

LEGAL UPDATE

ACA Information Reporting Penalties Increased for Returns Filed in 2024

IRS [Revenue Procedure 2022-38](#) includes updated penalty amounts that may apply to reporting entities that fail to comply with the Affordable Care Act's (ACA) requirements under Internal Revenue Code Sections 6055 and 6056. **The increased amounts apply to 2023 information returns and individual statements that are required to be filed and furnished in 2024.**



General Reporting Penalties

A reporting entity that fails to comply with the Section 6055 and Section 6056 reporting requirements may be subject to the general reporting penalties for:

- Failure to file correct information returns (under Code Section 6721); and
- Failure to furnish correct payee statements (under Code Section 6722).

However, penalties may be waived if the failure is due to reasonable cause and not willful neglect. Penalties may also be reduced if the reporting entity corrects the failure within a certain period of time (see below).

Adjusted Penalty Amounts

For 2023 information returns and individual statements that are filed and furnished in 2024, the adjusted penalty amounts are as follows:

1. The penalty for failure to file an information return or provide an individual statement is **\$310** per return or statement (increased from \$290);
2. The penalty for returns that are corrected within 30 days after the due date, or statements corrected within 30 days after the required furnishing date, is **\$60** per return or statement (up from \$50);
3. For returns or statements corrected after 30 days but before Aug. 1, 2024, the penalty is **\$120** per return or statement (up from \$110); and
4. The penalty for failing to file a correct information return or provide a statement due to intentional disregard is **\$630** (up from \$580). In some cases, this penalty may be larger, as the penalty is equal to the greater of either the applicable amount or 10% of the aggregate amount of the items required to be reported correctly.

The maximum penalty amounts are different for small businesses and large businesses. Specifically, lower annual maximums apply to entities with average annual gross receipts of up to \$5 million for the three most recent taxable years. There is no maximum penalty for intentional disregard.

IRS Resources

The IRS provides an [information return penalties webpage](#) that includes the applicable penalty amounts by year, as well as additional resources on how to calculate and pay the penalty.

Highlights and Important Dates

New Electronic Filing Threshold

Beginning in 2024, reporting entities that file **at least 10 returns** during the calendar year must file electronically. Reporting entities must aggregate most information returns, such as Forms W-2 and 1099, to determine if they meet the 10-return threshold for mandatory electronic filing.

March 1, 2024

Individual statements for 2023 must be furnished within 30 days of Jan. 31, 2024. Because 2024 is a leap year, the deadline for individual statements is March 1, 2024.

April 1, 2024

Electronic IRS returns for 2023 must be filed by March 31, 2024. However, since this is a Sunday, electronic returns must be filed by the next business day, which is April 1, 2024.