

June 2021

# benefit Briefing

## Draft Forms for 2021 ACA Reporting Released

### 2021 ACA Reporting is Due in Early 2022

The IRS has released draft 2021 versions of Forms [1094-C](#), [1095-C](#), [1094-B](#) and [1095-B](#) that employers will use in early 2022 to report under Internal Revenue Code Sections 6055 and 6056 for the 2021 calendar year. Draft instructions related to these forms for the 2021 calendar year have **not** yet been released.

No substantive changes were made to the draft forms for 2021 reporting; these forms are essentially identical to the final 2020 versions. However, certain changes may be made once these forms are finalized, or when draft or final instructions are released.

Employers should become familiar with these forms for reporting for the 2021 calendar year. However, these forms are draft versions only, and should **not** be filed with the IRS or relied upon for filing. Cornerstone Benefit Plans will monitor future developments for the release of 2021 draft instructions for these forms and provide updates to you as they become available.

## IRS Releases FAQs on ARP Tax Credits for Paid Sick and Family Leave

### Guidance Includes Answers to 123 New Questions

On June 11, 2021, the IRS released new [FAQs](#) about tax credits for eligible employers who voluntarily provide paid employee leave under the Families First Coronavirus Response Act (FFCRA). The FFCRA paid sick and family leave requirements themselves expired Dec. 31, 2020, but subsequent legislation—most recently the American Rescue Plan Act—extended and enhanced the tax credits available for employers that choose to provide FFCRA leave through Sept. 30, 2021.

There are 123 new FAQs divided into 16 subtopics. They contain information on how employers may claim the tax credits, including how to file for and compute the applicable credit amounts, and how to receive advance payments for and refunds of the credits. The FAQs clarify the following issues, among others:



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- Daily and aggregate wage limits do not include health plan expenses or the employer's share of Social Security and Medicaid taxes.
- Qualified leave wages do not include Federal taxes on the wages.
- Details about the last day an employer may file for advance payment of the credit.
- Even if the employer did not initially pay the employee when the employee became eligible for qualified leave wages, the credit may still apply for wages paid for leave taken between April and September, 2021.
- Employers must collect and maintain specific information from employees (and may require more than what is specified) to substantiate eligibility for the credits. *Records must be kept for six years.*

The tax credits apply to employers with fewer than 500 employees, and they are refundable and advanceable. Eligible wages are subject to daily and total limits.

## 5500 Filing Season in Full Swing

Applicable Plan Sponsors must file Form 5500 on the last day of the 7<sup>th</sup> month after their plan year ends. As a result, calendar-year plans generally must file by **July 31** of this year (reporting on the 2020 plan year). Keep in mind the actual due date will be **August 2, 2021**, since July 31 falls on a Saturday. Plans may request a 2 ½ month extension to file by submitting Form 5558 *Application for Extension of Time to File Certain Employee Plan Returns*, by that plan's original due date.

As a reminder, group health plans sponsored by a governmental or church entity are **not** required to file Form 5500, as those plans are not subject to ERISA. Additionally, unfunded, insured or combination unfunded and insured health plans with fewer than 100 participants on the first day of the plan year are also exempt from the filing.

If you have any questions regarding Form 5500 please contact our Compliance Manager, Jaime Castellani-Radick at (248) 641-2740 or [jaimer@cornerstonebenefitplans.com](mailto:jaimer@cornerstonebenefitplans.com).