

IRS Issues Guidance on Alternative Distribution Method for Form 1095-C

Labor & Employment Law Update

By Rebecca Bush on February 25, 2025

As part of the Paperwork Burden Reduction Act, signed into law on December 23, 2024, Internal Revenue Code (IRC) sections 6055(c) and 6056(c) were amended to allow the use of the alternative method for distributing Forms 1095-B and 1095-C.

Stated simply, employers were given the green light to simply post a general notice of availability instead of being required to individually distribute Form 1095-C.

Existing guidance was already in place describing requirements for an alternative method of distributing Form 1095-B. As anticipated, the IRS did not choose to reinvent the wheel. The guidance on using the alternative method to distribute Form 1095-C was issued by the IRS on February 21, 2025, and essentially mirrors the existing guidance for alternative distribution of Form 1095-B.

For those employers considering utilizing this alternative method for distribution of Form 1095-C, here are some key points of the requirements:

- Provide clear and conspicuous notice, in a location on the employer's website that is reasonably accessible to all full-time employees, stating that full-time employees may receive a copy of their statement upon request.
 - What is a clear and conspicuous notice? The regulations provide an example where the header of the statement is in all capital letters and reads "IMPORTANT HEALTH COVERAGE TAX DOCUMENTS."
- The notice must include an email address, physical address, and telephone number that full-time employees may use to request a statement or to direct any questions.
- The notice must be posted by the 1095-C distribution due date (March 3, 2025, for 2024 1095-C Forms) and remain posted in the same location on the website through October 15, 2025.
- In the event an individual requests a copy of their 1095-C, it must be provided within 30 days of the date the request is received.

By implementing a well-designed website notice, most employers will be able to satisfy their 1095-C distribution requirements without the cost and hassle of paper mailings.

Employers should review their current processes for distributing Forms 1095-C and determine if the alternative method of distribution is appropriate for their organization. Those electing to use the alternative method for distribution should ensure their website notices are posted before the March 3, 2025, deadline.

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