

# Payrollnews

OCTOBER 2017

## IRS Releases Info Letters to Employers ... *'ACA Compliance is NOT Optional'*

The IRS has released compliance information letters to clarify any mix-up regarding individual and employer mandates and compliance under the Affordable Care Act (ACA).

Although the recent Executive Order tried to "reduce potential burden imposed by the ACA," the IRS is clear in stating that, "The Executive Order does not change the law."

**Data Management Payroll Services** can help. If you're an Applicable Large Employer (ALE), our ACA System can provide some relief from the ACA reporting burdens and requirements.

Legislative provisions of the ACA remain unchanged, the Employer Shared Responsibility provisions remain in effect, and **ACA Compliance is not optional.**

### ALEs & ESRP

The Employer Shared Responsibility Payment provisions, Section 4980H of the Internal Revenue Code, remain in effect, and the IRS will now begin to impose penalties.

An Applicable Large Employer (ALE) is "generally, an employer with at least 50 full-time employees, including full-time equivalent employees, on business days in the preceding

calendar year."

If an applicable large employer fails to offer affordable, minimum essential health coverage to their full-time employees and their dependents, they will be liable under the statute for the Employer Shared Responsibility Payment (ESRP).

The employer may also be liable for the ESRP if "at least one full-time

employee is allowed the Premium Tax Credit (PTC) because the coverage does not provide minimum value or is not affordable, or the full-time employee was not offered coverage."

### ANNUAL REPORTING

Annual reporting requirements for ALEs, Internal Revenue Code

**Click the links to read the IRS Information Letters regarding ACA employer mandates.**

#### IRS Information Letter 2017-0010

<https://www.irs.gov/pub/irs-wd/17-0010.pdf>

#### IRS Information Letter 2017-0013

<https://www.irs.gov/pub/irs-wd/17-0013.pdf>



Sections 6055 and 6066, also remain in effect. The IRS stated that "taxpayers remain required to follow the law and pay what they may owe."

The ACA Information Return system, also known as AIR, accepts information returns and transmittals electronically, and if you file more than 250 information returns, e-file is your only option.

Large businesses, insurance companies, and self-insured companies must file annual information returns with the IRS.

**Let DMPS Handle Your**

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## IRS Releases Info...

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**ACA Reporting!** Avoid ACA penalties from the IRS!

### CALL US TODAY!

At **Data Management Payroll Services**, we can process your payroll, provide multiple HR Services, and take the worries out of the ACA reporting requirements!

With our ACA System, we can easily file your ACA transmittals and information returns, on-time and accurately – no matter how many!

Call us today and sign up now – before the end of the year – and let's get started.

Sources: <https://www.irs.gov/affordable-care-act/employers/employer-shared-responsibility-provisions> IRS Information Letter 2017-0010 <https://www.irs.gov/pub/irs-wd/17-0010.pdf>, IRS Information Letter 2017-0013 <https://www.irs.gov/pub/irs-wd/17-0013.pdf> and <http://www.burnhambenefits.com/affordable-care-act/2017/Play-or-Pay%20Mandates-Employer-Reporting-and-Health-Insurance-Fee> .

## UNDERSTANDING ACA AFFORDABILITY

**M**aking sense of the Affordable Care Act's definition of "affordable, minimal essential coverage" can be very confusing.

The contribution percentage is "used for purposes of determining affordability under the employer shared responsibility mandate."

In 2018, an employer cannot charge a full-time employee more than 9.56% of their household income for health insurance premiums. This represents a slight decrease from previous years: 9.69% in 2017 and 9.66% in 2016.

Also, don't forget! The individual penalties are still in effect. ACA compliance for 2017 is \$695 per adult, \$347.50 per child, and a family max of \$2,085. Stay tuned for the latest on ACA compliance!

Check out this article regarding ACA affordability, the required contribution percentage, and what it takes to maintain "affordable" coverage in 2018.

<https://www.willistowerswatson.com/en/insights/2017/08/legal-and-compliance-irs-releases-2018-affordability-rates>

## DMPS Can Handle ALL Your Payroll and Human Resource Needs!

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- ✓ HR – Applicant Tracking
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