# Final 2025 ACA Reporting Instructions and Forms Issued

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The IRS released final instructions and forms for calendar year 2025 ACA reporting, including Forms 1094-C, 1095-C, 1094-B, and 1095-B. As a reminder, it is important to ensure the forms are accurate, timely furnished to participants and filed with the IRS as good faith relief from penalties is no longer available.

There are no significant changes to the 2025 forms.

## Forms 1094-C/1095-C

Applicable large employers ("ALEs") must furnish Form 1095-C to full-time employees and file Form 1094-C and all 1095-Cs with the IRS. ALEs offering a self-insured group health plan must also furnish Forms 1095-C to covered employees or other primary insured individuals in the self-funded health plan (e.g., covered part-time employees, COBRA qualified beneficiaries).

It is important to note that self-funded health plans include level-funded arrangements and individual coverage health reimbursement arrangements ("ICHRAs").

The calendar year 2025 Form 1095-C must be furnished to full-time employees and other individuals by March 2, 2026. The Form 1094-C and all Forms 1095-C must be filed with the IRS electronically by March 31, 2026.

ALEs, in coordination with their payroll or other reporting vendors, should have records to determine each employee's status as an ACA FTE or not an ACA FTE for each month during 2025 in preparation to complete, furnish and file these forms for 2025.

## Forms 1094-B/1095-B

Employers that are not ALEs and offer self-funded group health plan coverage, including level-funded plans and ICHRAs, must furnish and file forms regarding minimum essential coverage. Specifically, as the provider of the self-funded plan, the employer reports to the IRS and all covered individuals (e.g., employees, COBRA qualified beneficiaries, spouses, dependents) the coverage they had during the calendar year. To meet this requirement, employers use Forms 1094-B and 1095-B.

The calendar year 2025 Form 1095-B must be furnished to covered individuals by March 2, 2026. Form 1094-B and all Forms 1095-B must be filed with the IRS electronically by March 31, 2026.

Employers should coordinate with payroll or other reporting vendors to assist in this process.

## What's New?

There are no significant changes to the 2025 forms, however, the instructions include further explanation of the relief available for furnishing these Forms to full-time employees and covered individuals in a self-funded health plan.

Employers are permitted to only furnish these Forms upon request when certain requirements are met, including providing advance notice. An employer that wants to take advantage of this relief, and only furnish the Form upon request, must:

- Provide a clear, conspicuous and accessible notice on its website so that an individual may request a copy of their statement.
- Post the notice by March 2, 2026, and have it remain accessible through October 15, 2026.
- Upon request, timely furnish a copy of the statement. A statement is timely furnished if provided no later than the later of January 31, 2026, or 30 days after the date of the request.

### *Notice requirement*

The notice should:

- Be written in clear language with font size large enough (or provide other visual cues) to call to the reader's attention that the notice contains important tax information.
- Contain a statement that individuals have a right to receive a copy of the Forms upon request as well as contact information (e-mail, mailing address, and phone number) and instructions on how to request a copy of the Form(s).
- Be posted in a location on the employer's website that is reasonably accessible to all individuals. For example, a reporting entity's website provides a clear and conspicuous notice if it includes a statement on the main page – or a link on the main page, reading "Tax Information," to a secondary page that includes a statement in capital letters "IMPORTANT HEALTH COVERAGE TAX DOCUMENTS."

While the IRS did not furnish a sample notice in its guidance, it referred to a notice found in previously issued regulations. Note that employers that are required to furnish Forms 1095-C (or 1095-B) pursuant to a state individual coverage mandate may still need to furnish these Forms as they have in prior years to covered employees who reside in states with an individual mandate (e.g., California, Washington D.C., New Jersey, and Rhode Island).

## Electronic Filing Required (10+ Forms)

Employers required to file 10 or more information returns (e.g., Forms W-2, 1094-C, 1095-C, 1094-B, 1095-B) during the year must file these forms electronically with the IRS on or after January 1, 2024. Previously, the IRS allowed employers filing fewer than 250 returns to file hard-copy (paper) forms.

The IRS also encourages employers filing fewer than 10 returns to consider electronic filing.

## Penalties for Non-Compliance

The instructions reiterate that all ALEs and other employers that sponsor self-funded group health plans that fail to comply with the information reporting requirements may be subject to the general reporting penalty provisions for failure to file correct information returns and failure to furnish correct payee statements. *Good faith relief is no longer available.* However, penalties may be waived if the failure is due to reasonable cause and not willful neglect.

For 2025, the following penalties may apply:

- Failure to file a correct return is $340/statement (total calendar year penalty not to exceed $4,098,500).

- Failure to furnish a correct statement is $340/statement (total calendar year penalty not to exceed $4,098,500).

It should be noted that an employer that fails to both file and furnish a correct statement is subject to a combined penalty of $680/statement with a maximum penalty of $4,098,500.

## Employer Action

It is important to identify vendors, like payroll or other reporting administrators, to assist in this process, especially as most employers will be required to file forms electronically with the IRS. A health plan carrier typically does not prepare this reporting.

ALEs should begin preparing and ensure that Form 1095-C is furnished to full-time employees and other individuals by March 2, 2026. Form 1094-C and all Forms 1095-C should be electronically filed with the IRS by March 31, 2026.

Employers that are not ALEs but offer self-funded group health plan coverage should ensure a process is in place for furnishing and filings Forms 1094-B and 1095-B. Form 1095-B must be furnished to covered individuals by March 2, 2026, and all forms 1095-B along with Form 1094-B must be electronically filed with the IRS by March 31, 2026.

Employers choosing to take advantage of the available relief, and only furnish the applicable Forms upon request, must review and implement the specific notice requirement and timely furnish Forms upon request. Don't forget that all Forms 1095-C along with Form 1094-C (or all Form 1095-B along with Form 1094-B) must still be filed with the IRS.

Employers should be certain the statements are complete and accurate since good faith relief is no longer available.

Employers may have additional reporting obligations for employees residing in states with an individual mandate (California, Massachusetts, New Jersey, Rhode Island, Vermont, Washington D.C.). Ensure vendors will assist with state reporting obligations. We will issue a compliance update when information on state reporting for 2025 becomes available.