ACA COMPLIANCE OVERVIEW



Electronic Filing of ACA Returns

The Affordable Care Act (ACA) created reporting requirements under Internal Revenue Code (Code) Sections 6055 and 6056. Under these rules, certain employers must provide information to the IRS about the health plan coverage they offer (or do not offer) to their employees.

Under the original rules, any reporting entity that was required to file at least 250 individual statements under Sections 6055 or 6056 had to file electronically. However, in 2023 the IRS released a final rule implementing a law change by the Taxpayer First Act of 2019, which lowers the 250-return threshold for mandatory electronic reporting to 10 returns. **As a result, most reporting entities are now required to complete their ACA reporting electronically.**

This ACA Compliance Overview describes the process for reporting electronically under Sections 6055 and 6056.

LINKS AND RESOURCES

The IRS maintains an AIR Program Main Page for more information on electronic reporting. The IRS has also issued the following guidance:

- Publication 5165—A guide that provides very detailed technical information on standards for software developers & transmitters that facilitate electronic reporting through the AIR Program.
- Publication 5164—A test package that contains general and program specific testing information for use with the ACA Assurance Testing System (AATS).
- Publication 5258—A guide that provides information for issuers, transmitters and software developers on composing and successfully transmitting compliant submissions to the IRS.
- The IRS has designated the **AIR Help Desk** as the first point of contact for electronic filing issues (1-866-937-4130).

Electronic Reporting

- Electronic filing is done using the ACA Information Returns (AIR) Program.
- The AIR Program is not generally intended to be used by employers that are required to file under Section 6055 or Section 6056.
- In most cases, issuers, employers and other reporting entities will use a third-party vendor to file electronically on their behalf. **As a result, these entities will not directly use the AIR Program themselves.**

Important Dates

March 2, 2026

Reporting entities are **no longer required to automatically send** Forms 1095-B and 1095-C to covered individuals unless a form is requested. Reporting entities must provide timely notice of this option by posting a clear and conspicuous notice on their website no later than March 2, 2026. The notice must be retained until Oct. 15, 2026.

March 31, 2026

The deadline for filing 2025 returns with the IRS electronically.

ACA COMPLIANCE OVERVIEW

Electronic Reporting Requirement

Under the original ACA reporting rules, any reporting entity that was required to file at least 250 individual statements under Sections 6055 or 6056 had to file electronically, and this requirement applied separately to each type of individual statement. **Beginning in 2024, employers that file at least 10 returns during the calendar year must file their ACA returns electronically, and this threshold applies in the aggregate to certain information returns.** This means that a reporting entity may be required to file fewer than 10 of the applicable Form 1094 and 1095, but still have an electronic filing obligation based on other kinds of information returns filed (e.g., Forms W-2 and 1099).

Currently, electronic filing is done using the AIR Program. The IRS has provided a lot of guidance and information on electronic reporting under Section 6055 and Section 6056 through its AIR Program main page. **However, this guidance is generally very technical and intended for software developers and other entities that plan on providing electronic reporting services.** Nonetheless, it can provide useful information on standards and procedures for returns transmitted through the AIR Program.

AIR Program Overview

In general, the AIR Program is used by:

1) **Software developers** who develop software for creating electronic files for ACA information returns;
2) **Transmitters** who will transmit information returns to the IRS on behalf of reporting entities; and
3) **Issuers who have the capability** to transmit information returns directly to the IRS on their own behalf.

In most cases, issuers, employers and other reporting entities will use a third-party vendor to file electronically with the IRS on their behalf. As a result, these entities will not directly use the AIR Program themselves.

Electronic Reporting Process

The following steps must be completed by entities that submit electronic returns through the AIR Program:

- ☑ **Step One:** Register to use IRS e-Services tools and apply for the ACA Application for Transmitter Control Code (TCC). Reporting entities that are using third-party vendors—and are not transmitting information returns directly to the IRS—should not apply for a TCC.
- ☑ **Step Two:** Pass all applicable test scenarios. **Software developers** are required to annually pass ACA Assurance Testing System (AATS) testing to transmit information returns to the IRS, and those who passed testing for any tax year ending after Dec. 31, 2014, do not need to test for the current tax year. **Transmitters and issuers** must use approved software to perform the communications test, which is only required to be successfully completed once.

Additional details and IRS resources are available on the IRS' AIR Program main page.

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Waiver From Electronic Filing Requirement

A hardship waiver may be requested from the electronic filing requirement by submitting Form 8508, *Application for Waiver from Electronic Filing of Information Returns*, to the IRS. Reporting entities are encouraged to submit Form 8508 at least 45 days before the due date of the returns, **but no later than the due date of the returns**. The IRS does not process waiver requests until Jan. 1 of the calendar year the returns are due.

According to the Form 8508 instructions, a reporting entity's first request for a waiver will be automatically granted. However, if a reporting entity has requested a waiver in the past, they must attach required cost estimates or a written statement justifying their application for a waiver to electronically file. Examples include:

- **Undue financial hardship** in which the cost of filing the information returns exceeds the cost of filing the returns on other media. Two cost estimates comparing the filing of information returns electronically with the cost to file in paper form must be attached.
- Business suffered a **catastrophic event in a federally declared disaster area** that made the business unable to resume operations or made necessary records unavailable.
- **Fire, casualty, or natural disaster** affected the operation of the business.
- Death, serious illness, or unavoidable absence of the individual responsible for filing the information returns affected the operation of the business.
- Business was in its first year of establishment.
- **Foreign entity** who is unable to file electronically due to inability to obtain software, third party provider, or other issues outside of their control.

Reporting entities cannot apply for a waiver for more than one tax year at a time and must reapply at the appropriate time for each year a waiver is required. Any approved waivers should be kept for the reporting entity's records only. A copy of an approved waiver should not be sent to the service center where paper returns are filed.

If a waiver for original returns is approved, any corrections for the same types of returns will be covered under the waiver. However, if original returns are submitted electronically, but the reporting entity wants to submit corrections on paper, a waiver must be approved for the corrections if the reporting entity must file 10 or more corrections.

Without an approved waiver, a reporting entity that is required to file electronically but fails to do so may be subject to a penalty of up to **$340** per return (as adjusted annually) unless it can establish reasonable cause. However, reporting entities can file up to 10 returns on paper. Those returns will not be subject to a penalty for failure to file electronically. The penalty applies separately to original returns and corrected returns.

Filing Extension Requests

Reporting entities can request an **automatic 30-day extension** of time to file by completing Form 8809, *Application for Extension of Time To File Information Returns*, and filing it with the IRS **on or before the due date of the returns**. No signature or explanation is required for the extension. Form 8809 may be submitted on paper or through the FIRE System either as a fill-in form or an electronic file.

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