



Monterey County Office of Education

Dr. Nancy Kotowski
County Superintendent of Schools

Finance and Business Services

Bulletin No. 16-010

To: Chief Business Officials and Fiscal Directors

From: Karen Hennessy, Director, District Advisory Services

Date: Tuesday, February 16, 2016

Re: Affordable Care Act Update (MCSIG, CVT, Good Faith Filing Standard, Individual Tax Returns)

The Internal Revenue Service (IRS) continues to release information updating and clarifying the regulations for Affordable Care Act (ACA) tax reporting. What follows is an update on current ACA tax reporting information, as well as an update on some Escape system imports.

The information below includes:

1. IRS Good Faith Filing Standard
2. Update on MCSIG Dependent Import
3. Information on CVT Multiemployer Transition Relief
4. Employees Filing Individual Tax Returns

IRS Good Faith Filing Standard

For this year only (filing year 2016 for tax year 2015), the IRS has indicated that they will be using a good faith standard to evaluate forms for ACA reporting. This means that if an employer's best effort has been made to complete the filing requirements on time, there will be no penalties for incomplete or incorrect returns filed or statements furnished. The penalties for lack of filing and non-compliance, as well as the employer shared responsibility payments, are still in effect.

From the IRS webpage at <https://www.irs.gov/Affordable-Care-Act/Questions-and-Answers-on-Information-Reporting-by-Health-Coverage-Providers-Section-6055>:

Is relief available from penalties for incomplete or incorrect returns filed or statements furnished to covered individuals in 2016 for coverage provided in calendar year 2015?

Yes. In implementing new information reporting requirements, short-term relief from reporting penalties frequently is provided. This relief generally allows additional time to develop appropriate procedures for collection of data and

compliance with the new reporting requirements. Accordingly, the IRS will not impose penalties under sections 6721 and 6722 for 2015 returns and statements filed and furnished in 2016 on reporting entities that can show that they have made good faith efforts to comply with the information reporting requirements. Specifically, relief is provided from penalties under sections 6721 and 6722 for returns and statements filed and furnished in 2016 to report coverage in 2015 for incorrect or incomplete information reported on the return or statement.

MCSIG Dependents

All MCSIG dependent data has now been imported into Escape (Production system). There were a few records that could not be imported because of a missing Social Security Number. We will be contacting each district individually with information on any records that did not import successfully.

If your district has MCSIG benefits, please review the imported data as soon as possible. Records can be reviewed in the Escape, Employee Management Activity, Dependents tab. Please contact Phil Davis (pdavis@monterey.k12.ca.us) with any specific questions about the import.

CVT Multiemployer Transition Relief

California's Valued Trust (CVT) has recommended to their members that they report their ACA filing using the multiemployer transition relief option. CVT has already sent all employees the 1095-B form which shows coverage months for them and other covered individuals (dependents).

CVT districts have two options for their filing: one, to follow CVT's recommendation and file using the multiemployer transition relief; two, to proceed with filing the information on the Offer of Coverage and Safe Harbor as per usual. If using multiemployer transition relief, use the values for box 14 of 1H and box 16 of 2E on the 1095-C form as specified in CVT-provided newsletters. If reporting the regular offer of coverage and safe harbor then follow the steps for Escape ACA reporting per usual.

In both cases, the employee and dependent coverage months will be included on the 1095-B form received directly from CVT. The IRS has revised guidelines to state that the 1095-B is equivalent to the 1095-C, Part 3 (Covered Individuals section).

Employee Filing Individual Tax Returns

Employees who will be receiving a 1095-B or 1095-C form *do not need to wait* for that form to be able to file their individual tax returns for 2016. The IRS webpage <https://www.irs.gov/Affordable-Care-Act/Questions-and-Answers-about-Health-Care-Information-Forms-for-Individuals> states:

You do not have to wait for either Form 1095-B or 1095-C from your coverage provider or employer to file your individual income tax return. You can use other forms of documentation, in lieu of the Form 1095 information returns to prepare

your tax return. Other forms of documentation that would provide proof of your insurance coverage include:

- insurance cards,
- explanation of benefits,
- statements from your insurer,
- W-2 or payroll statements reflecting health insurance deductions,
- record of advance payments of the premium tax credit and
- other statements indication that you, or a member of your family, had health care coverage.

If you and your entire family were covered for the entire year, you may check the full-year coverage box on your return. If you or your family members did not have coverage for one or more months of the calendar year, you may claim an exemption or make an individual shared responsibility payment.

You will not need to send the IRS proof of your health coverage. However, you should keep any documentation with your other tax records. This includes records of your family's employer-provided coverage, premiums paid, and type of coverage.

If you have Affordable Care Act general questions, please contact me at khennesy@monterey.k12.ca.us.

If you have Escape-specific ACA questions, please contact us via the Escape Help Desk (<https://whd.montereycoe.org/helpdesk/WebObjects/Helpdesk.woa>).