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COBRA

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ITS BITE JUST GOT WORSE!



**IF YOUR GROUP HEALTH PLAN  
IS SUBJECT TO COBRA,  
THE AMERICAN RECOVERY AND  
REINVESTMENT ACT OF 2009  
(ARRA) MAY IMPACT YOU**

There are new COBRA notice requirements that apply if any individual under your plan had a COBRA qualifying event on or after September 1, 2008. There are also additional COBRA election opportunities for certain individuals with qualifying events from September 1, 2008 through February 16, 2009.

For more information on the COBRA provisions and notice requirements under ARRA, contact the U.S. Department of Labor's Employee Benefits Security Administration at:

**1-866-444-3272**

**or visit**

**[www.dol.gov/COBRA](http://www.dol.gov/COBRA)**

For more information on the tax provisions of ARRA contact the IRS at:

**[www.irs.gov](http://www.irs.gov)**

# **LOST YOUR JOB AND NEED HELP PAYING YOUR COBRA PREMIUMS?**

**OR, WHEN YOU LOST YOUR JOB,  
DID YOU NOT TAKE COBRA  
BECAUSE YOU COULD NOT AFFORD  
THE PREMIUMS?**

If you were involuntarily terminated on or after September 1, 2008 and are not eligible for other health coverage (such as a spouse's health plan or Medicare), then you may be eligible for a 65 percent reduction of your COBRA premium for up to 9 months. If you didn't elect COBRA, you may have an additional opportunity to elect it now and take advantage of the premium reduction.

For more information, ask your former employer or contact the U.S. Department of Labor's Employee Benefits Security Administration at:

**1-866-444-3272**

or

**visit [www.dol.gov/COBRA](http://www.dol.gov/COBRA)**



# GOVERNMENTAL GUIDANCE

- ▶ IRS and DOL have developed pages on their websites to provide COBRA Subsidy guidance:
  - DOL: <http://www.dol.gov/ebsa/COBRA.html>
  - IRS: <http://www.irs.gov/newsroom/article/0,,id=204505,00.html>

# COBRA SUBSIDY

## Effective March 1, 2009

- ▶ American Recovery and Reinvestment Act of 2009 (ARRA) dramatically changes COBRA laws
- ▶ Changes effective immediately
- ▶ Subsidy commences March 1, 2009

# Premium Subsidy

- ▶ ARRA includes a 65% subsidy for qualified beneficiaries who lose coverage due to covered employee's involuntary termination of employment between 9/1/08 and 12/31/09
- ▶ Subsidy applies not only to federal coverage but comparable state-law programs

# Assistance Eligible Individuals

- ▶ “Assistance Eligible Individuals” are qualified beneficiaries:
  - Who lose coverage due to covered employee’s involuntary termination between 9/1/08 and 12/31/09
  - No gross misconduct
  - Qualified dependents



# Assistance Eligible Individuals

- ▶ “Assistance Eligible Individuals” are qualified beneficiaries who (cont.):
  - Elect COBRA coverage
  - Are not eligible for any other group coverage or Medicare



# Assistance Eligible Individuals

- ▶ Individuals with AGI in excess of \$145,000 (\$290,000 for joint filers) are not eligible for the subsidy
- ▶ Premium may be paid by third party (i.e., hospital, charity or Medicaid) and still qualify for subsidy
- ▶ Premiums paid by employer are not eligible for subsidy

# Assistance Eligible Individuals

- ▶ Individuals ineligible due to income who receive subsidy must repay
- ▶ Subsidy repaid through personal income tax returns
- ▶ Individual may make permanent election to waive subsidy

# Assistance Eligible Individuals

- ▶ Treasury/IRS to clarify definition --
  - Laid off?
  - Good Reason Terminations?
  - Long term disability?
  - EROs?
- ▶ DOL /HHS make determinations on appeal
  - Establishing procedures for 15 day process

# Assistance Eligible Individuals

- ▶ Employer to make initial determination
- ▶ QBs can appeal to DOL/HHS
- ▶ DOL /HHS make determinations on appeal
  - Establishing procedures for 15 day process
  - Review of appeal will be *de novo*

# COBRA Non-Electors

- ▶ Involuntarily terminated after September 1, 2008
- ▶ COBRA Eligible
- ▶ Did not elect COBRA previously
- ▶ Notify of COBRA by April 18, 2009
- ▶ Includes those who may have initially elected COBRA but dropped coverage

# COBRA Non-Electors

- ▶ Enrollment Period commences February 17, 2009
- ▶ Ends 60 days after notification
- ▶ COBRA coverage becomes effective March 1, 2009
- ▶ 45 Days after election to pay initial COBRA premium?

# COBRA Non-Electors

- ▶ Potential >63 day break in coverage
- ▶ Not treated as break in coverage for HIPAA purposes





# COBRA Electors

- ▶ Two Month Transition Period
- ▶ May pay full March and April premium
- ▶ Can receive refund of premium or credit against future premiums

# New Notice Requirements

- ▶ Notice must be provided to all QBs with a qualifying event
  - After September 1, 2008
  - Until December 31, 2009

# New Notice Requirements

- ▶ COBRA notices must include:
  - Description of subsidy
  - Description of extended 60 day election period for subsidy eligible QBs who did not elect
  - Qualified beneficiary's obligation to notify Plan of changes in eligibility for subsidy

# New Notice Requirements

- ▶ COBRA notices must include (cont.):
  - Forms to establish eligibility for subsidy
  - Contact info for the Plan Administrator
  - Description of alternative COBRA coverage options, if available

# New Notice Requirements

- ▶ United States DOL issued Four Model COBRA Notices on March 18, 2009
  - General Notice
    - ▶ Full – includes notice and election
    - ▶ Abbreviated – informs of premium reduction only
  - Notice in Connection with Extended Election
    - ▶ Qualifying Event 9/1/2008 – 12/31/2009
    - ▶ Did not elect or elected and discontinued

# New Notice Requirements

- ▶ United States DOL issued Four Model COBRA Notices on March 18, 2009 (cont.)
  - Alternative Notice – State COBRA, etc.
- ▶ Notices available on line at:  
<http://www.dol.gov/ebsa/COBRAmodeInotice.html>

# New Notice Requirements

- ▶ DOL Model Notices
  - Include “Request for Treatment as an Assistance Eligible Individual”
- ▶ Employer makes initial determination whether individual is Assistance Eligible Individual
- ▶ If employer determines not Assistance Eligible
  - Individual can appeal to DOL who will make determination *de novo* within 15 days



## Summary of the COBRA Premium Reduction Provisions under ARRA



President Obama signed the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. The law gives "Assistance Eligible Individuals" the right to pay reduced COBRA premiums for periods of coverage beginning on or after February 17, 2009 and can last up to 9 months.

To be considered an "Assistance Eligible Individual" and get reduced premiums you:

- MUST be eligible for continuation coverage at any time during the period from September 1, 2008 through December 31, 2009 and elect the coverage;
- MUST have a continuation coverage election opportunity related to an involuntary termination of employment that occurred at some time from September 1, 2008 through December 31, 2009;
- MUST NOT be eligible for Medicare; AND
- MUST NOT be eligible for coverage under any other group health plan, such as a plan sponsored by a successor employer or a spouse's employer.\*

Individuals who experienced a qualifying event as the result of an involuntary termination of employment at any time from September 1, 2008 through February 16, 2009 and were offered, but did not elect, continuation coverage OR who elected continuation coverage and subsequently discontinued it may have the right to an additional 60-day election period.

### ◆ IMPORTANT ◆

- ◇ If, after you elect COBRA and while you are paying the reduced premium, you become eligible for other group health plan coverage or Medicare you MUST notify the plan in writing. If you do not, you may be subject to a tax penalty.
- ◇ Electing the premium reduction disqualifies you for the Health Coverage Tax Credit. If you are eligible for the Health Coverage Tax Credit, which could be more valuable than the premium reduction, you will have received a notification from the IRS.
- ◇ The amount of the premium reduction is recaptured for certain high income individuals. If the amount you earn for the year is more than \$125,000 (or \$250,000 for married couples filing a joint federal income tax return) all or part of the premium reduction may be recaptured by an increase in your income tax liability for the year. If you think that your income may exceed the amounts above, you may wish to consider waiving your right to the premium reduction. For more information, consult your tax preparer or visit the IRS webpage on ARRA at [www.irs.gov](http://www.irs.gov).

For general information regarding your plan's COBRA coverage you can contact *[enter name of party responsible for COBRA administration for the Plan, with telephone number and address]*.

For specific information related to your plan's administration of the ARRA Premium Reduction or to notify the plan of your ineligibility to continue paying reduced premiums, contact *[enter name of party responsible for ARRA Premium Reduction administration for the Plan, with telephone number and address]*.

If you are denied treatment as an "Assistance Eligible Individual" you may have the right to have the denial reviewed. For more information regarding reviews or for general information about the ARRA Premium Reduction go to: [www.dol.gov/COBRA](http://www.dol.gov/COBRA) or call 1-866-444-EBSA (3272)

\* Generally, this does not include coverage for only dental, vision, counseling, or referral services; coverage under a health flexible spending arrangement; or treatment that is furnished in an on-site medical facility maintained by the employer.



<p><b>To apply for ARRA Premium Reduction, complete this form and return it to us along with your Election Form.</b></p> <p><b>You may also send this form in separately. If you choose to do so, send the completed "Request for Treatment as an Assistance Eligible Individual" to: [Enter Name and Address]</b></p> <p><b>You may also want to read the important information about your rights included in the "Summary of the COBRA Premium Reduction Provisions Under ARRA."</b></p>		
[Insert Plan Name]	<b>REQUEST FOR TREATMENT AS AN ASSISTANCE ELIGIBLE INDIVIDUAL</b>	[Insert Plan Mailing Address]
<b>PERSONAL INFORMATION</b>		
Name and mailing address of employee (list any dependents on the back of this form)		Telephone number
		E-mail address (optional)
<b>To qualify, you must be able to check 'Yes' for all statements.*</b>		
1. The loss of employment was involuntary.		<input type="checkbox"/> Yes <input type="checkbox"/> No
2. The loss of employment occurred at some point on or after September 1, 2008 and on or before December 31, 2009.		<input type="checkbox"/> Yes <input type="checkbox"/> No
3. I elected (or am electing) COBRA continuation coverage.*		<input type="checkbox"/> Yes <input type="checkbox"/> No
4. I am NOT eligible for other group health plan coverage (or I was not eligible for other group health plan coverage during the period for which I am claiming a reduced premium).		<input type="checkbox"/> Yes <input type="checkbox"/> No
5. I am NOT eligible for Medicare (or I was not eligible for Medicare during the period for which I am claiming a reduced premium).		<input type="checkbox"/> Yes <input type="checkbox"/> No
*If you checked NO for statement 3, you may still be eligible. See below for more information.		
<b>*ADDITIONAL ELECTION PERIOD*</b>		
<p>If your COBRA continuation coverage relates to an involuntary loss of employment from September 1, 2008 through February 16, 2009 and you were eligible for, but did not elect, COBRA continuation coverage OR you elected but subsequently discontinued COBRA, you may have the right to an additional 80-day election period. You should receive a new election notice with an Election Form which you MUST complete and return. If you believe you should have received this additional notice but have not, contact [enter name of party responsible for COBRA administration for the Plan, with telephone number and address].</p>		
I make an election to exercise my right to the ARRA Premium Reduction. To the best of my knowledge and belief all of the answers I have provided on this form are true and correct.		
Signature _____	Date _____	
Type or print name _____	Relationship to employee _____	
<b>FOR EMPLOYER OR PLAN USE ONLY</b>		
<p>This application is: <input type="checkbox"/> Approved <input type="checkbox"/> Denied <input type="checkbox"/> Approved for some/denied for others (explain in #4 below)</p> <p>Specify reason below and then return a copy of this form to the applicant.</p>		
<b>REASON FOR DENIAL OF TREATMENT AS AN ASSISTANCE ELIGIBLE INDIVIDUAL</b>		
1. Loss of employment was voluntary.		<input type="checkbox"/>
2. The involuntary loss did not occur between September 1, 2008 and December 31, 2009.		<input type="checkbox"/>
3. Individual did not elect COBRA coverage.*		<input type="checkbox"/>
4. Other (please explain)		<input type="checkbox"/>
*If you checked number 3, was individual eligible for, and given, the Additional Election Period described above?		
Signature of employer, plan administrator, or other party responsible for COBRA administration for the Plan		
		Date _____
Type or print name _____		
Telephone number _____	E-mail address _____	

# How it Works

- ▶ Assistance eligible individual pays 35% of the applicable premium
- ▶ Person *to whom premiums are payable* applies for reimbursement for remaining 65%
- ▶ Reimbursement is credit against liability for payroll taxes



# How it Works

- ▶ Subsidy is claimed as a payroll tax credit
- ▶ Credit claimed AFTER receipt of premiums
- ▶ Deduct from payroll taxes
- ▶ Revised Form 941
- ▶ Refund if subsidy exceeds payroll tax liability
- ▶ Under deposit payroll taxes due to erroneous subsidy --- PENALTIES MAY APPLY

# Who Gets the Reimbursement?

- ▶ If a multiemployer plan, the plan gets the credit
- ▶ For non-multiemployer plans or partially or fully self-insured plans, the employer maintaining the plan gets the credit
- ▶ For other plans not subject to COBRA, the insurer gets the credit

# What Coverage is Subsidized?

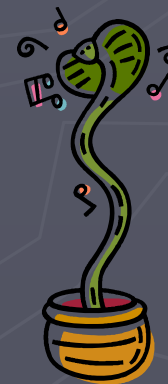
- ▶ Coverage otherwise available under a group health plan subject to ERISA and IRC
- ▶ Includes coverage required by state law
- ▶ Includes coverage under HRA but not FSA

# Alternative Coverage

- ▶ At the Employer's option, eligible individual may elect different COBRA health coverage than the one he or she is enrolled in as long as –
  - Option chosen is among those offered by Employer
  - Not more expensive than one previously elected
  - Election is made within 90 days of notification by Employer

# Duration of Subsidy?

- ▶ Nine months from the date in which subsidy first applies
- ▶ End of the maximum COBRA period



# Duration of Subsidy?

- ▶ Date the assistance-eligible individual becomes eligible for other coverage (not including dental, vision, or FSA)
- ▶ Recipient is required to notify the Plan if he or she becomes eligible for other coverage



# Duration of Subsidy

- ▶ Subsidy is for 9 months of COBRA
- ▶ When commence --
  - Upon involuntary termination?
  - At loss of coverage?
  - After employer provided subsidy?

# How to Elect the Subsidy

- ▶ After COBRA coverage is elected, eligible individual pays only 35% of premium
- ▶ Extended election period for assistance-eligible individual with no COBRA election in place on 2/17/09
- ▶ Special election does not extend period of COBRA coverage

# Cost

- ▶ The amount paid by assistance-eligible individual is 35% of full cost of coverage, including any administrative fee permissibly charged
- ▶ If employer is subsidizing coverage, may not charge more than 35%
- ▶ Must be coordinated between other subsidized coverage and COBRA

# Compliance With New Rules

- ▶ New COBRA notices must be provided by April 18, 2009
- ▶ Non-compliance could result in ERISA notice penalties
- ▶ Notices must be sent to those who were involuntarily terminated beginning September 1, 2008
- ▶ Plans and SPD must be amended

# Notice of Group Coverage/Medicare

- ▶ AEI must notify group health plan when covered under another health plan or Medicare
  - Does not apply to limited coverage plans (dental/vision only, FSA, HRA)
- ▶ Notice must be written
  - Time and manner to be prescribed by DOL

# Penalty for Failure to Notify

- ▶ Penalty for failure to provide notice of new group/Medicare coverage
- ▶ 110% of the subsidy provided after termination of eligibility for subsidy
- ▶ No penalty if due to reasonable cause not willful neglect



Form **941 for 2009: Employer's QUARTERLY Federal Tax Return**  
 (Rev. January 2009) Department of the Treasury — Internal Revenue Service

950109

OMB No. 1545-0029

(EIN) Employer identification number   -

Name (not your trade name)

Trade name (if any)

Address

Number  Street  Suite or room number

City  State  ZIP code

**Report for this Quarter of 2009**  
 (Check one.)

- 1: January, February, March  
 2: April, May, June  
 3: July, August, September  
 4: October, November, December

Read the separate instructions before you complete Form 941. Type or print within the boxes.

**Part 1: Answer these questions for this quarter.**

1 Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), Dec. 12 (Quarter 4) 1

2 Wages, tips, and other compensation . . . . . 2

3 Income tax withheld from wages, tips, and other compensation . . . . . 3

4 If no wages, tips, and other compensation are subject to social security or Medicare tax  Check and go to line 6.

5 Taxable social security and Medicare wages and tips:

	Column 1	Column 2	
5a Taxable social security wages	<input type="text"/>	<input type="text"/>	5a
	$\times .124 =$	<input type="text"/>	
5b Taxable social security tips	<input type="text"/>	<input type="text"/>	5b
	$\times .124 =$	<input type="text"/>	
5c Taxable Medicare wages & tips	<input type="text"/>	<input type="text"/>	5c
	$\times .029 =$	<input type="text"/>	
5d Total social security and Medicare taxes (Column 2, lines 5a + 5b + 5c = line 5d) . . . . .			5d <input type="text"/>

6 Total taxes before adjustments (lines 3 + 5d = line 6) . . . . . 6

7 CURRENT QUARTER'S ADJUSTMENTS, for example, a fractions of cents adjustment.  
 See the instructions.

7a Current quarter's fractions of cents . . . . .

7b Current quarter's sick pay . . . . .

7c Current quarter's adjustments for tips and group-term life insurance

7d TOTAL ADJUSTMENTS. Combine all amounts on lines 7a through 7c . . . . . 7d

8 Total taxes after adjustments. Combine lines 6 and 7d . . . . . 8

9 Advance earned income credit (EIC) payments made to employees . . . . . 9

10 Total taxes after adjustment for advance EIC (line 8 - line 9 = line 10) . . . . . 10

11 Total deposits for this quarter, including overpayment applied from a prior quarter and overpayment applied from Form 941-X or Form 944-X . . . . .

12a COBRA premium assistance payments (see instructions) . . . . .

12b Number of individuals provided COBRA premium assistance reported on line 12a. . . . .

13 Add lines 11 and 12a . . . . . 13

14 Balance due. If line 10 is more than line 13, write the difference here . . . . . 14

For information on how to pay, see the instructions.

15 Overpayment. If line 13 is more than line 10, write the difference here  Check one  Apply to next return.  Send a refund.

▶ You **MUST** complete both pages of Form 941 and **SIGN** it. **Next** →

Form **941 for 2009: Employer's QUARTERLY Federal Tax Return**  
 (Rev. January 2009) Department of the Treasury — Internal Revenue Service

950109

OMB No. 1545-0029

(EIN) Employer Identification number **55-55555555**

Name (not your trade name) **COBRA SUBSIDY, INC.**

Trade name (if any)

Address  
 Number **123 MAIN STREET** Street  
**DOVER** City **DE** State **19901** ZIP code

**Report for this Quarter of 2009**  
(Check one.)

- 1: January, February, March  
 2: April, May, June  
 3: July, August, September  
 4: October, November, December

Read the separate instructions before you complete Form 941. Type or print within the boxes.

**Part 1: Answer these questions for this quarter.**

1 Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), Dec. 12 (Quarter 4) 1 **50**

2 Wages, tips, and other compensation 2 **625000 . 00**

3 Income tax withheld from wages, tips, and other compensation 3 **125000 . 00**

4 If no wages, tips, and other compensation are subject to social security or Medicare tax  Check and go to line 6.

5 Taxable social security and Medicare wages and tips:

	Column 1		Column 2
5a Taxable social security wages	<b>625000 . 00</b>	× .124 =	<b>77500 . 00</b>
5b Taxable social security tips	<b>.</b>	× .124 =	<b>.</b>
5c Taxable Medicare wages & tips	<b>625000 . 00</b>	× .029 =	<b>18125 . 00</b>
5d Total social security and Medicare taxes (Column 2, lines 5a + 5b + 5c = line 5d)	5d <b>95625 . 00</b>		

6 Total taxes before adjustments (lines 3 + 5d = line 6) 6 **220625 . 00**

7 CURRENT QUARTER'S ADJUSTMENTS, for example, a fractions of cents adjustment. See the instructions.

7a Current quarter's fractions of cents **0 . 00**

7b Current quarter's sick pay **0 . 00**

7c Current quarter's adjustments for tips and group-term life insurance **0 . 00**

7d TOTAL ADJUSTMENTS. Combine all amounts on lines 7a through 7c 7d **0 . 00**

8 Total taxes after adjustments. Combine lines 6 and 7d 8 **220625 . 00**

9 Advance earned income credit (EIC) payments made to employees 9 **0 . 00**

10 Total taxes after adjustment for advance EIC (line 8 - line 9 = line 10) 10 **220625 . 00**

11 Total deposits for this quarter, including overpayment applied from a prior quarter and overpayment applied from Form 941-X or Form 944-X. **210875 . 00**

12a COBRA premium assistance payments (see instructions) **9750 . 00**

12b Number of individuals provided COBRA premium assistance reported on line 12a. **5**

13 Add lines 11 and 12a 13 **220625 . 00**

14 Balance due. If line 10 is more than line 13, write the difference here 14 **0 . 00**

15 Overpayment. If line 13 is more than line 10, write the difference here **0 . 00** Check one  Apply to next return.  Send a refund.

▶ You **MUST** complete both pages of Form 941 and **SIGN** it. **Next** ➔



child must give you a completed Form W-5 stating they expect to qualify for the EIC. Once the employee gives you a signed and completed Form W-5 you must make the advance EIC payments starting with the employee's next wage payment. Advance EIC payments are generally made from withheld federal income tax and employee and employer social security and Medicare taxes.

If the amount of your advance EIC payments is more than your total taxes after adjustments (line 8) for the quarter, you may claim a refund of the overpayment or elect to have the credit applied to your return for the next quarter. Attach a statement to Form 941 identifying the amount of excess payments and the pay periods in which you paid it.

For more information on advance EIC, see section 10 of Pub. 15 (Circular E) and Pub. 596, Earned Income Credit.

#### 10. Total taxes after adjustment for advance EIC

Subtract line 9 from line 8.

- **Line 10 is less than \$2,500.** You may pay the amount with Form 941 or you may deposit the amount. To avoid a penalty, you must pay the amount in full with a timely filed return or you must deposit the amount timely.
- **If line 10 is \$2,500 or more, you must deposit** the amount by using EFTPS or at an authorized financial institution with Form 8109. The amount shown on line 10 must equal the "Total liability for quarter" shown on Form 941, line 17 or the "Total liability for the quarter" shown on Schedule B (Form 941).

For more information on federal tax deposits, see *Depositing Your Taxes* on page 3 and section 11 of Pub. 15 (Circular E).



**If you are a semiweekly depositor, you must complete Schedule B (Form 941). If you fail to complete and submit Schedule B (Form 941), the IRS will assert deposit penalties based on available information.**

#### 11. Total deposits for this quarter...

Enter your deposits for this quarter, including any deposits that you were required to make to cover prior period liabilities resulting from filing Form 941-X or Form 944-X in the current quarter. Also include in the amount shown any overpayment from a previous period that you applied to this return.

#### 12a. COBRA premium assistance payments

Report on this line the COBRA premium assistance payments you made. Only report the premium assistance payments you made for the assistance eligible individuals who have paid their reduced premiums. This amount should be 65% of the total COBRA premiums for assistance eligible individuals without regard to the reduction. Do not include any amounts paid to you by the COBRA assistance eligible individuals. For COBRA coverage provided under a self-funded plan, COBRA premium assistance payments are treated as having been made for each assistance eligible individual who pays 35% of the COBRA premium.

#### 12b. Number of individuals provided COBRA premium assistance on line 12a

Enter the total number of individuals provided COBRA premium assistance payments reported on line 12a.

#### 13. Total deposits and COBRA credit

Add lines 11 and 12a.

#### 14. Balance due

If line 10 is more than line 13, write the difference in line 14. Otherwise, see *Overpayment* below. **You do not have to pay if line 14 is under \$1.** Generally, you should have a balance due only if your total taxes after adjustment for advance EIC for the quarter (line 10) are less than \$2,500.

However, see section 11 of Pub. 15 (Circular E) for information about payments made under the **accuracy of deposits rule**.

You may pay the amount shown on line 14 using EFTPS, a credit card, a check or money order, or electronic funds withdrawal (EFW). **Do not** use a credit card or EFW to pay taxes that were required to be deposited. For more information on paying your taxes with a credit card or EFW, visit the IRS website at [www.irs.gov](http://www.irs.gov) and click on the *Online Services* link.

If you pay by EFTPS or credit card, file your return using the *Without a payment* address on page 4 under *Where Should You File?* and **do not** file Form 941-V, Payment Voucher.

If you pay by check or money order, make it payable to the *United States Treasury*. Enter your EIN, Form 941, and the tax period on your check or money order. Complete Form 941-V and enclose with Form 941.

If line 10 is \$2,500 or more and you have deposited all taxes when due, the balance due on line 14 should be zero.



**If you do not deposit as required and, instead, pay the taxes with Form 941, you may be subject to a penalty.**

#### 15. Overpayment

If line 13 is more than line 10, write the difference in line 15. **Never make an entry in both lines 14 and 15.**

If you deposited more than the correct amount for the quarter, you can choose to have the IRS either refund the overpayment or apply it to your next return. Check the appropriate box in line 15. If you do not check either box, we will automatically refund the overpayment. We may apply your overpayment to any past due tax account that is shown in our records under your EIN.

If line 15 is under \$1, we will send a refund or apply it to your next return only if you ask us in writing to do so.

#### Complete both pages.

You must complete both pages of Form 941 and sign on page 2. An incomplete return may delay processing.

### Part 2: Tell us about your deposit schedule and tax liability for this quarter.

#### 16. State abbreviation

In the spaces provided, write the two-letter U.S. Postal Service abbreviation for the bank branch in the state where you deposit your taxes using Form 8109 or initiate EFTPS transfers. The IRS uses the state shown to determine banking days for purposes of deposit due dates. Official state holidays for the state shown are not counted as banking days. If you deposit in multiple states, enter "MU" in the spaces provided.

When you deposit in multiple states, the IRS cannot determine what portion of your liability was affected by a state holiday and may propose a deposit penalty for one or more of the states where you made deposits. If you receive a notice and your deposit due date was extended because of a state bank holiday, respond to the notice citing the state holiday and applicable deposit amount.

#### 17. Check one

- If line 10 is less than \$2,500, check the appropriate box in line 17 and go to Part 3.
- If you reported \$50,000 or less in taxes during the lookback period (see below), you are a **monthly schedule depositor** unless the *\$100,000 Next-Day Deposit Rule* discussed in section 11 of Pub. 15 (Circular E) applies.

# HIPAA SPECIAL ENROLLMENT

- ▶ Employee or dependent covered by SCHIP or Medicaid
- ▶ Lose eligibility
- ▶ Requests coverage under employer plan within 60 days
- ▶ Must enroll in employer plan

# HIPAA SPECIAL ENROLLMENT

- ▶ Employee or dependent becomes eligible for premium assistance under Medicaid or SCHIP
- ▶ Requests coverage under employer plan within 60 days
- ▶ Must enroll in employer plan

# HIPAA SPECIAL ENROLLMENT

- ▶ Employer must notify employees of premium assistance available under State CHIP or Medicaid – after model issued
- ▶ April 1, 2010 DOL and HHS must develop model state specific model notices
- ▶ Notice when
  - Initial plan eligibility
  - Open enrollment season
  - When providing SPD

# HIPAA SPECIAL ENROLLMENT

## ► Penalties –

- \$100 per day for failure to provide notice.