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Inside This Issue

The Importance of Workforce Size Under the Employer Shared Responsibility Provisions

Under the [Affordable Care Act](#), certain employers -- called applicable large employers -- are subject to the employer shared responsibility provisions. An employer that is subject to the employer shared responsibility provisions may choose to offer affordable minimum essential coverage that provides minimum value to its full-time employees and their dependents, or to potentially owe an [employer shared responsibility payment](#) to the IRS. Many employers already offer coverage that is sufficient to avoid owing a payment.

Whether an you are an applicable large employer, and are therefore subject to the employer shared responsibility provisions, depends on the size of the your workforce. The vast majority of employers fall below the workforce size threshold and, therefore, are not subject to the [employer shared responsibility provisions](#).

You will [determine each year](#) -- based on your average employee count for the 12 months of the prior year -- whether you're an applicable large employer for the current year. Just for 2015, an employer may measure

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over any consecutive six-month period during 2014, rather than measuring all 12 months of 2014.

A full-time employee is an employee with at least 130 hours of service in a calendar month. To determine your number of your full-time equivalent employees for each month, you combine the number of hours of service for all non-full-time employees – up to 120 hours per employee – and divide the total by 120.

If you had fewer than 50 full-time employees in the preceding year, including full-time equivalent employees, you are not an applicable large employer for the current year. If you had 50 or more full-time employees in the preceding year, including full-time equivalent employees, you are an applicable large employer for the current year. However, for 2015, employers with fewer than 100 full-time employees, including full-time equivalent employees, in 2014 will not be subject to an employer shared responsibility payment if they meet certain conditions. Question 34 on the employer shared responsibility [employer shared responsibility provision questions and answers](#) page on IRS.gov/aca provides more details regarding these conditions. All types of employers can be applicable large employers, regardless of the nature of the organization; this includes, for example, tax-exempt organizations and government entities.

For more information about how to determine whether your organization is an applicable large employer, including special rules for seasonal workers, new employers, and related employers, see [Determining if an Employer is an Applicable Large Employer](#).

For more information on the [employer shared responsibility provisions](#) in general, see IRS.gov/aca. For more information on the information reporting responsibilities that apply to applicable large employers see our [Questions and Answers on Reporting of Offers of Health Insurance Coverage by Employers](#).

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