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## **ADP Study Shows Employers Lack Understanding of New U.S. Tax Forms, the First Major Form Since W-2 and the Latest Requirement Associated With the Affordable Care Act**

### **New IRS Tax Form 1095-C the Next Big Compliance Challenge in 2016; ADP Offering Online Guide for Employers to Spur Understanding**

ROSELAND, NJ -- (Marketwired) -- 01/14/16 -- A new ADP study reveals employer and employee confusion about the first new major tax-filing forms that the U.S. government has introduced in more than 70 years -- one form will be required by millions of people when they file their 2015 income tax returns to the Internal Revenue Service (IRS) in 2016.

The new forms are called Forms 1094-C and 1095-C.

And while employers with more than 50 full-time employees need to compile data for the new forms to demonstrate employee health care coverage offerings, two in five employers say they are unfamiliar with these forms altogether, according to the new ADP study.

The new *ADP Employer Confidence Report* also revealed that 32 percent of large enterprises (those with 1,000 employees or more) and 18 percent of midsize businesses (those with 50 to 999 employees) planned to file for an extension.

"Employers need to be prepared to distribute Forms 1095-C to employees by the newly extended deadline of March 31, 2016 as required by the IRS," said ADP Senior Vice President/General Manager of Health Care Reform Vic Saliterman. "It's also important for employers to explain the new forms to employees, since they will receive the forms around the same time as the annual Forms W-2."

Form 1095-C is the first new major employee tax information return to be created since 1943, when the IRS introduced Form W-2. Millions of Americans rely on Form W-2 for critical information in completing their annual tax filings. But ADP's survey shows that according to employers awareness among the millions of U.S. employees who will receive the new Form 1095-C is very low.

To learn more about these forms and how to effectively communicate with employees concerning IRS Form 1095-C, visit ADP's [Form 1095-C Guide for Employers](#).

In fact, 83 percent of midsize employers and 57 percent of large employers don't think their employees clearly understand the forms or how they may be related to their 2015 tax filing obligations. And, only 20 percent of midsize businesses and 32 percent of large organizations have started communicating with their workforce about the new form and the implications it carries.

"Form 1095-C requires data from systems ranging from payroll, HR, leave of absence and benefits, well as specific codes based on each employee's situation, to be completed accurately in compliance with the Affordable Care Act," said Saliterman. "Many employers in our study indicated they plan to prepare their Forms 1095-C internally. Since their HR systems are often not linked this will most likely prove to be a significant challenge. Other employers are choosing to enlist an outside partner such as ADP for help."

According to ADP's study, more than half of midsize businesses (52 percent) and 45 percent of large employers are unsure if they're at risk of violating ACA compliance requirements this year. Nearly one in five employers think they are at risk of not complying with Form 1095-C requirements. Visit the [ADP@Work blog post](#) to find out more and view an infographic of the findings.

A lack of preparation to manage these new forms can lead to a large volume of calls for assistance to HR departments, potential financial penalties and employees not submitting their 2015 taxes accurately.

Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, includes identifying information for the employee and employer, and the employer's offer of health coverage (if any). Form 1094-C is the Employer Transmittal to IRS and summarizes information contained in the 1095-C.

For legislative updates and their impact on employers, please visit [Preparing for Affordable Care Act \(ACA\) Reporting: What](#)

[Employers Need to Know](#) and subscribe to receive email alerts.

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