

Affordable Care Act:

Are you an applicable large employer?



Affordable Care Act Employers



Applicable Large Employer

Applicable large employers are subject to the [employer shared responsibility provisions](#) of the Affordable Care Act and related [information reporting requirements](#). Under the ACA, your organization is an [applicable large employer](#) for a year if you had an average of at least 50 full-time employees (including full-time equivalent employees) during the prior year.

For this purpose, a full-time employee for any calendar month is an employee who has on average at least 30 hours of service per week during that month. An employer determines its number of full-time-equivalent employees by combining the number of hours of service of all non-full-time employees for the month (but no more than 120 hours per employee) and dividing that total number of hours of service by 120.

Also, under a longstanding provision that also applies for other tax and employee benefit purposes, all employers with a common owner or that are otherwise related generally are combined and treated as a single employer for determining applicable large employer status.

Here's how you determine whether you are an applicable large employer for a year:

- Determine how many full-time employees you had each month.*
- Determine how many full-time equivalent employees you had each month.*
- For each calendar month, add those numbers together to get a monthly total.
- Add up the monthly totals.
- Divide the sum of the monthly totals by 12.

** If you are a member of an aggregated group, count the employees of all members of the group.*

More detailed information on how to determine whether an employer is an applicable large employer, including transition relief for 2015 and rules for new employers and seasonal workers, is available in the employer shared responsibility provisions [questions and answers](#) section of IRS.gov.

Employer Shared Responsibility Provisions - Coverage and Payments

If you are an applicable large employer, you are subject to the employer shared responsibility provisions and may be subject to one of two potential employer shared responsibility payments for a given month if at least one of your full-time employees received the premium tax credit (PTC) for purchasing coverage through the Health Insurance Marketplace (Marketplace) and for that same month you either: (1) did not offer coverage to at least 95% (70% for 2015) of your full-time employees (and their dependents) or (2) you offered such coverage but at least one of your full-time employees received the PTC (because the coverage was unaffordable, did not provide minimum value, or the full-time employee was not offered coverage).

Reporting requirements

Applicable large employers are subject to certain [reporting requirements](#) for their full-time employees.

Reporting requirements, using [Forms 1094-C](#) and [1095-C](#), apply to all applicable large employers, even to those employers with special circumstances that qualify for transition relief from employer shared responsibility payments for 2015. Additional reporting requirements, using [Form 1095-B](#), apply to organizations that sponsor self-insured coverage, even if they are not an applicable large employer.

Transition Relief for 2015

Various forms of [transition relief](#) are available for 2015 under the employer shared responsibility provisions. For example, if your workforce has between 50 and 99 employees, you may qualify for relief from the employer shared responsibility provisions for 2015, subject to certain conditions. Additional information on this and other types of transition relief is available in the [employer shared responsibility](#) and [reporting of offers of health insurance coverage](#) questions and answers sections of [IRS.gov/aca](#).

Find out more about the tax provisions of the Affordable Care Act for employers at [IRS.gov/aca](#).