United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

H.R. 3801 – The Employer Reporting Improvement Act

Affordable Care Act (ACA) Reporting

Under the ACA, employers must annually report health insurance coverage data to the IRS during the year-end tax filing season. This information is used to determine if an employee's health coverage offer is "unaffordable", making them eligible for a premium tax credit.

- Employers are required to submit tax identification (TIN) or Social Security numbers.
- If an employer incorrectly submits this information, if they do not offer affordable coverage, or if the IRS believes their employee is wrongfully claiming a tax credit, the employer may face a significant financial penalty.
- Employers are restricted to a narrow penalty appeal window with no statute of limitations, subjecting them to accounting and legal costs.

Burden on Small Businesses and Employees

- The IRS takes on average 18 to 24 months to cross reference this reporting data, leaving businesses uncertain of an outcome.

H.R. 3801

- Provides employers with flexibility in the personal information provided for employees, spouses, and children.
- Provides employers with relief by extending the appeal window for a potential penalty to no sooner than 90 days to reduce burden on employers, especially small businesses with limited resources.
- Reins in IRS bureaucrats' ability to penalize American small businesses by implementing a six-year statute of limitations on assessing penalties.