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## New Jersey issues further guidance on employer reporting in light of the state's individual mandate

New Jersey has issued new guidance on employer reporting requirements in light of the state's adoption of the health insurance mandate, effective for calendar year 2019.

### Background

New Jersey was the first state to indicate it will leverage the federal Forms 1094-C and 1095-C to administer the state's individual mandate. Since then, DC, Vermont, California and Rhode Island have enacted individual mandates that are effective this year (in case of DC) or next year (Vermont, California and Rhode Island). In all instances, the states are leveraging the existing federal forms as the enacting legislation incorporates the federal reporting requirements that were in place before the passage of the Tax Cut and Jobs Act of 2017 (the TCJA). The TCJA set the individual mandate penalty to \$0 starting with the 2019 calendar year, effectively repealing the federal penalty.

### Summary of updated reporting requirements for employers

In the updated guidance, the Division of Taxation has clarified that employers are obligated to file returns for NJ residents. While the state will permit filings for nonresidents if an employer files in bulk, the Division of Taxation cautions employers that file information about non-NJ residents to "consult privacy and other laws pertaining to residents of other [s]tates before sending any sensitive or personal data to New Jersey." In other words, while New Jersey will accept the filing, employers should identify employees who are NJ residents for full and partial year and only file Forms 1095-C for those individuals.

The updated guidance does not require employers and other filers to file returns in instances in which the employee is a non-NJ resident but a dependent covered by the employee is a NJ resident. Employers and other filers are not required to provide separate forms to dependents regardless of their residency.

The updated guidance also confirms New Jersey's intent to rely on the federal Forms 1094-C and 1095-C with no state modifications. The guidance requires employers and other filers to electronically file through the Division of Revenue and Enterprise Services' (DORES) MFT SecureTransport service. Information about the electronic filing schema is linked to the Internal Revenue Service's web site on which the federal schema submitted electronically through Act Information Returns (AIR) system can be found.

Unlike the preliminary guidance, which indicated that the forms are due on or before February 15 of the year following the close of each calendar year, the updated guidance provides a filing deadline that is consistent with the federal electronic filing deadline of March 31. This new deadline alleviates the concerns that the February 15 deadline was much earlier than the federal filing date and would have been earlier than the extended due dates that the IRS has granted for each year since the beginning of Affordable Care Act (ACA) reporting in 2016 (for calendar year 2015) for furnishing the Forms 1095-C to employees.

The updated guidance can be found [here](#).

### Implications

Employers of NJ residents should begin preparing for the upcoming filing requirements by identifying the required population to be reported and working with their ACA reporting providers to ensure preparations are in place for the 2019 electronic filing requirements. Employers that self-report federally will need to build out capabilities to report through the MFT SecureTransport service.

EY will continue to monitor the NJ website for additional guidance, if any.

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### Contact Information

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