

ACA PENALTY NOTICE SURVIVAL GUIDE

The IRS is now issuing penalty notices (Letter 226J) to certain **Applicable Large Employers (ALEs)** for Affordable Care Act violations. Read on for everything you need to know about these notices and what to do if you get one.

HELP! I RECEIVED A PENALTY NOTICE AND DON'T KNOW WHAT TO DO!

WHY YOU RECEIVED IT

You will receive Letter 226J if the IRS determines that your organization did not satisfy the Employer Shared Responsibility Provision (ESRP) of the Affordable Care Act (ACA).

1

Failure to offer minimum essential coverage to a full-time employee and their dependents.

OR

2

Full-time employee(s) received a Premium Tax Credit (PTC) for 1+ months to subsidize the cost of premiums for health insurance.

WHAT THE NOTICE SAYS

- Information on full-time employees who were allowed a premium tax credit and for whom the company did not qualify for relief
- Indicator codes for the ALE from lines 14 and 16 of each assessable full-time employee's form 1095-C
- An ESRP summary itemizing the proposed payment by month
- Form 14764 "ESRP RESPONSE"

IF SDP FILED MY 1094-C'S OR 1095-C'S, SHOULD I FORWARD YOU THIS NOTICE?

Since SDP is not involved in offering healthcare coverage to your employees, we would not be able to respond on your behalf.

Instead, you should work with your Payroll/HR departments and your benefits broker to gather information regarding how offers of coverage were made to coordinate an immediate response to the IRS.

NEXT STEPS



Provide information to the IRS **by the response date** shown in Letter 226J, which will be **30 days** from the date the letter was issued. Letter 226J will contain the name and contact information of a specific IRS employee that you should contact if you have any questions about your notice.



Respond in writing, either agreeing with the proposed employer shared responsibility payment or disagreeing with part or all of the proposed penalty assessment. Letter 226J will provide instructions for how you should respond.



Request a pre-assessment conference, if you disagree with the proposed or revised ESRP payment. Following this conference with the IRS, you may also ask the IRS Office of Appeals to review the case.

FOR MORE INFORMATION ON HOW TO STAY COMPLIANT, CALL US TODAY AT 866-946-2032.
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