



Employer Reporting: Aggregated ALE Group and Form 1094-C

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Many employers are asking how entities under common control report information to their employees and the IRS on Forms 1094-C and 1095-C. In a recent webinar, the IRS provided an example to better illustrate this process.

■ Example

Company A is the parent of Company B and Company C. Together the combined group (A, B, and C) has 55 full-time employees (FTEs) and is an Aggregated Applicable Large Employer (ALE) group. An Aggregated ALE is determined under the controlled group rules (Internal Revenue Code section 414(b), (c), (m) and (o)).

The employer mandate and the annual reporting requirements (Forms 1094-C and 1095-C) apply to this Aggregated ALE group and each ALE member as follows:

1. Each separate employer (Company A, Company B, and Company C) in an Aggregated ALE group is subject to the employer shared responsibility provisions as collectively they employ at least 50 FTEs in the preceding calendar year.
2. Each separate employer is subject to the associated information reporting requirements (Forms 1094-C and 1095-C) and must file its own Form 1094-C Authoritative Transmittal, using its own EIN.
3. Company A **should not** file one Authoritative Transmittal reporting information about Companies A, B, and C combined. Instead, each entity must file as an Authoritative Transmittal with respect to each company's FTEs, as illustrated below:
 - **Company A** completes its Form 1094-C as the Authoritative Transmittal as follows:
 - Part I: Include Company A's identifying information and check the box in Line 19 indicating this is the Authoritative Transmittal.
 - Part II: Report information about Company A as an employer. In Line 21 – "is the ALE member a member of an Aggregated ALE Group" - check the "Yes" box.
 - Part III. In column (d), check the months of the calendar year in which Company A is a member of an Aggregated ALE group.



- Part IV. Enter the names and EINs of the other members of the Aggregated ALE group (here, Company B and Company C).
- **Company B** completes its Form 1094-C as the Authoritative Transmittal as follows:
 - Part I: Include Company B's identifying information and check the box in Line 19 indicating this is the Authoritative Transmittal.
 - Part II: Report information about Company B as an employer. In Line 21 – “is the ALE member a member of an Aggregated ALE Group” - check the “Yes” box.
 - Part III. In column (d), check the months of the calendar year in which Company B is a member of an Aggregated ALE group.
 - Part IV. Enter the names and EINs of the other members (here, Company A and Company C).
- **Company C** completes its Form 1094-C as the Authoritative Transmittal as follows:
 - Part I: Include Company C identifying information and check the box in Line 19 indicating this is the Authoritative Transmittal.
 - Part II: Report information about Company C as an employer. In Line 21 – “is the ALE member a member of an Aggregated ALE Group” - check the “Yes” box.
 - Part III. In column (d), check the months of the calendar year in which Company C is a member of an Aggregated ALE group.
 - Part IV. Enter the names and EINs of the other members (here, Company A and Company B).
- 4. Each FTE must receive a Form 1095-C for work for employment with his or her respective employer. For example, an FTE of Company C receives a 1095-C from Company C (and not Company A or B). If an FTE of Company C is also an FTE of Company A, the FTE receives two Forms 1095-C (one from Company C and one from Company A). There is no combined reporting for Aggregated ALE Groups.

For more information, visit:

http://www.irs.gov/PUP/for_taxpros/software_developers/information_returns/September_AIR_Webinar_Presentation_9_26_2015_posting.pdf