

Beginning in 2015, if you employ at least 100 full-time employees (and after 2015, at least 50 full-time employees), you may become subject to the employer mandate that was enacted as part of the Affordable Care Act (ACA).

You could potentially be subject to the excise tax, if any of your full-time employees are certified, as described below, as having received "health care assistance," and you either: (1) do not offer health care coverage for all of your full-time employees; or (2) offer "minimum essential" coverage under your group health care plan that either is not "affordable," or does not provide "minimum value" to your employees.

If you do not offer health care coverage to your full-time employees, the excise tax will be \$166.67 for any month, i.e., 1/12 of \$2,000 for 2015, times the number of your full-time employees during any month, reduced by an 80-person threshold for 2015, and any calendar months of 2016 that fall within your 2015 plan year. After that transitional period, the threshold is reduced to 30.

If you do offer health care coverage to your employees, but it is not affordable or does not provide minimum value, the excise tax will be \$250 for any month, i.e., 1/12 of \$3,000 for 2015, times the number of your full-time employees for any month who receive health coverage assistance, reduced by the number of those employees in a "limited non-assessment period," and the number of your employees who were offered the opportunity to enroll in "minimum essential coverage" under your group health plan that meet the requirements of employer mandate. In addition, the amount of any excise tax that you may owe as a consequence of this aspect of the excise tax cannot exceed the amount of the excise tax owed if you failed to offer health care coverage at all, as described above.

In the event you have an employee who received health care assistance outside your company, IRS is required to notify you in accordance with procedures that ensure that you will have the opportunity to respond before the issuance of any notice and demand for payment of the excise tax.

The contact from IRS for a given year will not occur until after your employees' individual tax return is due for that year, and after the due date for you to file information returns identifying your full-time employees and describing the health coverage that you offered, if any.

The above is a very simplified explanation of the employer mandate and the applicable excise taxes, which can be draconian. If you would like to discuss how these requirements may impact your business, please contact our offices at 1.866.287.9604 at your earliest convenience.