

IRS Makes “Pay or Play” Estimator Tool Available to Assist in Understanding Provision Requirements and More

The Taxpayer Advocate Service (an independent organization within the Internal Revenue Service) has developed a tool to assist employers in understanding how the Affordable Care Act’s employer shared responsibility (“pay or play”) provisions work and how the provisions may apply to them.

Employer Shared Responsibility Provision Estimator

Employers can use the Taxpayer Advocate Service’s [Employer Shared Responsibility Provision Estimator](#) tool to determine their:

- Number of full-time employees, including full-time equivalent employees (FTEs);
- Applicable large employer (ALE) status; and
- Estimated maximum amount of potential liability for the employer shared responsibility payment.

The [home page](#) for the tool provides additional information about pay or play.

Tool Provides Estimates Only

Given that the calculations provided by the tool are only estimates, employers are advised to use them **only as a guide** to assist in making decisions regarding their tax situation. The estimator will not report a payment estimate to the IRS or interact with individual tax returns.

Background

The pay or play provisions require ALEs – generally those with **at least 50 full-time employees**, including FTEs – to offer affordable health insurance that provides a minimum level of coverage to full-time employees (and their dependents) **or** pay a penalty tax (known as the employer shared responsibility payment) if any full-time employee is certified to receive a premium tax credit for purchasing coverage through the Health Insurance Marketplace.

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