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BenefitScape® Software Cuts ACA Compliance Error Correction Tasks By 95%

Employers filing ACA returns with the IRS AIR Program were surprised that their employee data contained many confusing errors that were difficult to fix and resubmit to the IRS. BenefitScape VeriTracACA© implements all the IRS guidance in software, operating in real time like virus protection, scanning the errors and guiding their correction as required for ACA compliance.

Background

The IRS Affordable Care Act Information Return (AIR) system is designed to detect and report any data in ACA filings that is not in the correct format or does not conform to the IRS ACA business rules. Because there are hundreds of possible AIR system errors and for the first time the IRS is comparing the data filed on employees to many IRS databases; there is no wonder that employers are drowning in error corrections that are needed to complete ACA compliance for 2015.



But there is a new lifeline, when implementing VeriTracACA©, which contains the latest IRS guidance on the most common IRS AIR error i.e. "TIN Validation Failed"; BenefitScape has found that a substantial number of errors can be eliminated and do not need to be corrected; making the corrections effort much easier. In particular, when a TIN and name provided on the return do not match IRS records, this error does not trigger a requirement to solicit employee information or to correct these errors.

The correction process is guided by VeriTracACA© which first extracts the error data from the IRS AIR platform and then formats it in a fashion that allows for online correction and re-submission. "We value our clients' time and want to make ACA reporting straightforward and efficient." says Kim Phillips, VP Customer Experience at BenefitScape. She further noted "Many employers, not aware of new IRS guidance, were soliciting information from employees via letters with vague instructions about possible errors; creating unnecessary noise, inconvenience and extra work. Our approach enables us to move thru the corrections quickly and efficiently."

The ACA IRS AIR filing is one of many IRS filings that must conform to complex regulations that require tax filers to submit timely correct information or face penalties. "In the case of ACA reporting, the regulations spell out a 'solicitation' process where employers, to avoid penalty, must collect and report information from their employees and Health Plan participants. What is now clear from recent IRS guidance is that most TIN errors created by the IRS AIR System do not trigger this solicitation requirement." says Kenneth B. Phillips, General Counsel at BenefitScape. Partial IRS guidance is below.

"A filer of the information return required under § 1.6055-1 may receive an error message from the IRS indicating that a TIN and name provided on the return do not match IRS records. An error message is neither a Notice 972CG, Notice of Proposed Civil Penalty, nor a requirement that the filer must solicit a TIN in response to the error message." [From the Federal Register Aug 2, 2016.](#)

But employers need to be careful, the regulatory underpinnings of this guidance are complex; while most TIN errors do not trigger the requirement to solicit any further information, there are still cases that require correction. For example if an SSN is "missing," or has an incorrect format i.e. the number does not contain nine digits or includes one or more alpha characters; these must be corrected. In addition, the IRS Business Rules also generate errors, such as conflicting offer codes, lack of cost information etc. that should be corrected to avoid misrepresenting the employer's practice and possibly generating penalties. VeriTracACA© recognizes these errors and facilitates their correction.

Conclusion

IRS AIR rules are complex and subject to frequent updates. Capturing IRS guidance in software rules is the safest and most efficient way to insure ACA compliance. BenefitScape VeriTracACA© makes sure that the most up to date guidance is being deployed in real time as data is being handled.

Note: In complex matters such as IRS compliance employers should consult their own legal counsel. This information is not intended, and should not be considered to be, legal advice.

Find out more at <http://www.benefitscape.com/IRSAIRKnowledgebase/Corrections.aspx>

About BenefitScape®

Benefitscape is an agile platform developed by Benefit Corporation of America, LLC (BCA) to address the requirements of the Affordable Care Act (ACA). It is designed to help employers handle the complexity of compliance with the ACA, in particular with the record keeping, filing and reporting that compliance requires. Particular emphasis is on the BenefitScape platform flexibility to manage client data in a wide variety of formats from multiple sources. BenefitScape focuses on supporting the entire business process connected to successful compliance, not just publishing and e-filing; this includes remediation of the data, employee form reissue, error correction etc.

www.benefitscape.com