



# State Controller's Office

## Information Reporting Penalties (IRPs) Overview

**Created For:** District Agricultural Association  
(DAA) business offices

## Affordable Care Act (ACA)

ACA Help Desk:

916-322-3770

[ppsdacairp@sco.ca.gov](mailto:ppsdacairp@sco.ca.gov)



# IRPs

## What are Information Reporting Penalties?

The State is subject to Information Reporting Penalties (IRPs) based on the retroactive changes in the Affordable Care Act System (ACAS) that cause changes in the benefit status data reported on the Form 1095-C to the Internal Revenue Service (IRS) and the employee through the SCO correction process

## How are they calculated?

There are two separate penalties assessed for each Form 1095-C record during the corrections process:

- Each corrected Form 1095-C reported to the IRS
- Each corrected Form 1095-C statement furnished to the employee



# IRPs - Amounts

The IRS has provided penalty relief for several years since the enactment of the ACA reporting requirements. It is important to note that this relief is no longer available beginning with corrections to the 1095-C statements for the 2021 reporting year.

The following are the IRP amounts for each reporting year:

<b>Year</b>	<b>Failure To File a Correct 1095-C With The IRS</b>	<b>Failure To Provide a Correct 1095-C To Employee</b>	<b>Total Penalty</b>
2021	\$280	\$280	\$560
2022	\$290	\$290	\$580
2023	\$310	\$310	\$620
2024	\$330	\$330	\$660
2025	\$340	\$340	\$680



# SCO ACA IRP Webpage

The SCO ACA IRP webpage provides helpful information and resources on IRS Information Reporting Penalties.

## Affordable Care Act (ACA) Information Reporting Penalties (IRP)

- Information Reporting Penalties (IRP)
- IRPs for 2021 1095-C Corrections
- IRP Amounts
- The Phased Approach
- IRPs Compound Over Time
- IRP Appeal Process
- Resources
  - FAQs – Frequently Asked Questions regarding IRPs



# IRP Report Made Available



**Issued after each 1095-C  
correction cycle**



**Provided to Business Offices via  
Enterprise File Transfer (EFT)**



# IRP Report Contents

## What is on the report?

### Employee:

- Social Security Number (SSN)
- First Name MI
- Last Name
- Position Number
- Position Sequence Number
- File Indicator
  - N: New
  - C: Corrected
  - V: Voided
- Total Potential Penalty



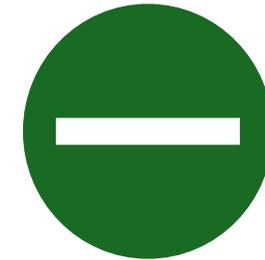
# Expectations After IRP Report is Available

Business Offices must review the IRP Report to determine when an appeal is necessary:



## Appeal

- Complete the IRP PSD-005 Form
- Ensure supporting documentation is attached



## Do Not Appeal

- Accept the penalties that are associated with your office. Do not submit the IRP PSD-005 Form



# IRP Appeal Form PSD-005

Business Offices will have the opportunity to review the corrected records submitted to the IRS for each corrections cycle using the IRP Report. If staff disagree with the IRP SCO has assessed, they may appeal using the IRP appeal process.

State of California – Controller's Office  
 Affordable Care Act Information Reporting Penalty (IRP) Appeal Form  
 PSD-005

**TO BE COMPLETED BY HR OFFICE FILING AN IRP APPEAL.**  
 Complete all sections before submitting to SCO.  
 (APPEALS WITHOUT SUPPORTING DOCUMENTATION WILL NOT BE REVIEWED)

Section 1 - Requester Information (Required)			
Full Name:	Phone Number:	Email Address:	
Department/Campus/DAA Name:	Facility Name (if applicable):	Agency Code:	
Section 2 - Employee Information (Required)			
Full Name:	Last 4 of SSN:	Date of Request:	
Section 3 - Reason For Appeal (Required)		Section 4 - Correction Year of Appeal (Required)	
Option (Select only one)		Correction Year:	
<input type="checkbox"/> SCO Mass Update	<input type="checkbox"/> Agency/Campus/DAA Split		
<input type="checkbox"/> SCO Update	<input type="checkbox"/> Other: _____		
Section 5 - Explanation of Appeal (Required)			
Provide brief explanation of appeal below:			
<p><b>SUBMIT ALL SUPPORTING DOCUMENTATION AND APPEAL FORM TO: THE STATE CONTROLLER'S OFFICE – AFFORDABLE CARE ACT UNIT INFORMATION REPORTING PENALTY INBOX</b></p> <p style="color: blue; text-decoration: underline;"><a href="mailto:PPSDACAIRP@SCO.CA.GOV">PPSDACAIRP@SCO.CA.GOV</a></p>			
Section 6 – ACA Use Only			
Reviewed By:	Date:	Approved/Denied:	Date:



# IRP Appeal Form Instructions

Section 1 – Requester information

Section 2 – Employee Information

Section 3 – Reason for Appeal

Section 4 – Correction Year of Appeal

Section 5 – Explanation of Appeal

*Line Instructions for Form PSD-005 ACA Information Reporting Penalty (IRP) Appeal Form*

*\*All fields are required*

## Section 1 – Requester Information

### **Full Name**

Enter the name of the HR office representative submitting the appeal form

### **Phone Number**

Enter the HR representative's phone number

### **Email Address**

Enter the HR representative's email address

### **Department/Campus Name/District Agricultural Association (DAA)**

Enter the name of the department, campus, or DAA submitting the appeal form

### **Facility Name (if applicable)**

Enter the facility name

### **Agency Code**

Enter the three-digit agency code

## Section 2 – Employee Information

### **Full Name**

Enter the name of the employee you are appealing in the space provided

### **Last 4 of SSN**

Enter the last four digits of the employee's Social Security Number

### **Date of Request**

Enter the date of appeal submission

## Section 3 – Reason for Appeal

Check only one of the following options:

- **SCO Mass Update** – Check this option if the appeal is due to an SCO Mass Update. ACAS will indicate SCO Mass Update in the "Updated By" field
- **SCO Update** – Check this option if the appeal is due to an update made by SCO. ACAS will indicate SCO Update in the "Updated By" field
- **Agency/Campus/DAA Split** – Check this option if there is a split. A split is considered when multiple agencies, campuses, or DAAs are equally at fault for the penalty
- **Other** – Check this option only if appeal is due to:
  - Previous and/or another department/campus/DAA 100% at fault or,
  - Any other scenario not mentioned above that qualifies for an appeal

Late entries and voids in ACAS are not acceptable appeals and will be denied automatically.

## Section 4 – Correction Year of Appeal

Enter the correction year for which you are appealing.

## Section 5 – Explanation of Appeal

Provide a brief explanation for the appeal and why the HR office should not be responsible for the assessed penalty, based on the selection option made in the "Reason for Appeal" section. Attach all documentation which supports the reason for appeal with submission of the PSD-005.



# IRP Appeal Form Instructions

## Section 6 – ACA Use Only and Supporting Documentation

### Section 6 – ACA Use Only

ACA unit use only. Do not complete.

### Supporting Documentation

Any appeal submitted will need supporting documentation for the appeal to be reviewed. Without supporting documentation, the appeal will not be reviewed, and the appeal will be denied. The following are examples of supporting documentation that must be submitted with the appeal form:

- ACAS Screenshot (Redact confidential employee information. Example: include only last four of employee's social security number)
- EH screenshot (Redact confidential employee information. Example: include only last four of employee's social security number)
- Other:
  - Any applicable forms/documentation that supports your appeal (Redact confidential employee information. Example: include only last four of employee's social security number and exclude employee's address)

**\*\*Documentation must be included to support the appeal. Appeals submitted without supporting documentation will be denied.**

**SUBMIT ALL SUPPORTING DOCUMENTATION AND APPEAL FORM (PSD-005) TO:  
THE STATE CONTROLLER'S OFFICE – AFFORDABLE CARE ACT UNIT INFORMATION  
REPORTING PENALTY INBOX:**

**PPSDACAIRP@SCO.CA.GOV**



# IRP Appeal Form

## Supporting Documentation Suggestions



SCREENSHOTS  
OF EMPLOYEE'S  
ACAS



SCREENSHOTS  
OF EMPLOYEE'S  
EH



HBD-12 FORMS



CALPERS  
ACCOUNT  
SCREENSHOT



# IRP Appeal Process – Submission Overview

1

**Fill out form PSD-005**

Fill out all required fields  
for Sections 1-5

2

**Add Supporting  
Documentation**

Include all documentation  
to support your appeal

3

**Submit to SCO ACA  
Unit**

[ppsdacairp@sco.ca.gov](mailto:ppsdacairp@sco.ca.gov)



# IRP Appeal Approval

SCO will review all complete IRP appeal packages. If the appeal is approved, the penalty associated with that appeal will be waived for the associated Department/Campus/DAA.

**IRP appeal approval will be considered in the following circumstances:**

- SCO Mass Update
- SCO Update
- Agency/Campus/DAA Split
- Other: Extenuating circumstances



# IRP Appeal Denial

SCO will send a denial email to the requester if an IRP appeal does not meet all the requirements for approval. The penalty associated with that appeal will not be waived.

**For an IRP appeal to be denied, the appeal did not meet criteria such as:**

- A required field(s) or section on the PSD-005 form was not complete
- Appropriate supporting documentation was not submitted
- The documentation provided did not support the appeal



# IRP Appeal Resubmission

**SCO may accept resubmission of an IRP appeal when:**

- PSD-005 Form is incomplete
- The appeal is missing supporting documentation
- There is insufficient explanation of the appeal



# Information Reporting Penalties (District Agricultural Associations)

- SCO will provide the IRP Report after each 1095-C correction process via Enterprise File Transfer (EFT) for DAAs.
- Staff will review the IRP Report to determine records that may be eligible for the IRP Appeal Process.
- SCO will publish a Personnel Letter when the IRP report will be available, and the appeal process is open for each reporting year. Business Offices will have 30 days to submit an appeal.
- If appealing, staff will submit one IRP Appeal Form PSD-005 per record to the SCO ACA team with supporting documentation.
- SCO will provide the requester with an Appeal Identification (ID) number for each appeal.
- SCO will notify the requester if the appeal is approved or denied.



# IRP – Payment Overview

1

## IRP Appeal Process Closes

- SCO will reconcile IRP amounts based on any approved appeals
- SCO Initiates payment request for IRS

2

## IRS Issues IRP Assessment to the State

- SCO will notify DOF when the assessment is received
- SCO will provide DOF final IRP amounts for each office

3

## State Completes Payment Process

- SCO makes payment to the IRS
- DOF initiates reimbursement from DAAs to General Fund



# IRP Resources



[ACA Training Page](#)



[ppsdacairp@sco.ca.gov](mailto:ppsdacairp@sco.ca.gov)



[IRP Webpage](#)