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Payroll Tax Reporting for Assistance Eligible Individuals Under the American Rescue Plan Act

Over the last several months, the State Health Plan has issued a series of HBR Alerts addressing the various components of the American Rescue Plan Act (ARPA) impacting employees who lose their coverage as the result of an involuntary termination or reduction in hours.

In this HBR Alert, we will outline how the Plan will assist employing units with the information they need to report on members who actually enroll in COBRA as Assistance Eligible Individuals (AEIs). **Employing units are responsible for completing the reporting timely and accurately.**

Beginning June 24, 2021, the Plan will provide each employing unit with participating AEIs, a report that the employing unit can use to populate Form 941. Then, each quarter, the employing unit should report the tax credit claimed, and the number of individuals receiving the tax credit for that quarter, on its federal employment tax return(s), via Form 941.

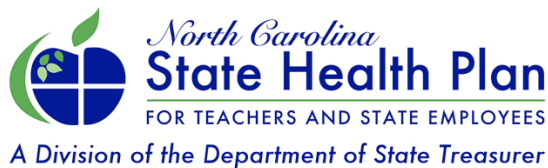
For example, an employing unit claiming the tax credit for April, May, and June coverage months can claim the tax credit on the quarterly Form 941 due on July 31, 2021. A sample report can be found [here](#). The Plan will continue to provide this report on a monthly basis through the end of the year as members can elect coverage 60 days in arrears.

Employing units that have more questions about reporting these individuals on their quarterly tax returns should consult their internal

tax experts and/or their legal counsel. While the Plan can provide employing units with information about who has enrolled and into which plans, the Plan cannot assist with tax reporting questions or provide legal advice.

The Plan anticipates invoicing employing units for their participating AEIs sometime in the fourth quarter of 2021. The exact date has not yet been determined. The Plan wants to make sure we are in a good rhythm with enrollment and reporting before we move to invoicing. Because the Plan will be invoicing employing units for payment of the premium amounts owed, it is imperative that employing units follow the process and claim the appropriate tax credit in order to receive the federal subsidies provided for this program under the ARPA.

Previous HBR Alerts regarding this topic have been posted to the Plan's [website](#).



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