

Penalties/ESRP

Information Reporting Penalties

An ALE member that fails to comply with the information reporting requirements may be subject to the general reporting penalty provisions under section 6721 (failure to file correct information returns) and section 6722 (failure to furnish correct payee statement). *These are general penalty amounts and may not reflect actual penalties incurred.*

- The penalty for failing to file an information return or provide an individual statement is now \$330 per return or statement.
- If returns are corrected within 30 days after the due date or statements are corrected within 30 days after the required date, the penalty remains at \$60 per return or statement.
- Corrections made after 30 days but before August 1, 2027, will incur a penalty of \$130 per return or statement.
- For cases of intentional disregard, the penalty is now \$660. In some instances, this penalty may be higher, as it equals the greater of the specified amount or 10% of the total amount of the items required to be reported correctly.

The waiver of penalty and special rules under section 6724 and the applicable regulations, including abatement of information return penalties for reasonable cause, may apply to certain failures under section 6721 or 6722.

Employer Shared Responsibility Payment (ESRP)

There are two different employer shared responsibility payments. An ALE may be subject to only one (and not both) of the two potential employer shared responsibility payments depending on its decisions about offering minimum essential coverage to its full-time employees (and their dependents). The determination of whether an ALE may be liable for an ESRP and the amount of the proposed ESRP are based on information from Forms 1094-C and 1095-C filed by the ALE and the individual income tax returns filed by the ALE's employees. Please refer to the IRS website for more information.

Legal Disclaimer

The information contained herein is intended to be used as general guidance only. This does not constitute the provision of legal advice, tax advice, accounting services, investment advice, or professional consulting of any kind. The information provided herein should not be used as a substitute for consultation with professional tax experts, finance/accounting staff, and/or legal counsel.