

EMPLOYER REPORTING RESPONSIBILITIES: 2020 TAX YEAR PENALTY AMOUNTS

Applicable Large Employers (ALEs) are required to comply with employer reporting responsibilities under the ACA. Any employer averaging 50 or more full-time (FT) plus full-time equivalent (FTE) employees for the prior calendar year must report on the coverage it offers (or does not offer) to its FT employees and their dependents for the following year. IRS common ownership (controlled/aggregated group) rules apply when determining employer size.

Groups with less than 50 employees sponsoring self-insured coverage must also comply with the ACA's employer reporting responsibilities. Penalties for noncompliance are hefty and were increased by IRC 6721 and IRC 6722.

| Time of Filing | Penalty Rate | IRS Forms Due 1/1/2021 - 12/31/2021 |
|----------------------------|---|--|
| Not more than 30 days late | Per return | \$ 50 |
| | Maximum – Gross receipts less than/equal to \$5M* | \$ 197,500 |
| | Maximum – Gross receipts over \$5M* | \$ 565,000 |
| 31 days late – August 1st | Per return | \$ 110 |
| | Maximum – Gross receipts less than/equal to \$5M* | \$ 565,000 |
| | Maximum – Gross receipts over \$5M* | \$ 1,696,000 |
| After August 1st | Per return | \$ 280 |
| | Maximum – Gross receipts less than/equal to \$5M* | \$ 1,130,500 |
| | Maximum – Gross receipts over \$5M* | \$ 3,392,000 |
| Intentional disregard | Per return | \$ 560 |
| | Maximum – Gross receipts less than/equal to \$5M* | No limitation |
| | Maximum – Gross receipts over \$5M* | No limitation |

* Based on average annual gross receipts for the most recent 3 taxable years