**News Alert – IRS Downgrades Enforcement of Individual Mandate**

In light of a recent Executive Order and similar to the procedure used last year, the Internal Revenue Service (“IRS”) announced that it will continue to process tax returns for individuals that do not include their health insurance status for 2016. While the Affordable Care Act (“ACA”) requirements for businesses and individuals remain active, including penalties for not maintaining health coverage during the year, the IRS will not automatically reject tax returns that do not indicate full year coverage for an individual.

**IRS Not Rejecting ‘Silent’ Tax Returns**

Last year, the IRS did not reject personal tax returns that were silent as to health coverage status for 2015. This was done in part because due dates for employers to provide 1095 forms to employees were pushed back, and in part to give the administration time to put system processes in place. This year, the IRS put system processes in place for rejecting ‘silent’ individual tax returns, but the IRS is choosing not to use this system for 2016 tax returns in light of a recent Executive Order. This Executive Order, issued January 20, 2017, directed federal agencies, including the IRS, to reduce burden related to ACA, and the IRS is choosing to reduce burden by not automatically rejecting personal tax returns that are silent to individual health coverage for 2016.

**ACA Individual and Employer Mandate Still Apply**

This IRS announcement has no bearing on the requirements both for individuals to purchase health coverage for themselves and for Applicable Large Employers to offer affordable health coverage to full-time equivalent employees and their dependents. Any change to those mandates requires acts of Congress, which have not occurred to date.

Right now, there are no changes that employers should make related to ACA. Employers should continue complying with the laws currently in place, including 1094/1095 reporting for calendar year 2016. The due dates for filing forms 1094 and 1095 with the IRS remains the same: **February 28, 2017 or March 31, 2017, if filing electronically.**

However, employers should stay tuned for future developments including legislation from Congress, proposed rules from Treasury or HHS, or guidance changes from Treasury or HHS.

If you have questions regarding this announcement, please contact your account representative.