible for section 4980H Transition Relief under 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).

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. Check 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 taking into account all months during which the individuals were employees of the employer and were not in a Limited Non-Assessment Period, the employer offered, affordable health coverage providing minimum value to at least 98% of its employees for whom it is filing a Form 1095-C employee statement, and offered minimum essential coverage to those employees' dependents. 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, under the general reporting rules, to file Forms 1095-C on behalf of all its full-time employees who were full-time employees for one or more months of the calendar year. To ensure compliance with the general reporting rules, an employer should confirm for any employee for whom it fails to file a Form 1095-C that the employee was not a full-time employee for any month of the calendar year. (For this purpose, the health coverage is affordable if the employer meets one of the section 4980H affordability safe harbors.)

Example. Employer has 325 employees. Of those 325 employees, Employer identifies 25 employees as not possibly being full-time employees because they are scheduled to work 10 hours per week and are not eligible for additional hours. Of the remaining 300 employees, 295 are offered affordable minimum value coverage for all periods during which they are employed other than any applicable waiting period (which qualifies as a Limited Non-Assessment Period). Employer files a Form 1095-C for each of the 300 employees (excluding the 25 employees that it identified as not possibly being full-time employees). Employer may use the 98% Offer Method because it makes an affordable offer of coverage that provides minimum value to at least 98% of the employees for whom Employer files a Form 1095-C. Using this method, Employer does not identify whether each of the 300 employees is a full-time employee. However, Employer must still file a Form 1095-C for all of its full-time employees. Employer chooses to file a Form 1095-C on behalf of all 300 employees, including the five employees to whom it did not offer coverage, because if one or more of those employees was, in fact, a full-time employee for one or more

months of the calendar year, Employer would be required to have filed a Form 1095-C on behalf of those employees.

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 (Lines 23-35)

Column (a) Minimum Essential Coverage Offer Indicator.

- If the employer offered minimum essential coverage 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” or for each of the 12 calendar 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.
- 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, enter “X” in the “No” checkbox for “All 12 Months” for each of the 12 calendar 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 eligible for 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 *An employee who is treated as having been offered health coverage for purposes of section 4980H (even though not actually offered) is treated as offered minimum essential coverage for this purpose. For example, for the months for which the employer is eligible for dependent coverage transition relief, non-calendar year transition relief, or multiemployer arrangement interim guidance (if the employer is contributing on behalf of an employee whether or not the employee is eligible for coverage under the multiemployer plan) with respect to an employee, that employee should be treated as having been offered minimum essential coverage for purposes of column (a). For different rules for purposes of reporting offers of coverage on Form 1095-C, see the specific instructions for Form 1095-C, Part II, line 14.*

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 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 count 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 all of your employees, including full-time employees and non-full-time employees and employees in a Limited Non-Assessment Period, for each calendar month. An employer must choose to use one of the following days of the month to determine the number of employees per month and must use that day for all months of the year: (1) the first day of each month; (2) the last day of each month; (3) the first day of the first payroll period that starts during each month; or (4) the last day of the first payroll period that starts during each month (provided that for each month that last day falls within the calendar month in which the payroll period starts). If the total number of employees was the same for every month of the entire calendar year, enter that number in line 23, column (c) “All 12 Months” or in the boxes for each month of the calendar year. 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 the employer was a member of an Aggregated ALE Group during each month of the calendar year, enter “X” in the “All 12 Months” box or in the boxes for each of the 12 calendar months. 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 C 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 (using the number reported in Part III, column (b), if a number was required to be reported) for the year or for the number of months during which the ALE Member was a member of the Aggregated ALE Group. If any member of the Aggregated ALE Group uses the 98% Offer Method and thus is not required to identify which employees are full-time employees, all Aggregated ALE Group members should use the monthly average number of total employees rather than the monthly average number of full-time employees for this purpose. Regardless of the number of members in the Aggregated ALE Group, list only the 30 members in descending order listing first the member with the highest average monthly number of full-time employees (or highest average number of total employees, if any member of the Aggregated ALE Group uses the 98% Offer Method). The employer must also complete Part III, column (d), to indicate which months it was part of an Aggregated ALE Group.



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 and Pub. 1635, Employer Identification Number, for more information.

Specific Instructions for Form 1095-C

Part I—Employee

Line 1. Enter the name of the employee (first name, middle initial, last name).

Line 2. Enter the 9-digit SSN of the employee including the dashes.

Lines 3–6. Enter the employee's complete address (including apartment no., if applicable). A country code is not required for U.S. addresses.

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 an SSN in lieu of an EIN. Enter the 9-digit EIN including the dash. The employer's name and EIN should match the name and EIN of the employer reported on lines 1 and 2 of Form 1094-C.



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 Pub. 1635, Employer Identification Number, for further information.

Lines 9 and 11–13. Enter the employer'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

Plan Start Month. This box is optional for the 2015 Form 1095-C and the employer may leave it blank; it is anticipated that this box will be mandatory for the 2016 Form 1095-C. To complete the box, enter the two-digit number (01 through 12) indicating the calendar month during which the plan year begins of the health plan in which the employee is offered coverage (or would be offered coverage if the employee were eligible to participate in the plan). If more than one plan year could apply (for instance, if the employer changes the plan year during the year), enter the earliest applicable month. If there is no health plan under which coverage is offered to the employee, enter "00".

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, or complete all of the individual calendar month boxes.

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. Thus, if an employee terminates coverage before the last day of the month, the employee does not actually have an offer of coverage for that month. See Line 16, code 2B later for how the employer may complete Line 16 in the event an employee terminates coverage before the last day of the month.

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 (but the employee was not actually offered coverage). For example, do not enter a code for health coverage the employer is treated as having offered (but did not actually offer) under the dependent coverage transition relief, or non-calendar year transition relief, even if the employee is included in the count of full-time employees offered minimum essential coverage for purposes of Form 1094-C, Part III, column (a). If the employee was not actually offered coverage, enter Code 1H (no offer of coverage) on Line 14.

For reporting offers of coverage for 2015, an employer relying on the multiemployer arrangement interim guidance should enter code 1H on line 14 for any month for which the employer enters code 2E on line 16 (indicating that the employer was required to contribute to a multiemployer plan on behalf of the employee for that month and therefore is eligible for multiemployer interim rule relief). For reporting for 2015, Code 1H may be entered without regard to whether the employee was eligible to enroll in coverage under the multiemployer plan. For 2016 and future years, reporting for offers of coverage made through a multiemployer plan may be reported in a different manner.

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

Code Series 1— Offer of Coverage. The Code Series 1 indicator codes specify the type of coverage, if any, offered to an employee, the employee's spouse, and the employee's dependents. The term "dependent" has the specific meaning set forth in the *Definitions* section of these instructions. In addition, for this purpose an offer of coverage is treated as made to an employee's dependents only if the offer of coverage is made to an unlimited number of dependents regardless of the actual number of dependents, if any, an employee has during any particular calendar month.

An offer of COBRA continuation coverage that is made to a former employee upon termination of employment is reported as an offer of coverage using the appropriate indicator code on line 14 only if the former employee enrolls in the coverage. If the former employee does not enroll in the coverage (even if a spouse or dependent of the former employee independently enrolls in the coverage), code 1H (No offer of coverage) should be entered for any month for which the offer of COBRA continuation coverage applies.

An offer of COBRA continuation coverage that is made to an active employee (for instance, an offer of COBRA continuation coverage that is made due to a reduction in the employee's hours that resulted in the employee no longer being eligible for coverage under a plan) is reported in the same manner and using the same code as an offer of that type of coverage to any other active employee.

If the type of coverage, if any, offered to an employee was the same for all 12 months in the calendar year, enter the Code Series 1 indicator code corresponding to the type of coverage

offered in the “All 12 Months” box or in each of the 12 boxes for the calendar months.

- **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).

TIP *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 (except in cases in which the employer is eligible for and reports using the Alternative Furnishing Method for 2015 Qualifying Offer Method Transition Relief as described in these instructions).*

- **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; 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 (which may include one or more months in which the individual was not an employee) and who enrolled in self-insured coverage for one or more months of the calendar year.
- **1H.** No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage, which may include one or more months in which the individual was not an employee).
- **1I.** Qualifying Offer Transition Relief 2015: Employee (and spouse or dependents) received no offer of coverage; received an offer that is not a qualifying offer; or received a qualifying offer for less than 12 months.

Line 15. Complete line 15 only if 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. For purposes of determining the monthly employee contribution, an employer may divide the total employee share of the premium for the plan year by the number of months in the plan year to determine the monthly employee contribution for the plan year. This monthly employee contribution would then be reported for any months of that plan year that fall in the 2015 calendar year. For example, if the plan year begins January 1, the employer may determine the amount to report for each month by taking the total annual employee contribution for all 12 months and dividing by 12. If the plan year begins April 1, the employer may determine the amount to report for January through March, 2015 by taking the total annual employee contribution for the plan year ending March 31, 2015, and dividing by 12, and may determine the amount to report for April through December, 2015 by taking the total annual employee contribution for the plan year ending March 31, 2016, and dividing by 12. If the employee is offered coverage but is not required to contribute any amount towards the premium, enter “0.00” (do not leave blank). If the employee

share of the lowest-cost monthly premium amount was the same amount for all 12 calendar months, enter that monthly amount in each monthly box or 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.

TIP *For line 15, enter the lowest-cost monthly premium for self-only minimum essential coverage providing minimum value that is offered to the employee. This amount may not be the amount the employee is paying for the coverage, for example, if the employee chose to enroll in more expensive coverage such as family coverage.*

Line 16. For each calendar month, enter the applicable code, if any, from Code Series 2. You may 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 each monthly box or enter the code in the “All 12 Months” box. If none of the codes apply for a calendar month, leave the line blank for that month.

Code Series 2—Section 4980H Safe Harbor Codes and Other Relief for Employers. An employer enters the applicable Code Series 2 indicator code, if any, on Line 16 to report for one or more months of the calendar year that one of the following situations applied to the employee: the employee was not employed or was not a full-time employee; the employee enrolled in the minimum essential coverage offered; the employee was in a Limited Non-Assessment Period with respect to section 4980H(b); non-calendar year transition relief applied to the employee; the employer met one of the section 4980H affordability safe harbors with respect to this employee; or the employer was eligible for multiemployer interim rule relief for this employee. In some circumstances more than one situation could apply to the same employee in the same month. For example, an employee could be enrolled in health coverage for a particular month during which he or she is not a full-time employee. However, only one code may be used for a particular calendar month. For any month in which an employee enrolled in minimum essential coverage, indicator code 2C reporting enrollment is used instead of any other indicator code that could also apply. For an employee who did not enroll in health coverage, there are some specific ordering rules for which code to use. See the descriptions of the codes.

- **2A.** Employee not employed during the month. Enter code 2A if the employee was not employed on any day of the calendar month. Do not use code 2A for a month if the individual was an employee of the employer on any day of the calendar month. Do not use code 2A 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. Enter code 2B also if the employee is a full-time employee for the month and whose offer of coverage (or coverage if the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month (so that the offer of coverage or coverage would have continued if the employee had not terminated employment during the month). Also use this code for January 2015 if the employee was offered health coverage no later than the first day of the first payroll period that begins in January 2015 and the coverage offered was affordable for purposes of the employer shared responsibility provisions under section 4980H and provided minimum value.

• **2C.** Employee enrolled in coverage offered. Enter code 2C for any month in which the employee enrolled in health coverage offered by the employer for each day of the month, regardless of whether any other code in Code Series 2 might also apply (for example, the code for a section 4980H affordability safe harbor). Do not enter 2C in Line 16 if Code 1G is entered in the All 12 Months Box in Line 14 because the employee was not a full-time employee for any months of the calendar year.

• **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 under Offer of Health Coverage in the *Definitions* section of these instructions.

• **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).

Note. Codes 2F through 2H: 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).

• **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.

Note. References to 9.5% in the affordability safe harbors and alternative reporting methods may be subject to change if future IRS guidance provides that the percentage is indexed in the same manner as that percentage is indexed for purposes of applying the affordability thresholds under Internal Revenue Code section 36B (the premium tax credit). In general this should not affect reporting for 2015, but taxpayers may visit IRS.gov for any related updates.

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 or other individual enrolled. For this purpose,

employer-sponsored self-insured health coverage does not include coverage under a multiemployer plan.

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.

This part **must** be completed by an employer offering self-insured health coverage for any individual who was an employee for one or more calendar months of the year, whether full-time or non-full-time, and who enrolled in the coverage.

TIP All employee family members that are covered individuals through the employee’s enrollment (for example, because the employee elected family coverage) must be included on the same form as the employee (or individual to whom the offer was made). For example, if the employee is offered family coverage by his or her employer under a self-insured health plan and enrolls in the family coverage, the employee and the employee’s family members that are covered under the plan must all be reported on Form 1095-C.

If two or more employees employed by the same employer are spouses or employee and dependent, and one employee enrolled in a coverage option under the plan that also covered the other employee(s) (for example, one employee spouse enrolled in family coverage that provided coverage to the other employee spouse and their employee dependent child), the enrollment information should be reflected only on the Form 1095-C for the employee who enrolled in the coverage (but would report the other employee family members as covered individuals).

Coverage of Non-Employee. This part **may** be completed by an employer offering self-insured health coverage for any other individual who enrolled in the coverage under the plan for one or more calendar months of the year but was not an employee for any calendar month of the year, such as a non-employee director, a retired employee who retired in a previous year, a terminated employee receiving COBRA continuation coverage who terminated employment during a previous year, and a non-employee COBRA beneficiary (but not including an individual who obtained coverage through the employee’s enrollment, such as a spouse or dependent obtaining coverage when an employee elects COBRA continuation coverage that is family coverage). If the Form 1095-C is used with respect to an individual who was not an employee for any month of the calendar year, Part II must be completed by using Code 1G in the “All 12 Months” box or the box for each month of the calendar year.

TIP In the case of a non-employee individual who enrolls in the coverage under a self-insured health plan, all family members that are covered individuals due to the individual’s enrollment must be included on the same Form 1095-B or Form 1095-C as the individual who is offered, and enrolls in, the coverage.

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 an 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 this information on the additional covered individuals on Part III Covered Individuals — Continuation Sheet(s). Do not count the Continuation Sheet(s) as additional Forms 1095-C in the count of forms submitted with the accompanying Form 1094-C.



Governmental Unit employers offering self-insured health coverage that have delegated another governmental unit (DGE) for purposes of reporting and furnishing enrollment information (meaning the information that otherwise would be reported on Form 1095-C, Part III), but have not designated a DGE for purposes of reporting and furnishing offer of coverage information (meaning the information that is reported on Form 1095-C, Part II), should file and furnish Forms 1094-C with a completed Part I and Part II, but not a completed Part III, and **should not check the box indicating that the Governmental Unit offers self-insured health coverage. In this case, the DGE should file Forms 1094-B and 1095-B to report enrollment information for employees on behalf of the Governmental Unit. See FAQs on IRS.gov.**

A DGE that has been delegated by a Governmental Unit for purposes of reporting and furnishing both offer of coverage and enrollment information (meaning the information that would be reported on Parts II and III of Form 1095-C) should file Forms 1094-C and 1095-C to report the information for employees on behalf of the Governmental Unit.

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

Column (b). Enter the 9-digit SSN for each covered individual including the dashes. For covered individuals who are not the employee listed in Part I, a taxpayer identification number (TIN), rather than an SSN, may be entered if the covered individual does not have an SSN.

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 in the month.

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. For 2015, an employer may determine its status as an ALE by reference to a period of at least six consecutive months during 2014 rather than the entire 2014 calendar year. See section XV.D.3 of the preamble to the final regulations under section 4980H. 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.

COBRA continuation coverage. COBRA continuation coverage is health coverage that is required to be offered under the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) in certain circumstances in which an employee or other individual covered under a health plan loses eligibility for coverage under that health plan (for example, because the employee terminates employment or has a reduction in hours). For purposes of these instructions, COBRA continuation coverage also includes coverage required under any other federal or state law that provides continuation coverage comparable to that provided under COBRA. For additional details, see Code section 4980B and Regulations sections 54.4980B-1 through 54.4980B-10.

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 Governmental 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. In the case of a Governmental Unit that has delegated some or all of its reporting responsibilities to a DGE with respect to some or all of its employees, one Authoritative Transmittal must still be filed for that Governmental Unit reporting aggregate employer-level data for all employees of the Governmental Unit (including those for whom the Governmental Unit has delegated its reporting responsibilities). For more information, see *Authoritative Transmittal for Employers Filing Multiple Forms 1094-C*.

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, an S corporation shareholder who owns at least 2-percent of the S corporation, a leased employee within the meaning of section 414(n) of the Code, 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 must treat one of the employers as the employer of that employee for that calendar month. See *One Form 1095-C for Each Employee of Each Employer* for a discussion of reporting in these circumstances. See Pub.15-A, Employer's Supplemental Tax Guide, for more information on determining who is an employee.

Note. In certain circumstances, an employee may have a break in service (including a break in service due to a termination of employment) during which the individual does not earn hours of service, but upon beginning to earn hours of service again the employer must treat the individual as a continuing employee rather than a new hire for purposes of certain rules under the section 4980H regulations. See Regulations sections 54.4980H-3(c)(4) and 54.4980H-3(d)(6). These rules do not impact whether the individual was an employee during the break in service, so the individual should only be treated as an employee during the break in service for purposes of reporting if the individual remained an employee during that period (and had not terminated employment with the employer). For example, an employee on unpaid leave during the break in service would be treated as an employee for reporting purposes during the break in service, while a former employee whose employment had been terminated during the break in service would not be treated as an employee for reporting purposes.

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 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 on the identification of full-time employees, see Regulations sections 54.4980H-1(a)(21) and 54.4980H-3 and Notice 2014-49, 2014-41 I.R.B. 66 (which describes a proposed approach to the application of the look-back measurement method in situations in which the measurement period applicable to an employee changes).

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 in Part II of Form 1095-C for all twelve months of the calendar year, using the appropriate codes.



An employer need not file a Form 1095-C for an individual who for each month of a calendar year is either not an employee of the employer or is an

employee in a Limited Non-Assessment Period. However, for the months in which the employee was an employee of the employer, such an employee would be included in the total employee count reported on Form 1094-C, Part III, Column (c). Also, if during the Limited Non-Assessment Period the employee enrolled in coverage under a self-insured employer-sponsored plan, the employer must file a Form 1095-C for the employee to report coverage information for the 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, health coverage 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 for a standard population and provides substantial coverage of inpatient hospitalization services and physician services. An offer of coverage under a plan that fails to provide substantial coverage of inpatient hospitalization and physician services should be

reported on Form 1095-C as not providing minimum value, even if an employer qualifies for the section 4980H transition rule under Notice 2014-69.

Offer of health coverage. An employer makes an offer of coverage to an employee if it provides 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.

For purposes of reporting, an offer to a spouse includes an offer to a spouse that is subject to a reasonable, objective condition, regardless of whether the spouse meets the reasonable, objective condition. For example, an offer of coverage that is available to a spouse only if the spouse certifies that the spouse does not have access to health coverage from another employer is treated as an offer of coverage to the spouse for reporting purposes. Note that this treatment is for reporting purposes only, and generally will not affect the spouse's eligibility for the premium tax credit if the spouse did not meet the condition and therefore did not have an actual offer of coverage. For 2016 and future years, new codes may be added for use on Form 1095-C to indicate that an offer to a spouse was subject to a reasonable, objective condition.

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. For reporting purposes, this means that an offer of coverage does not occur for a month 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 (or for an employee who did not enroll in coverage, the coverage would have ended if the employee had enrolled in coverage). However, see the description of Code Series 2—Section 4980H Safe Harbor Codes and Other Relief for Employers, code 2B which may be applicable in these circumstances to indicate that the employer is treated as having offered coverage for the entire month for purposes of section 4980H.

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.

TIP *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 or is eligible for the section 4980H transition relief regarding offers of coverage to dependents. For more information, see section XV.E of the preamble to the final regulations under section 4980H.

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). For purposes of the *Qualifying Offer Method Transition Relief for 2015*, a qualifying offer may also include an offer that satisfies the definition above except that it is not offered to an employee for all the calendar months of 2015 for which the employee was a full-time employee for whom a section 4980H assessable payment could apply.

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 report the health coverage offered to that employee (if any) during that period, including, if applicable, the required employee contribution.

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). An employer eligible for this relief is still subject to the Forms 1094-C and 1095-C reporting requirements for 2015 with respect to its full-time employees.

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). 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, if the employer:

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.

Treatment of full-time employees not eligible for the non-calendar year plan—Significant percentage transition guidance (full-time employees). 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 if the employer:

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.

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 did not offer its employee health coverage for the month of January (using code 1H). However, it would report on Line 16 using code 2B that it is eligible for this relief with respect to the employee if the coverage offered was affordable for purposes of the employer shared responsibility provisions under section 4980H and provided minimum value.

Interim guidance regarding multiemployer arrangements. For a description of the treatment of certain coverage provided through a multiemployer arrangement, see *Offer of health coverage* in the *Definitions* section.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on these forms to carry out the Internal Revenue laws of the United States and the Patient Protection and Affordable Care Act. Our legal right to ask for the information on this form is Internal Revenue Code sections 6055, 6056, 4980H and their regulations. We request it to confirm that

you are providing your employees offers of, and enrollment in, health coverage and to determine the employer shared responsibility payments and eligibility of your employees for premium tax credits. If you do not provide this information, we may be unable to determine whether your employees are entitled to premium tax credits. Providing false or fraudulent information may subject you to penalties. We may disclose this information to the Department of Justice for civil or criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to Federal and state agencies to enforce Federal nontax criminal laws, or to Federal law enforcement and intelligence agencies to combat terrorism.

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The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Form 1094-C	4 hrs.
Form 1095-C	12 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this office. Instead, see *Where To File*, earlier.

DRAFT
August 6, 2015