

Correction and Replacement Returns

Overview

Corrections:

Corrections are filed after the return is Accepted by the IRS. Corrections include errors identified either by the IRS, the Transmitter, Issuer or Employer, or the Taxpayer. Accepted returns are forwarded to downstream systems.

- Corrections are used to correct an information return that was previously filed and accepted (with or without errors) by the IRS, but that contained erroneous information
- Corrections can fix errors reported by IRS or those discovered by filers independently

Replacements:

Replacements are filed when the return is Rejected by the IRS. Rejected returns are not forwarded to downstream systems, therefore a Replacement must contain all of the records you want IRS to process that were included in the Rejected return that it is replacing.

- Replacements are used to replace an entire return that was Rejected by the IRS
- When replacing a return, replace all records (For example if a Submission containing 100 records is rejected, replace all 100 records)

Form Specific Rules:

- 1094-C: File 1094-C Corrections with no 1095-C records attached
- 1095-C: File 1095-C Corrections along with a 1094-C without the Correction box checked and only Part I completed
- 1094-B: Not currently available (No checkbox)
- 1095-B: File 1095-B Corrections with an associated 1094-B record

Important Notes:

- If both a 1094-C and 1095-C need corrections, this must be done using two submissions
- If a Correction is found to be in error and needs to be corrected, submit a Correction to the most recently accepted Correction
- If a Corrected return is rejected, fix the errors and resubmit as a Correction to the same original return. Do not resubmit as a Replacement.
- Replace only the first return that was Rejected. Do not replace rejected replacements.
- Corrections for 1094-B transmittal forms are not currently available because there is no correction checkbox on the 1094-B form and the IRS has not made provisions for filing 1094-B corrections.
- The steps in this How-To document have been generalized for electronic filing with the assumption that all employees were included in the original return. If you are filing a paper return, or you are filing the forms in groups instead of all at once, then the overall process will be similar, but some steps may vary. Please use "Feedback" in the program's Help menu or email support@proware-cpa.com with the details of your specific scenario if you need assistance with other types of corrections not covered here.

Correction and Replacement Returns

Determine if Correction or Replacement is Needed

The appropriate correction or replacement action depends on the status of the original return that was filed with the IRS. Review the "Status" screen to determine the current status of the return. The status screen Error Report will show any errors that the IRS reported.

IRS Accepted - The IRS did not find any errors and you only need to perform a correction if you or your employees find that incorrect information was reported.

IRS Accepted with Errors - The IRS found errors that need to be corrected. All issues shown on the Error Report must be resolved, and then the corresponding forms should be filed as corrections. The errors will indicate whether a correction should be made to the 1094 transmittal form or 1095 forms.

IRS Rejected - The IRS did not process the return. All issues shown on the Error Report must be resolved, and then the entire return should be re-filed. The type of errors that are shown on the Error Report will determine if the return should be re-filed as a Replacement or as a new original return.

Exception: If a Corrected return is rejected, fix the errors and re-file as a Correction to the same original return. Do not resubmit as a Replacement.

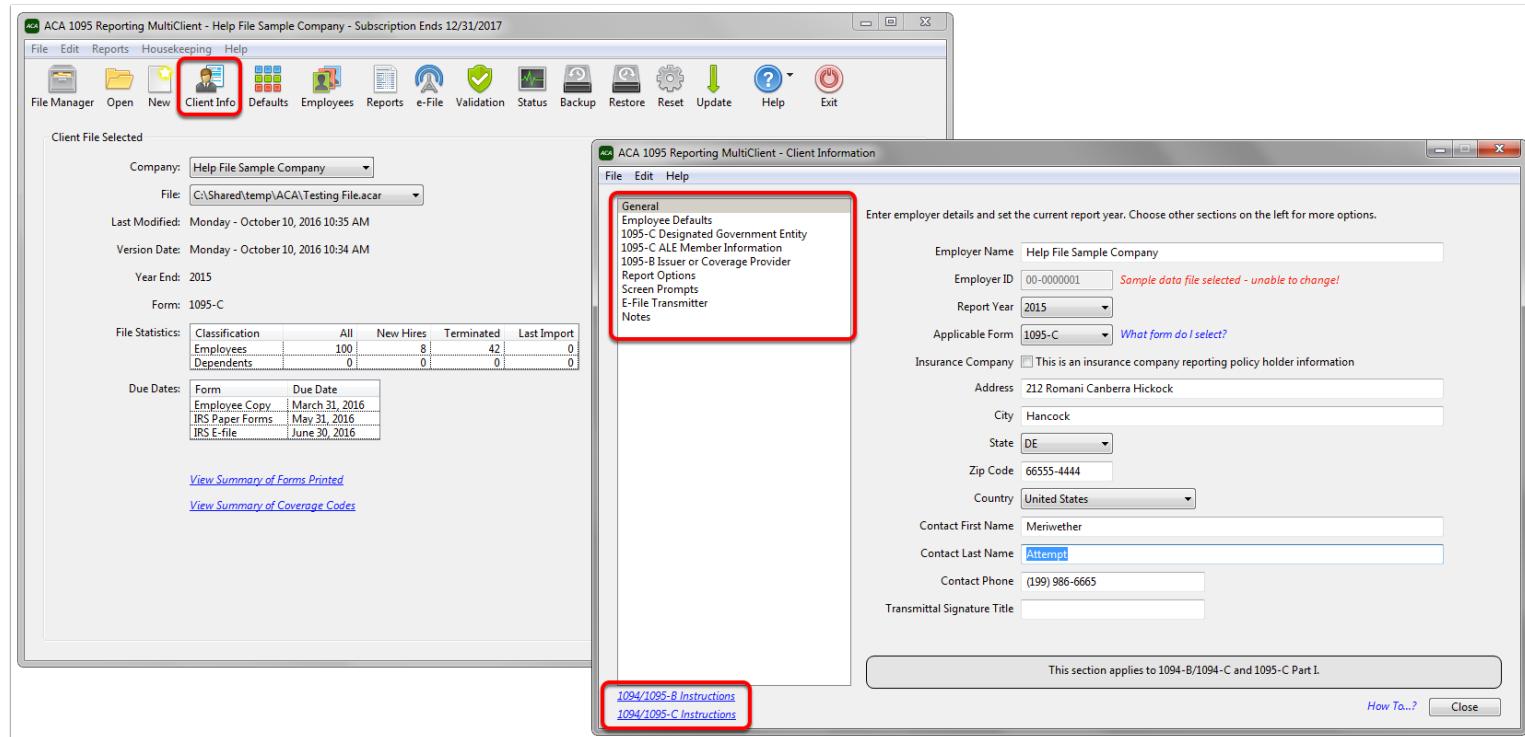
Exception: If a Replacement return is rejected, fix the errors and re-file as a Replacement of the same original return. Replace only the first return that was Rejected. Do not replace rejected replacements.

IRS Status	Type of Errors	Response
Accepted	N/A	None
Accepted with Errors	N/A	File correction
Rejected	Portal Rejection - Error code begins with "TPE" or "HEADER"	Re-file as a new original return
Rejected	Manifest Rejection - Error code begins with "AIRMF" or "MANIFEST"	Re-file as a new original return
Rejected	XML Schema Rejection - Error codes do not begin with "AIRMF", "MANIFEST", "TPE", or "HEADER"	Re-file as a replacement
Rejected	Business Rule Threshold Rejection - Error codes do not begin with "AIRMF", "MANIFEST", "TPE", or "HEADER"	Re-file as a replacement

Correction and Replacement Returns

Filing a 1094-C Correction

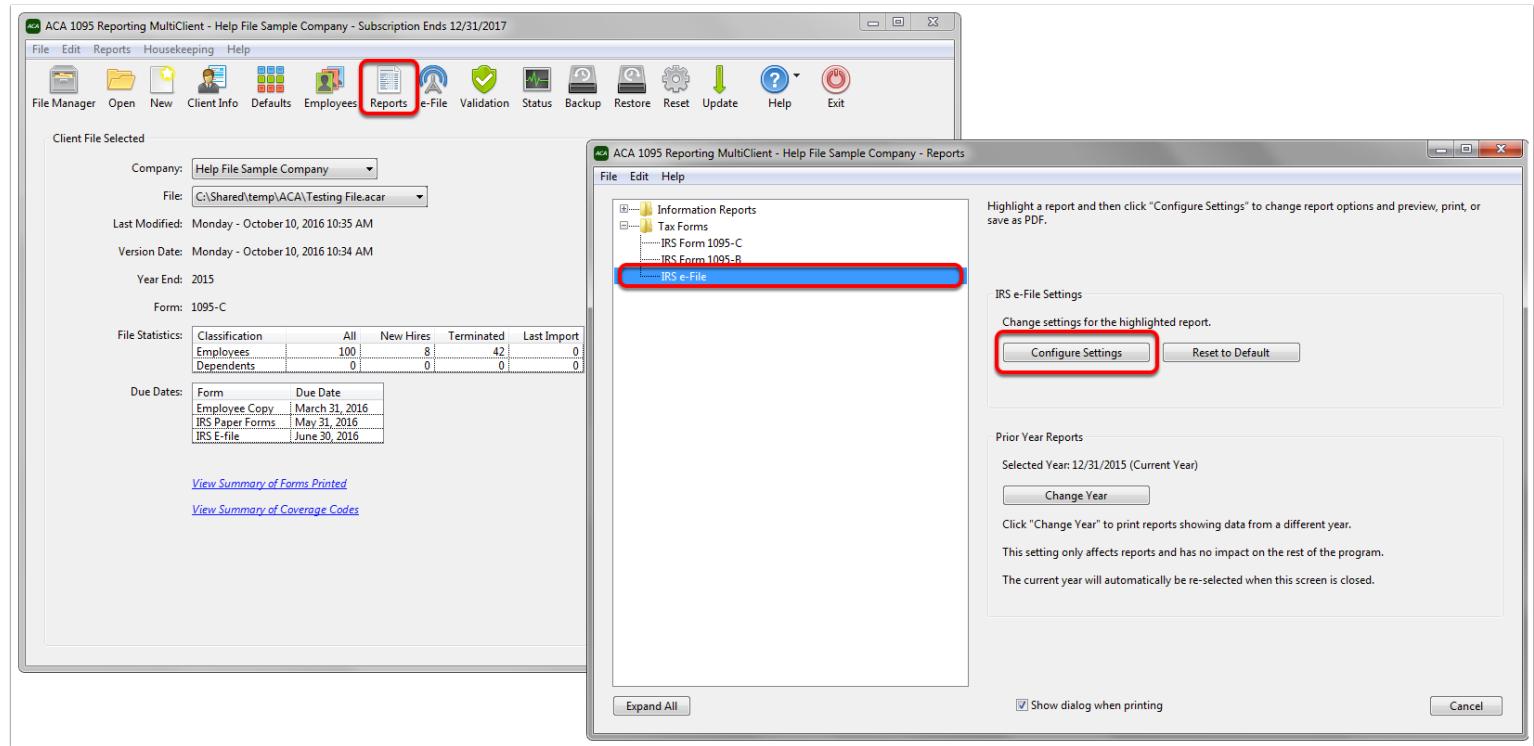
Most of the information that appears on the 1094-C can be changed in "Client Information". On the Home screen toolbar, click "Client Info" to open the screen where changes can be made. Review the relevant sections of the Client Information to correct any errors that you or the IRS have identified. The lower left corner of the Client Information screen has links to the IRS instructions for information about the reporting requirements for the forms.



Correction and Replacement Returns

Filing a 1094-C Correction (Continued)

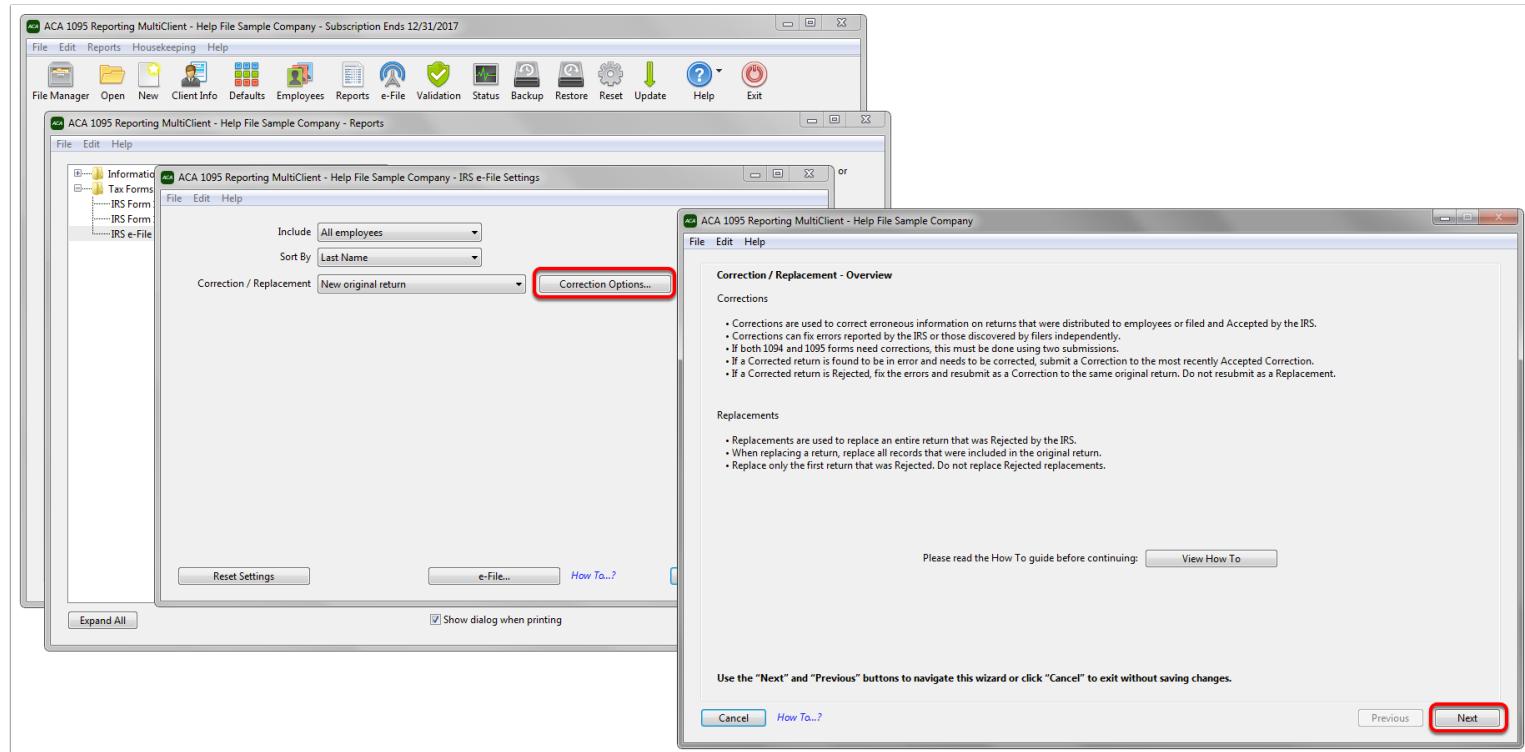
Filing the corrected form can be done from the "Reports" screen. From the "Reports" menu, choose "Reports" to open the list of reports. From the list, choose "IRS e-File" and click the "Configure Settings" button.



Correction and Replacement Returns

Filing a 1094-C Correction (Continued)

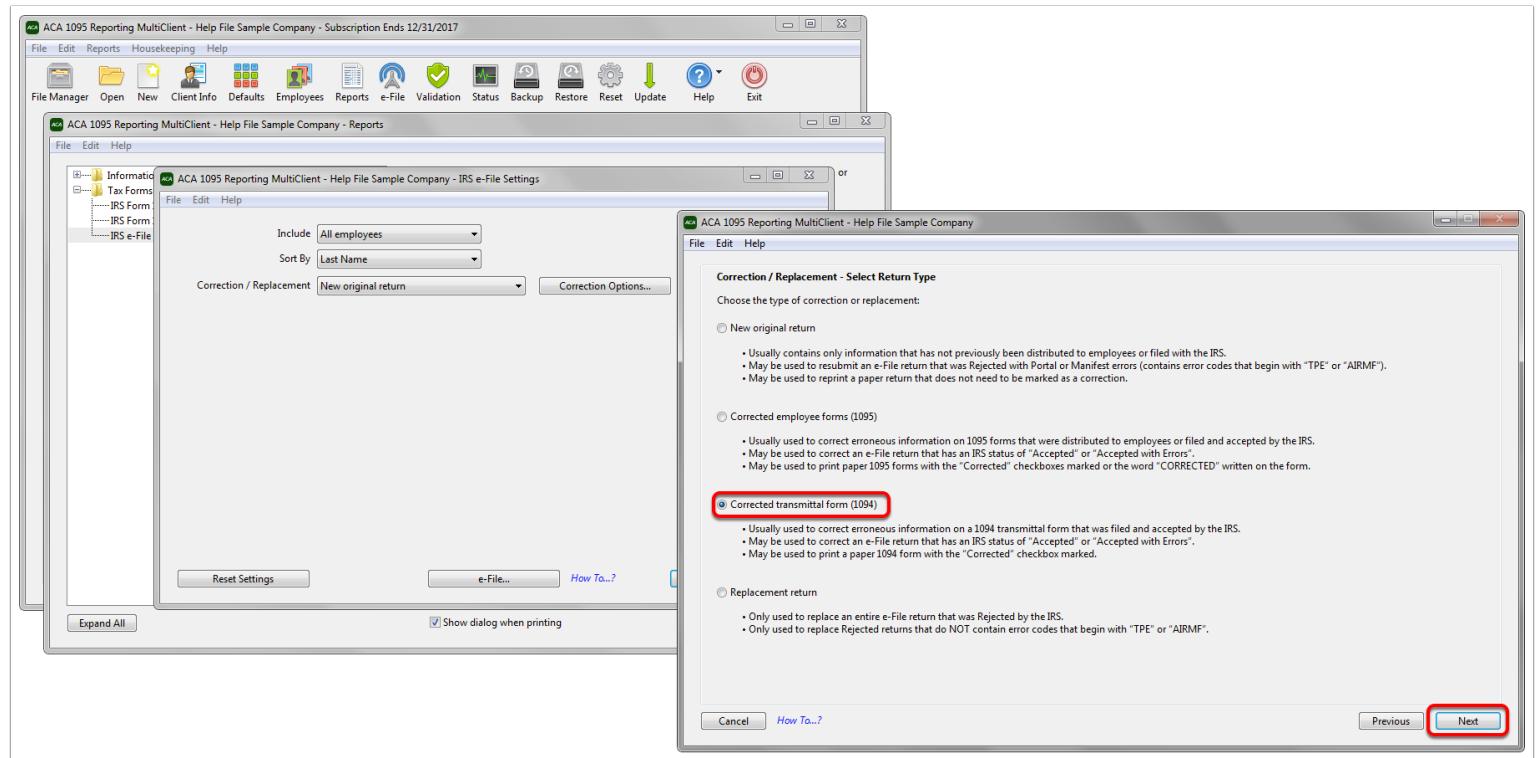
On the report settings screen, click the "Correction Options" button. When the correction options wizard appears, read the overview and click "Next".



Correction and Replacement Returns

Filing a 1094-C Correction (Continued)

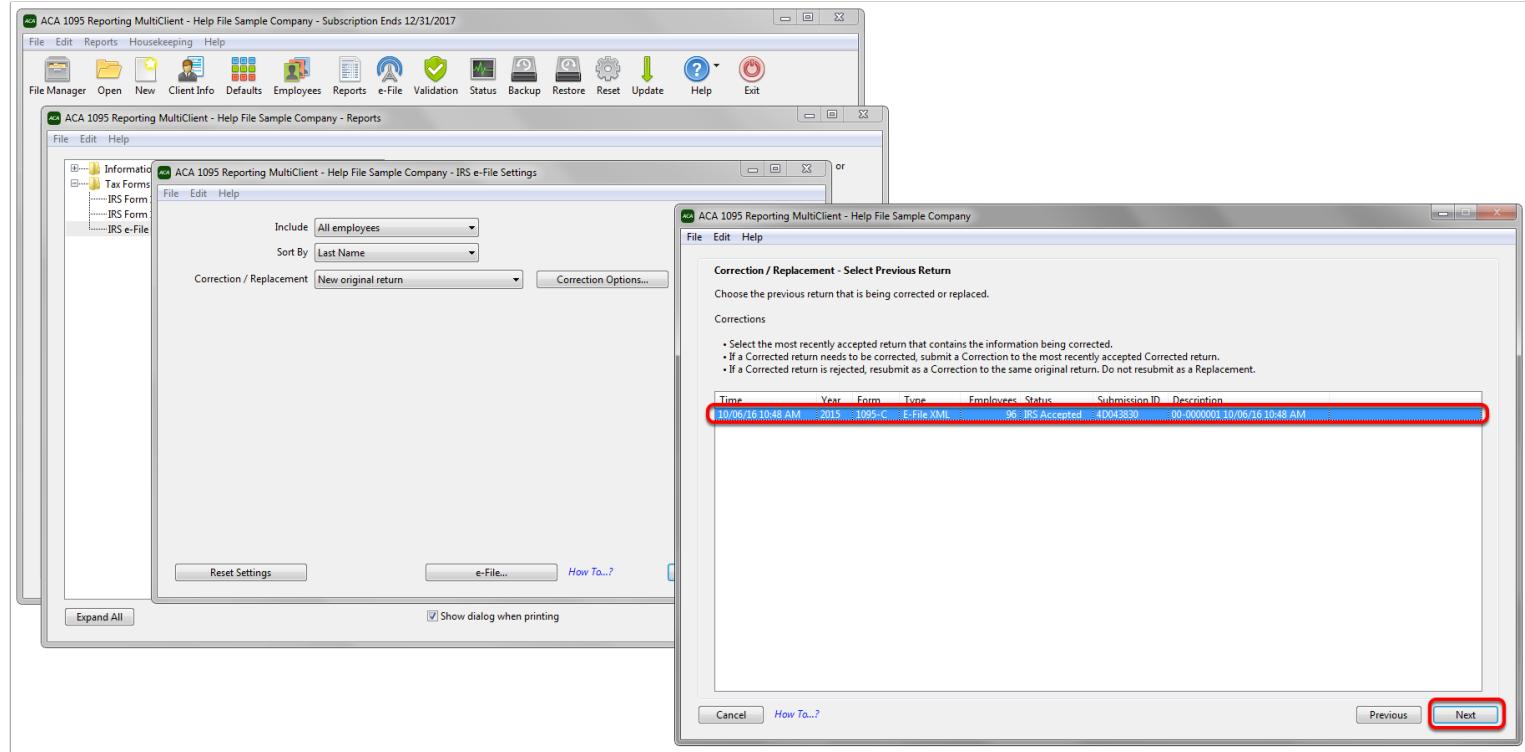
Choose "Corrected transmittal form (1094)" and click "Next".



Correction and Replacement Returns

Filing a 1094-C Correction (Continued)

Select the return that is being corrected and click "Next". The on-screen instructions provide some tips for selecting the correct return. In most cases, you should select the most recent return that includes the authoritative transmittal information being corrected.

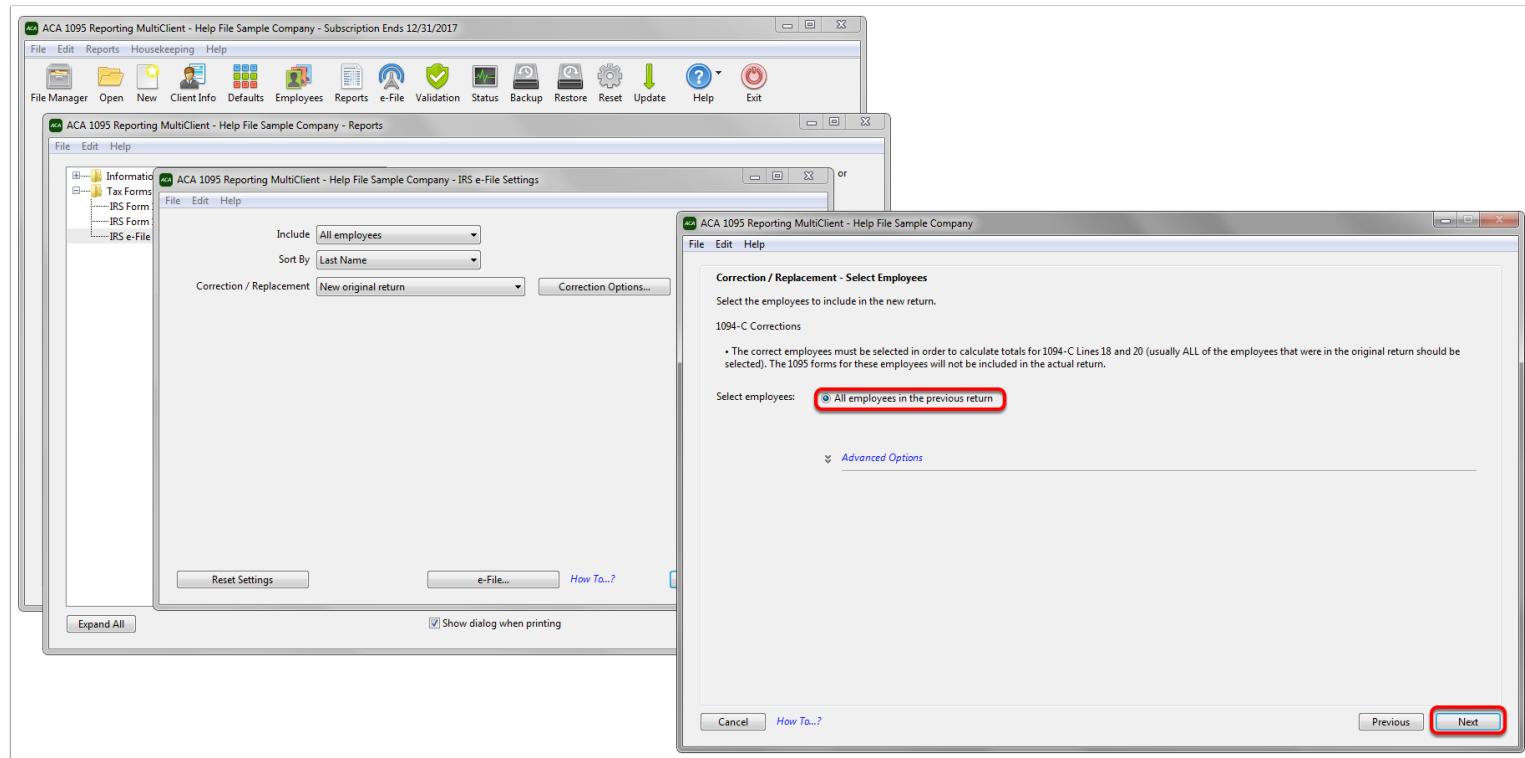


Correction and Replacement Returns

Filing a 1094-C Correction (Continued)

The correct employees must be selected in order to calculate the totals for lines 18 and 20 of the IRS Form. For most 1094-C corrections, this means you should select ALL of the employees that were in the original return. The setting for "All employees in the previous return" will be selected automatically, but you can click "Advanced Options" to select a different group of employees if necessary. After selecting the appropriate option, click "Next". On the next screen (not pictured), review the list of employees to ensure the correct employees have been selected. Then click "Finish" to close the correction options wizard.

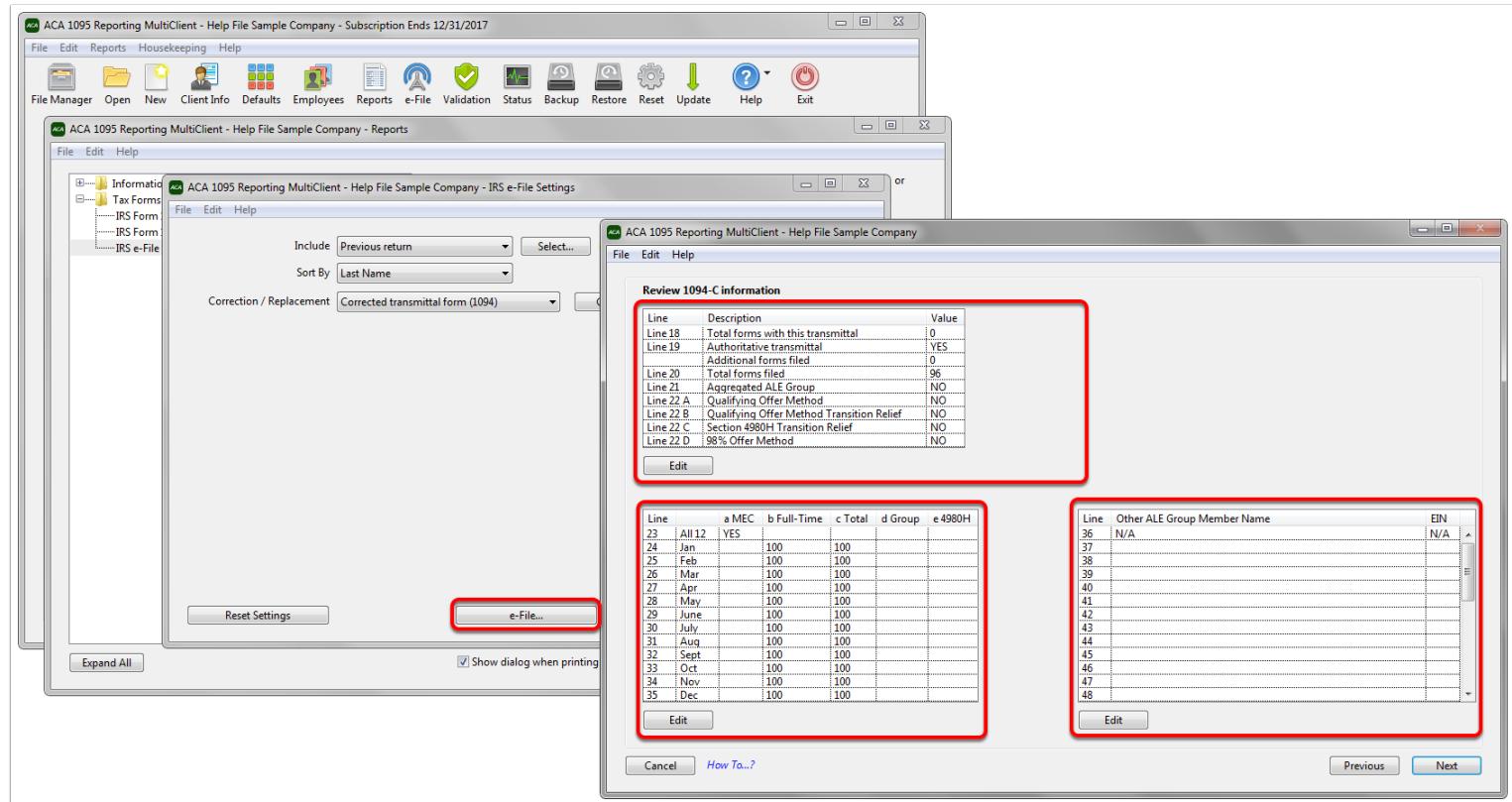
Note: The selected employees will be used to calculate totals for lines 18 and 20 of the IRS Form, but the 1095-C forms for these employees will not actually be included in the actual return. Corrections for employee forms 1095-C must be filed separately.



Correction and Replacement Returns

Filing a 1094-C Correction (Continued)

Back on the report settings screen, click the "e-File" button. When the "Tax Form Review" screen appears, follow the on-screen instructions to click through to the "Review client information" step. Carefully review the screen to ensure all of the information for the 1094-C Part I is correct. Click the "Edit" buttons for any last minute changes. After reviewing the data, click "Next" to the "Review 1094-C information" step. Review the information for the 1094-C Part II, Part III, and Part IV to ensure it is correct. Again, use the "Edit" buttons to make any necessary changes.

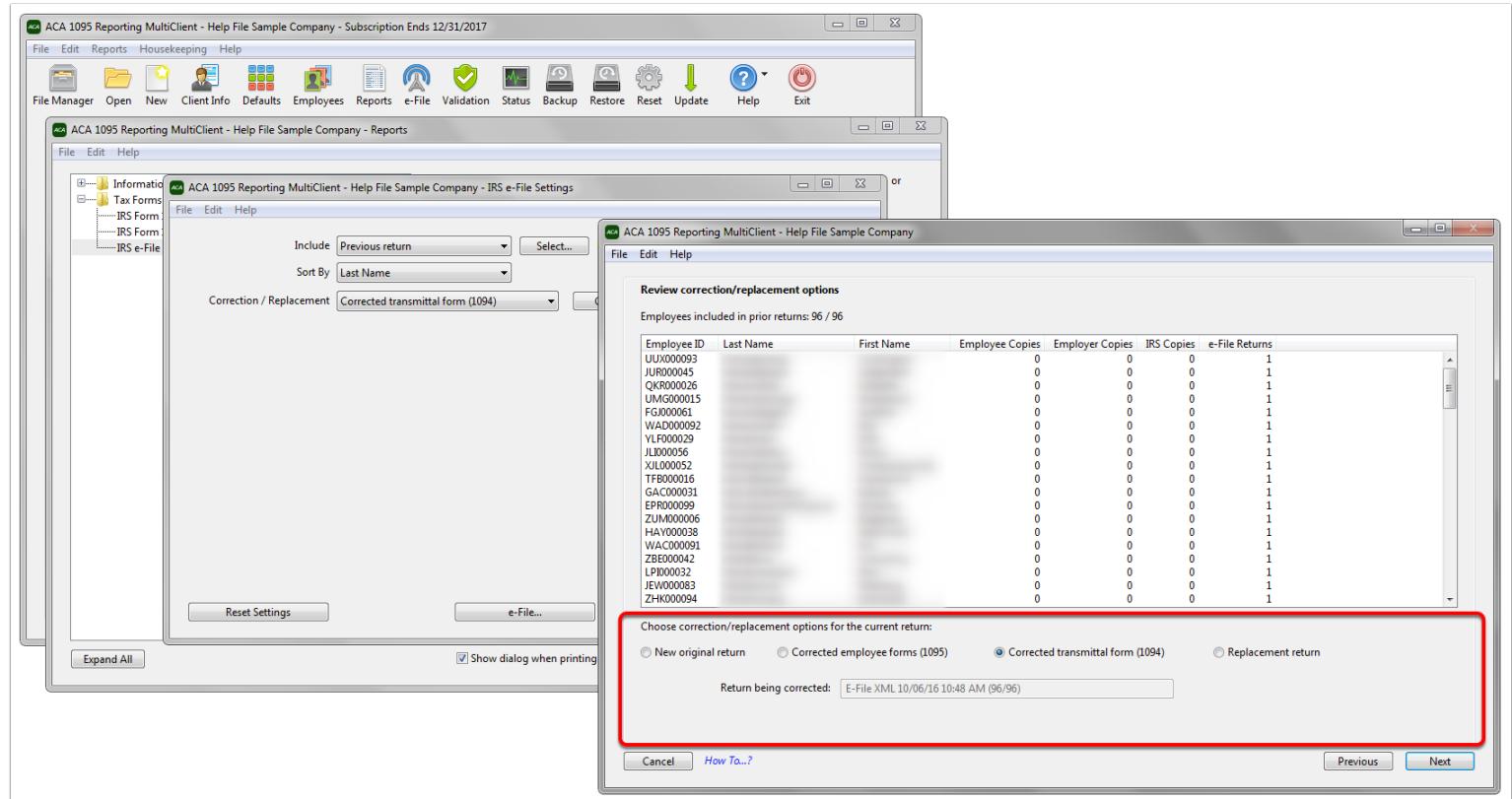


Correction and Replacement Returns

Filing a 1094-C Correction (Continued)

Continue to the "Review correction/replacement options" step. Make sure "Corrected transmittal form (1094)" is marked and review the "Return being corrected" and list of employees to ensure you have selected all of the correct options. Continue following the on-screen instructions to validate and file the corrected return.

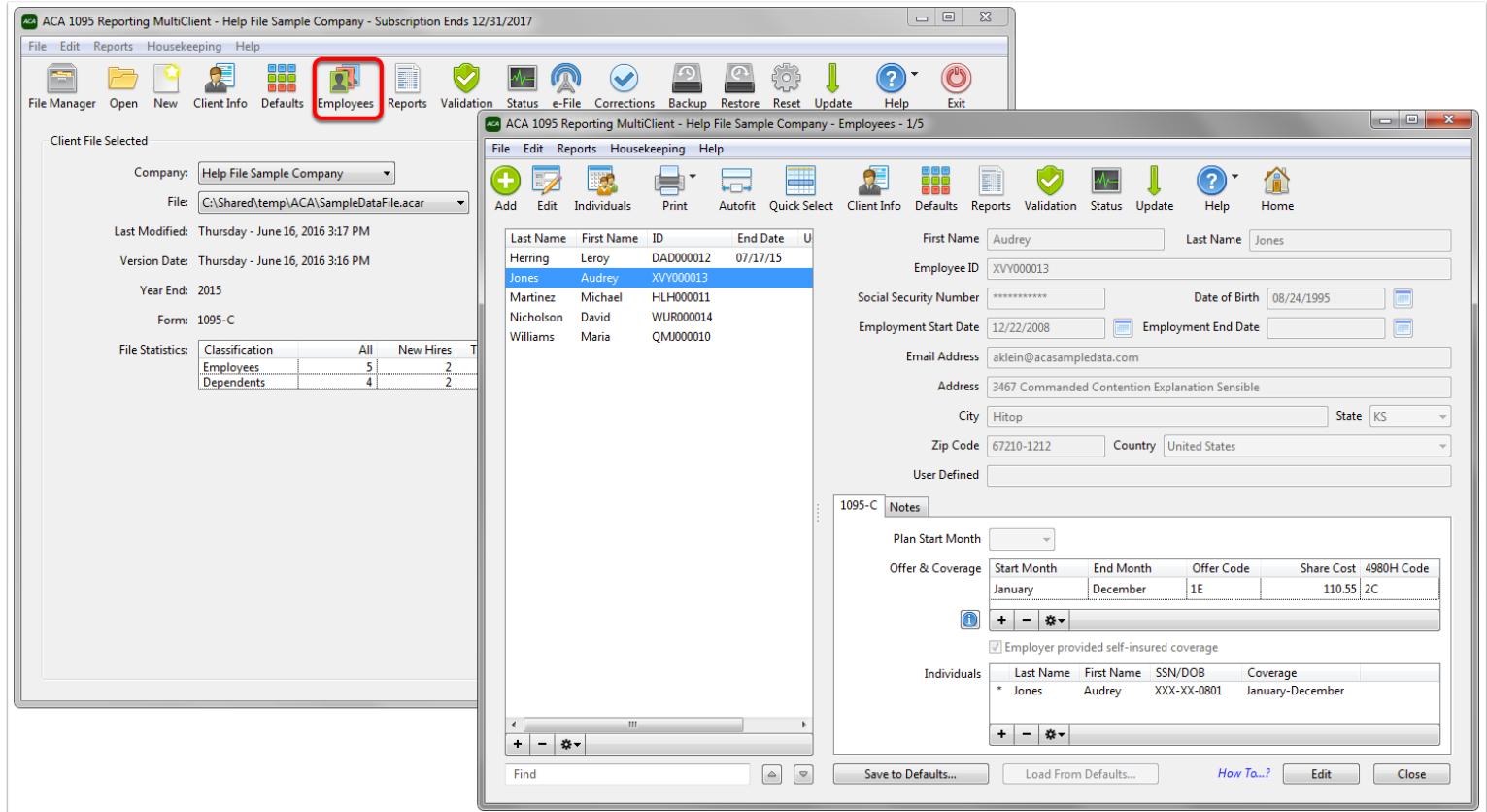
When filing this type of correction, only the 1094-C form will be submitted to the IRS and no 1095-C forms will be attached. Corrections for 1095-C forms must be filed separately, as described in the next section of this document.



Correction and Replacement Returns

Filing 1095-C Corrections

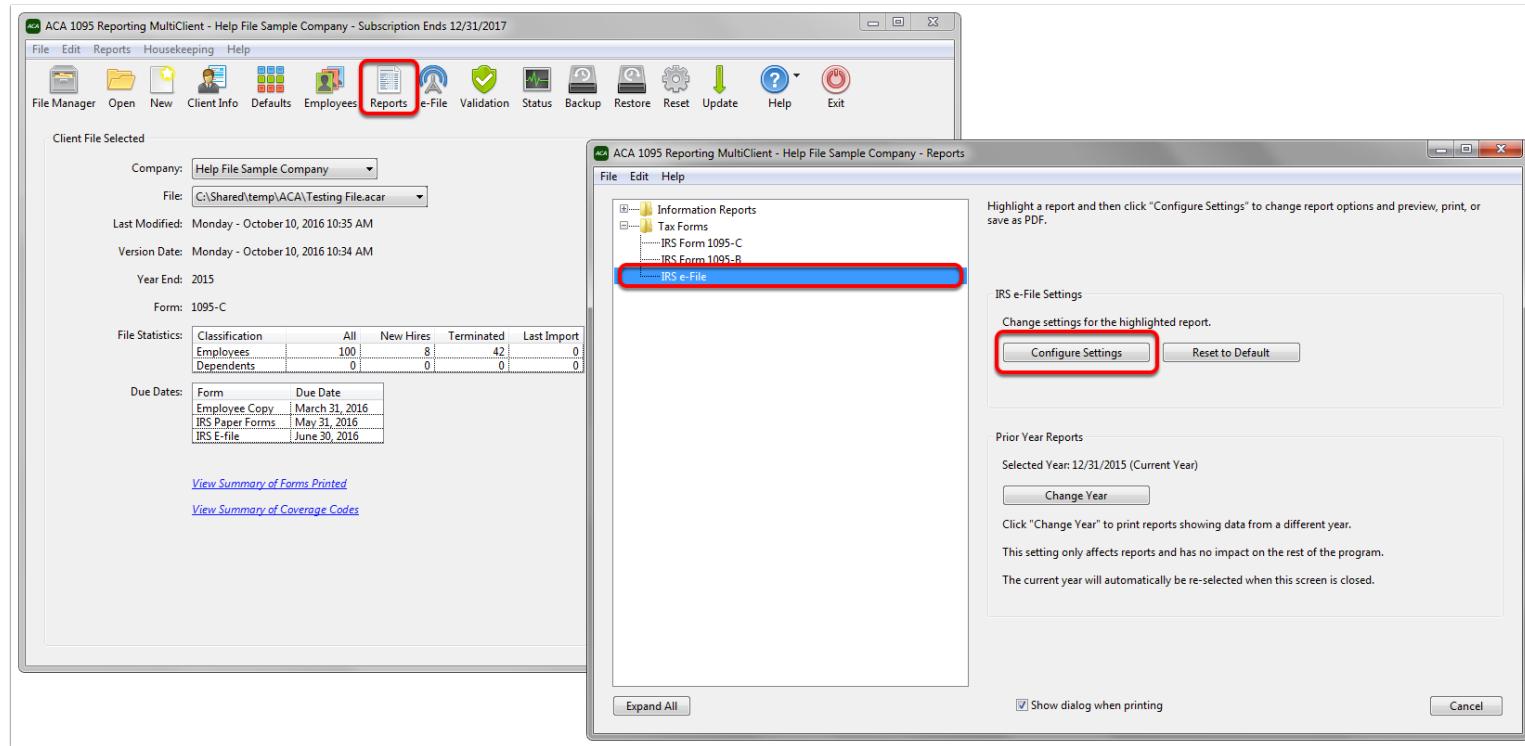
Most of the information that appears on the 1095-C can be changed on the "Employees" screen. On the Home screen toolbar, choose "Employees" to open the employee list and data entry screen. Edit the employees to correct any errors reported by the IRS or found by your own audit processes.



Correction and Replacement Returns

Filing 1095-C Corrections (Continued)

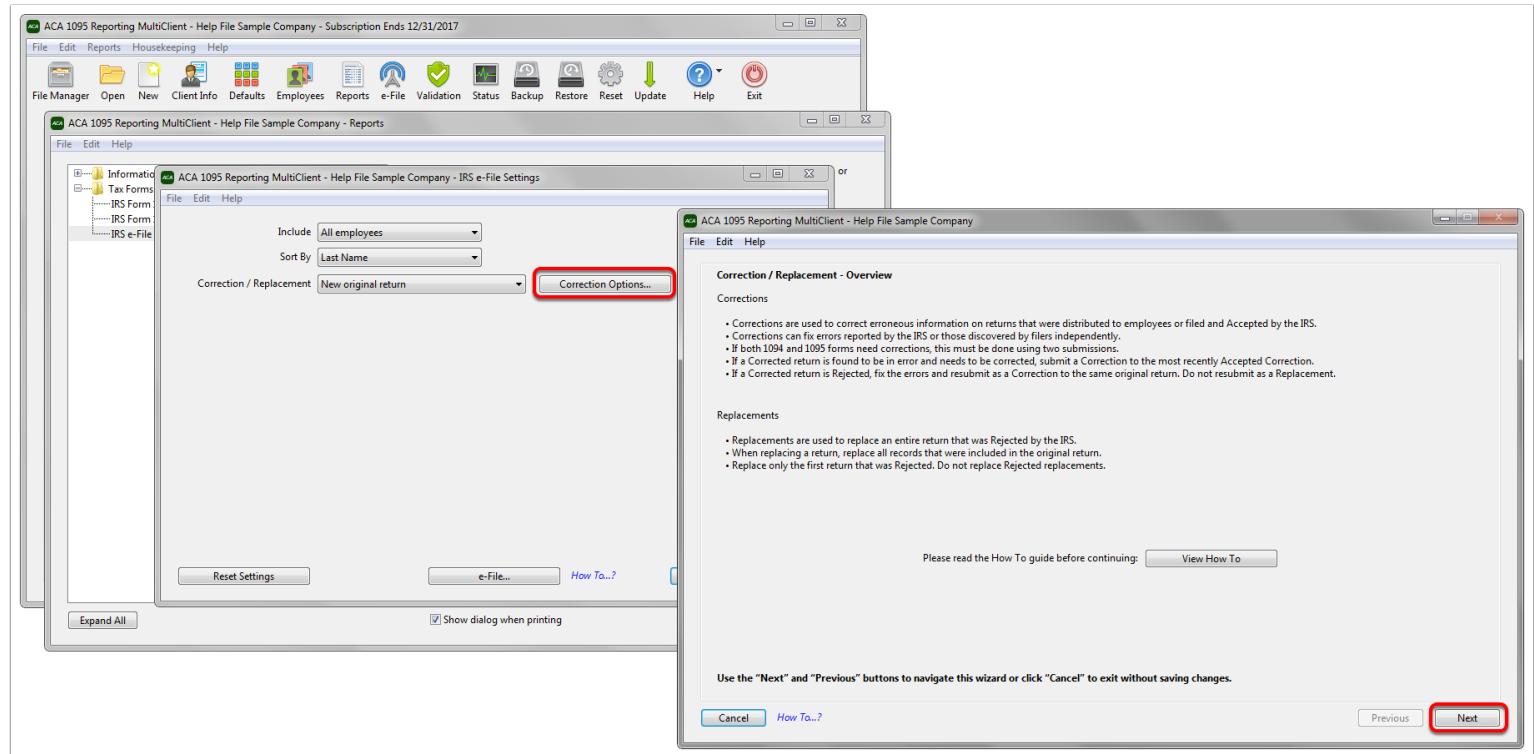
Filing the corrected forms can be done from the "Reports" screen. From the "Reports" menu, choose "Reports" to open the list of reports. From the list, choose "IRS e-File" and click the "Configure Settings" button.



Correction and Replacement Returns

Filing 1095-C Corrections (Continued)

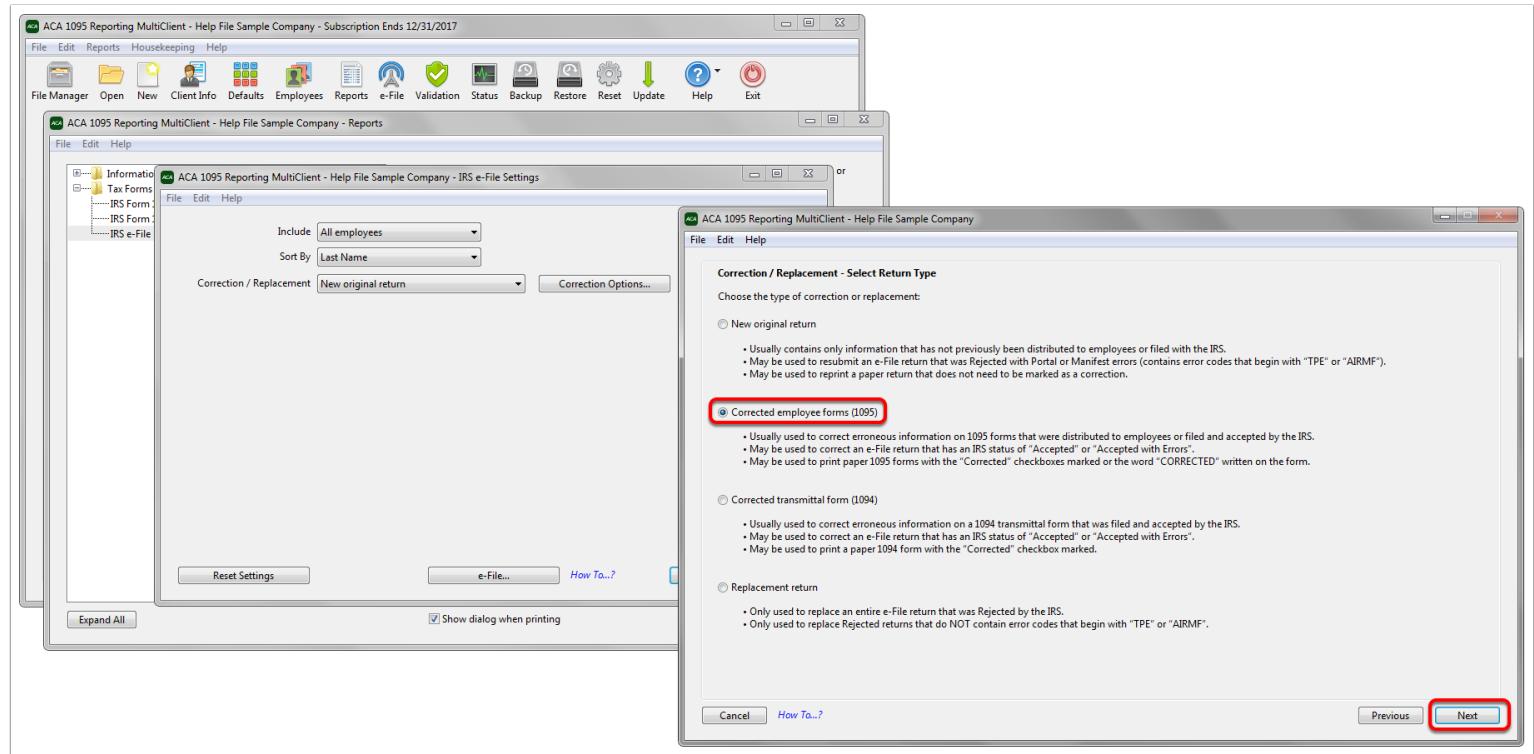
On the report settings screen, click the "Correction Options" button. When the correction options wizard appears, read the overview and click "Next".



Correction and Replacement Returns

Filing 1095-C Corrections (Continued)

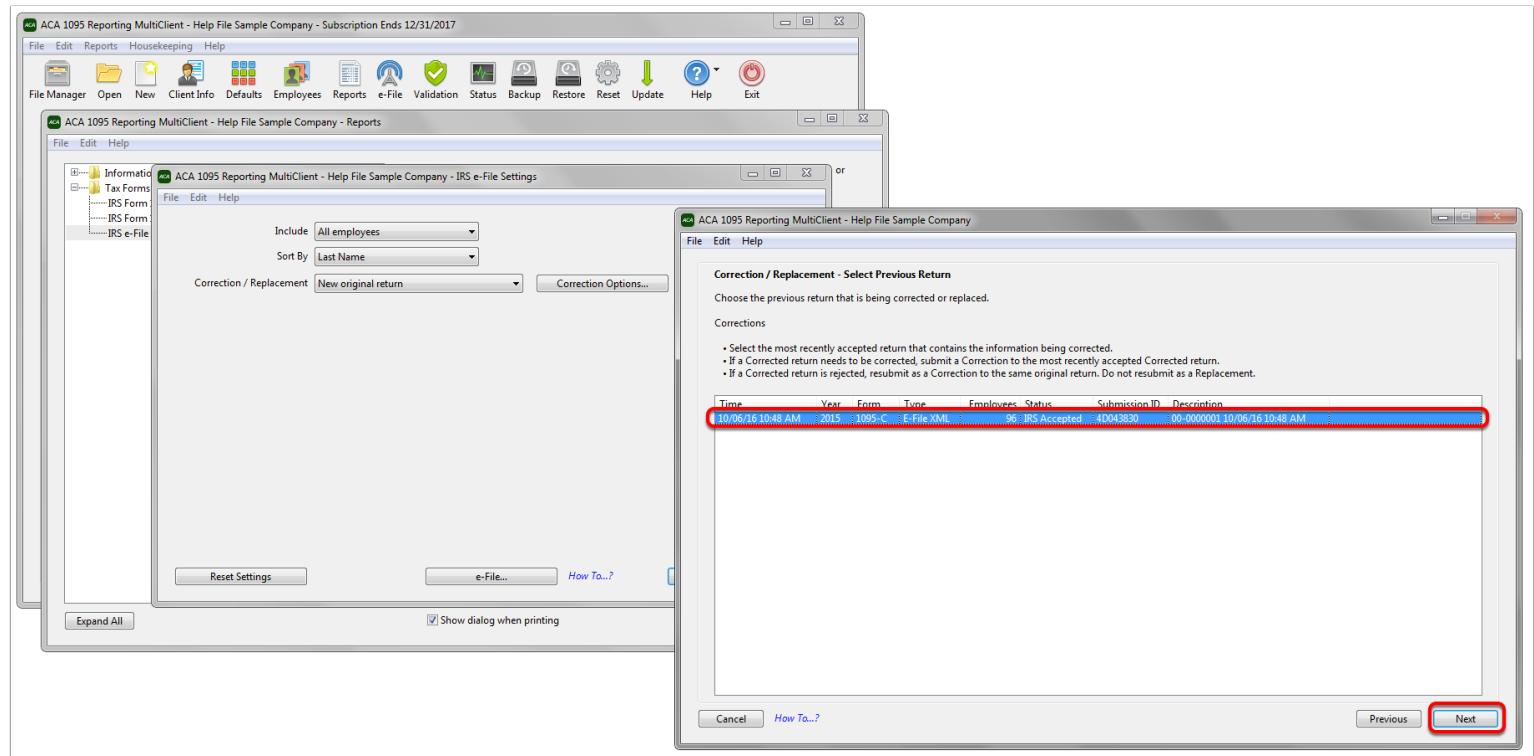
Choose "Corrected employee forms (1095)" and click "Next".



Correction and Replacement Returns

Filing 1095-C Corrections (Continued)

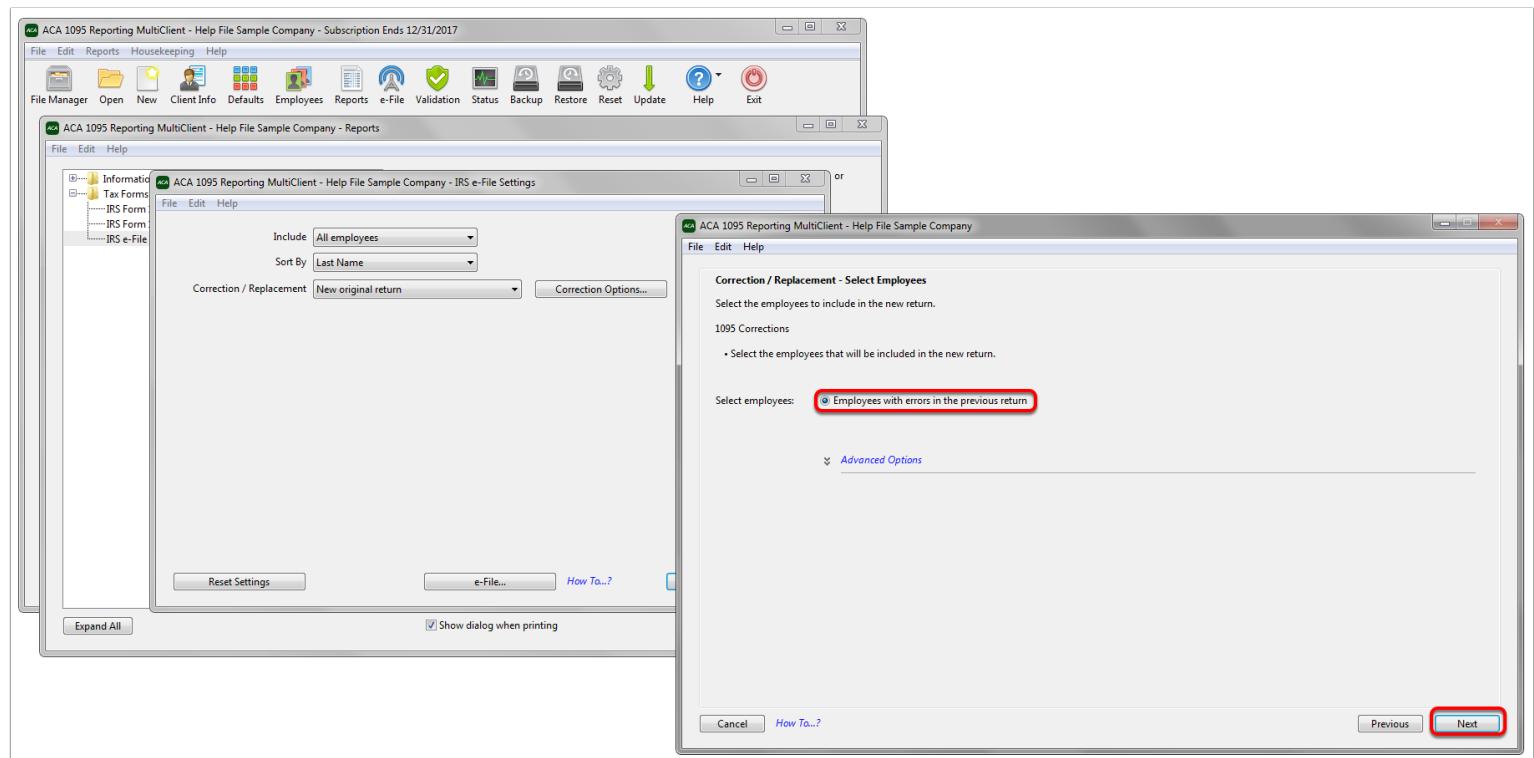
Select the return that is being corrected and click "Next". The on-screen instructions provide some tips for selecting the correct return. In most cases, you should select the most recent return that includes the employees being corrected.



Correction and Replacement Returns

Filing 1095-C Corrections (Continued)

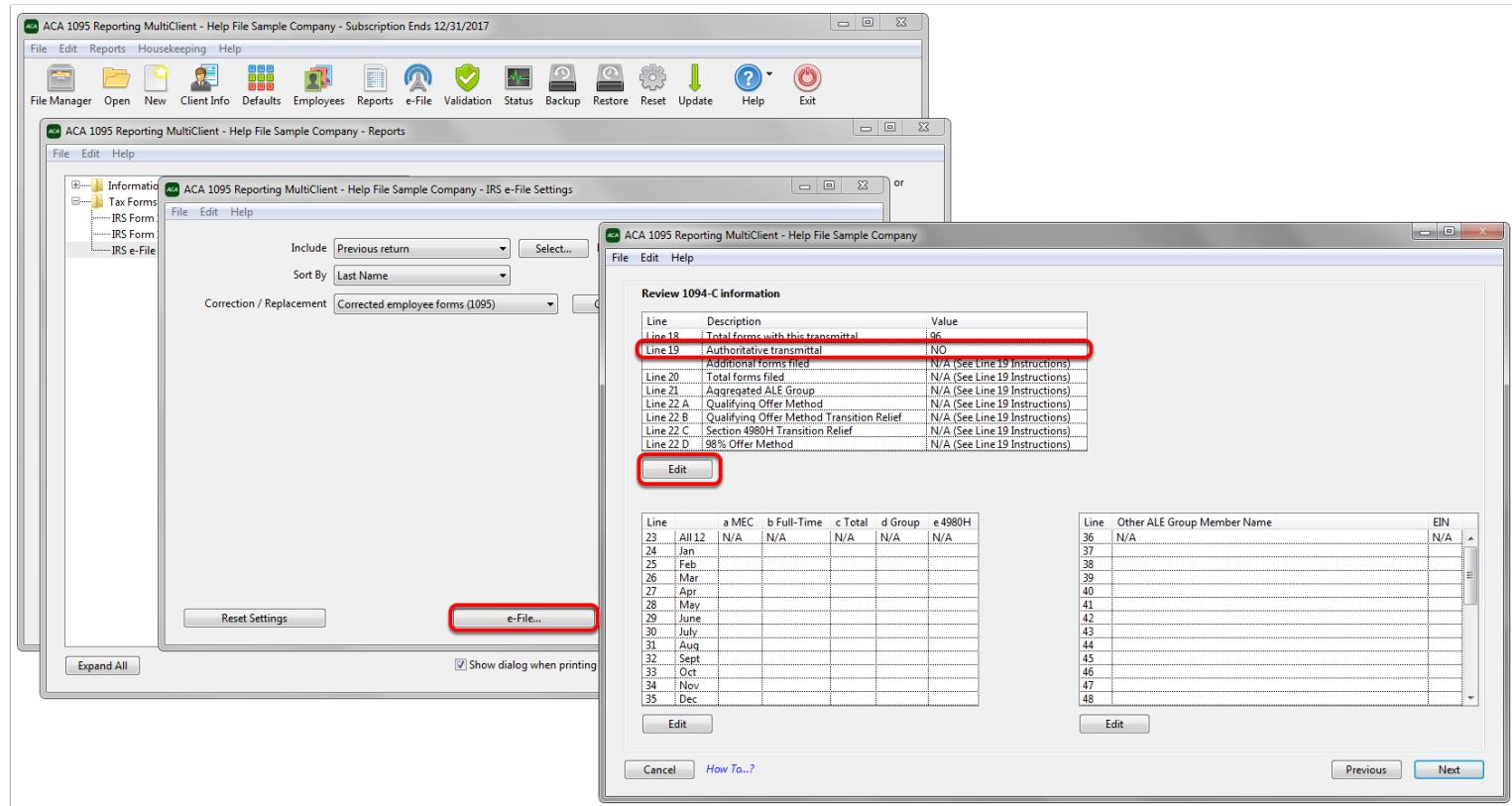
You can choose which employees to include for corrections. When correcting errors that were identified by the IRS, we recommend selecting all of the employees that had errors in the original return. The setting for "Employees with errors in the previous return" will be selected automatically, but you can click "Advanced Options" to select a different group of employees if necessary. After selecting the appropriate option, click "Next". On the next screen (not pictured), review the list of employees to ensure the correct employees have been selected. Then click "Finish" to close the correction options wizard.



Correction and Replacement Returns

Filing 1095-C Corrections (Continued)

Back on the report settings screen, click the "e-File" button. When the "Tax Form Review" screen appears, follow the on-screen instructions to click through to the "Review 1094-C Information" step. Ensure that "Authoritative Transmittal" for line 19 is set to "No" (unchecked). Use the "Edit" button to change the "Authoritative Transmittal" line if necessary.

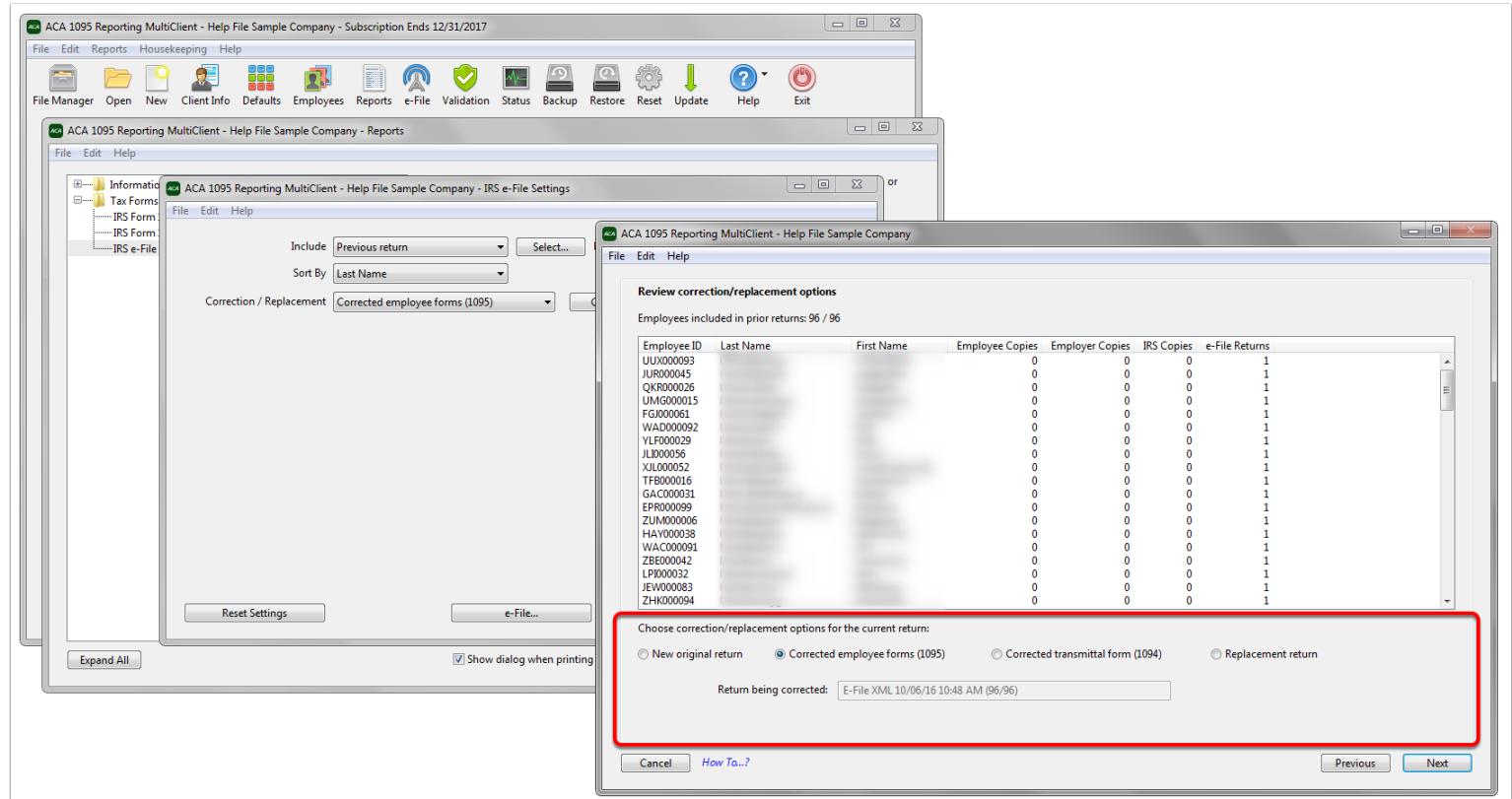


Correction and Replacement Returns

Filing 1095-C Corrections (Continued)

Continue to the "Review correction/replacement options" step. Make sure "Corrected employee forms (1095)" is marked and review the "Return being corrected" and list of employees to ensure you have selected all of the correct options. Continue following the on-screen instructions to validate and file the corrected return.

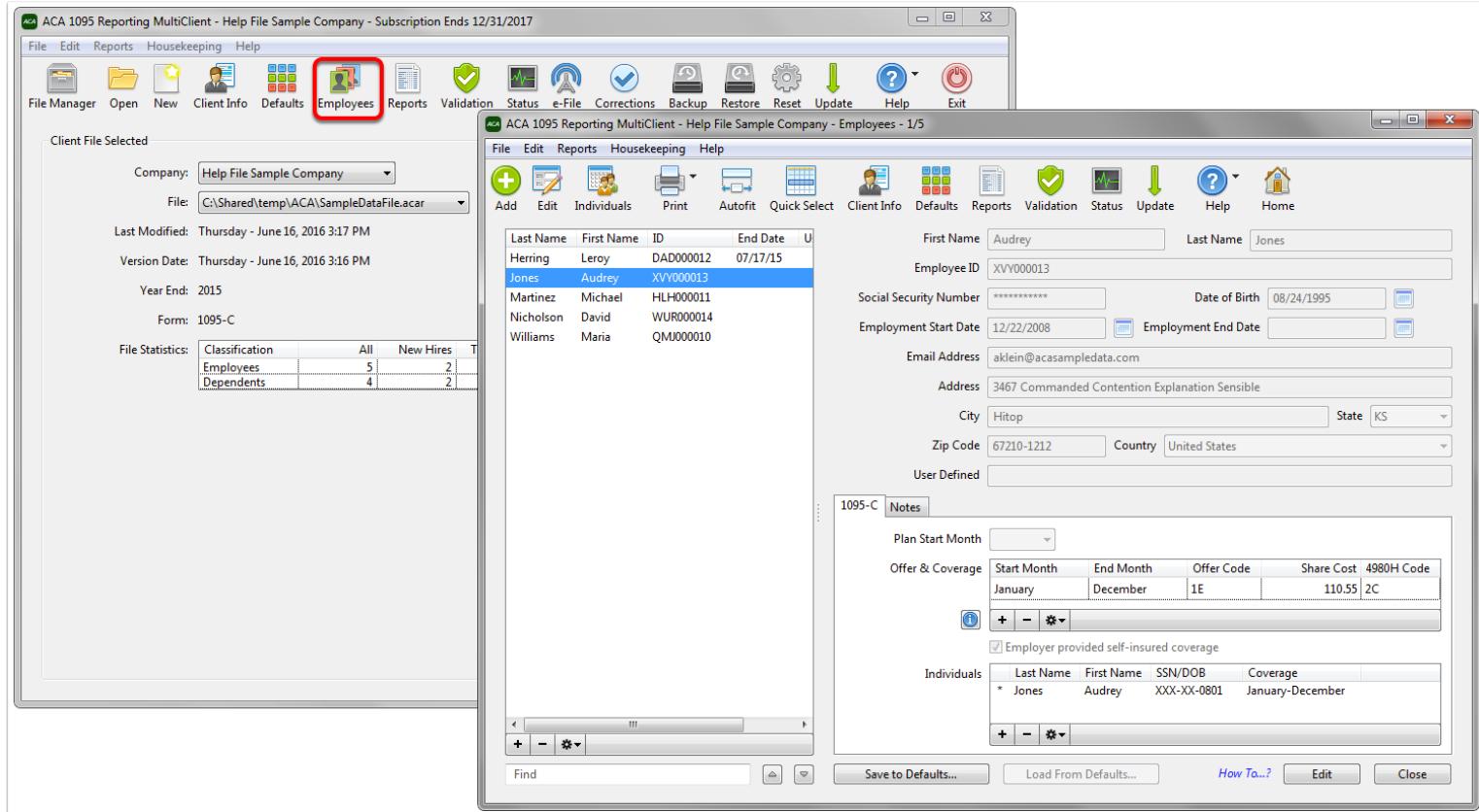
When filing this type of correction, the 1095-C forms will be submitted to the IRS as an attachment to a new 1094-C transmittal. Corrections for 1094-C transmittal forms must be filed separately, as described in the previous section of this document.



Correction and Replacement Returns

Filing 1095-B Corrections

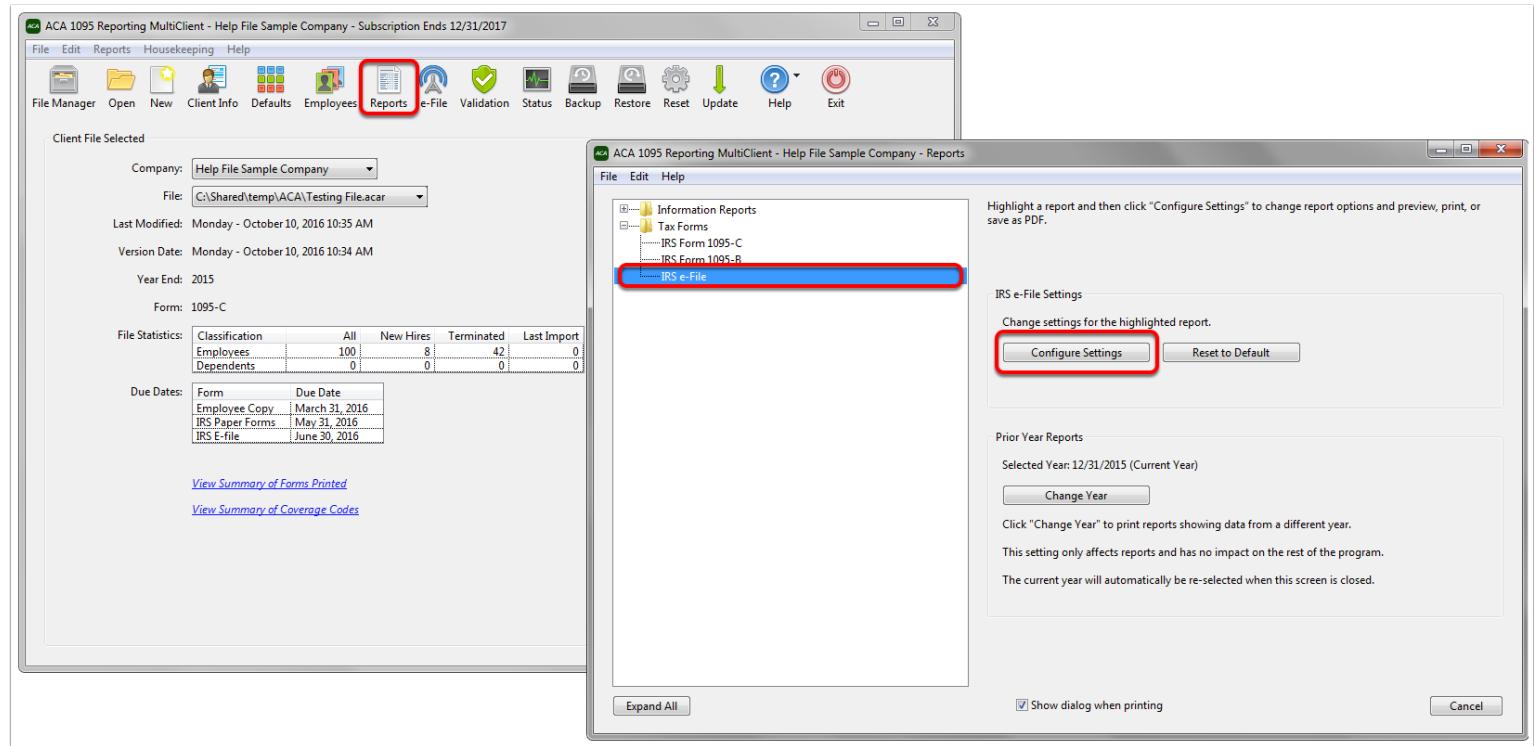
Most of the information that appears on the 1095-B can be changed on the "Employees" screen. From the "File" menu, choose "Employees" to open the employee list and data entry screen. Edit the employees to correct any errors reported by the IRS or found by your own audit processes.



Correction and Replacement Returns

Filing 1095-B Corrections (Continued)

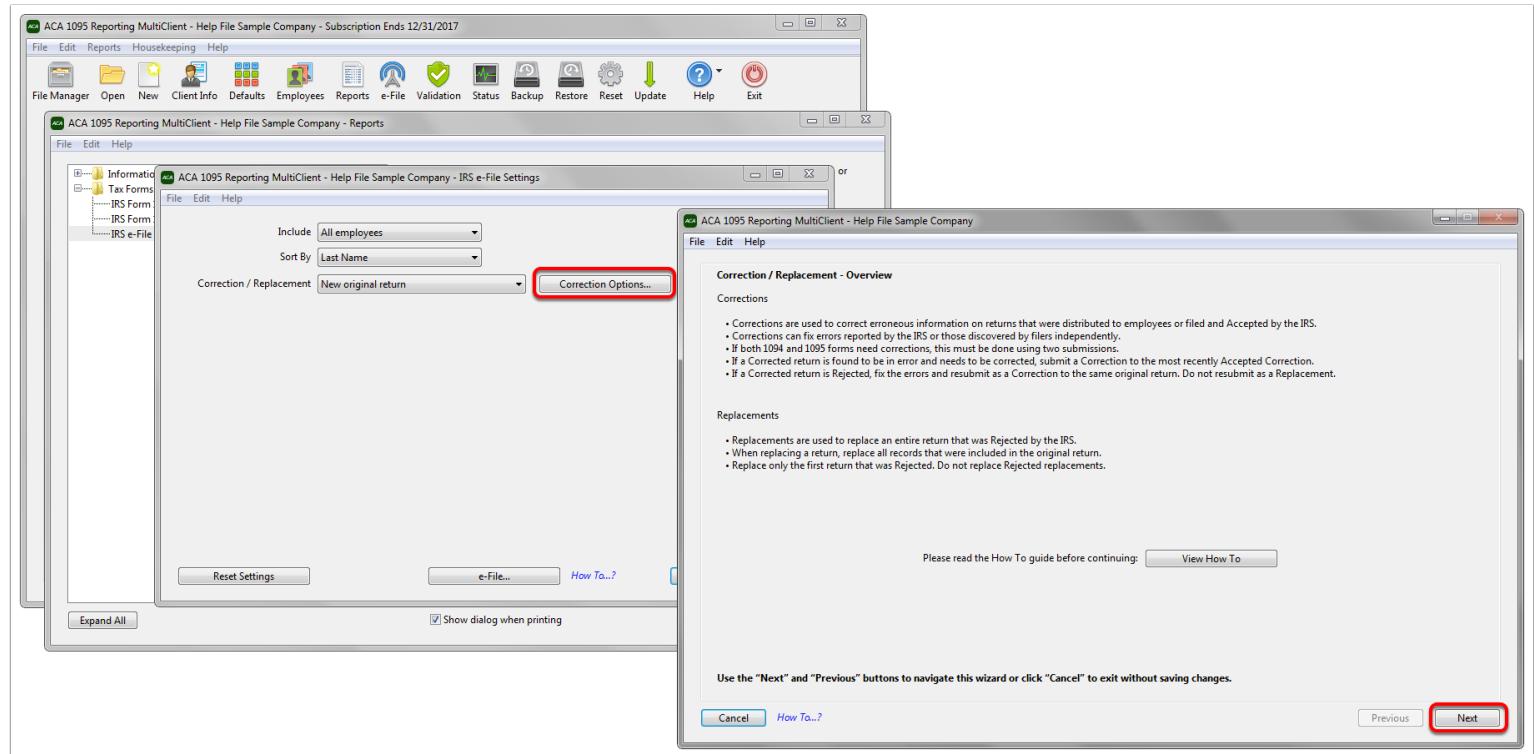
Filing the corrected form can be done from the "Reports" screen. From the "Reports" menu, choose "Reports" to open the list of reports. From the list, choose "IRS e-File" and click the "Configure Settings" button.



Correction and Replacement Returns

Filing 1095-B Corrections (Continued)

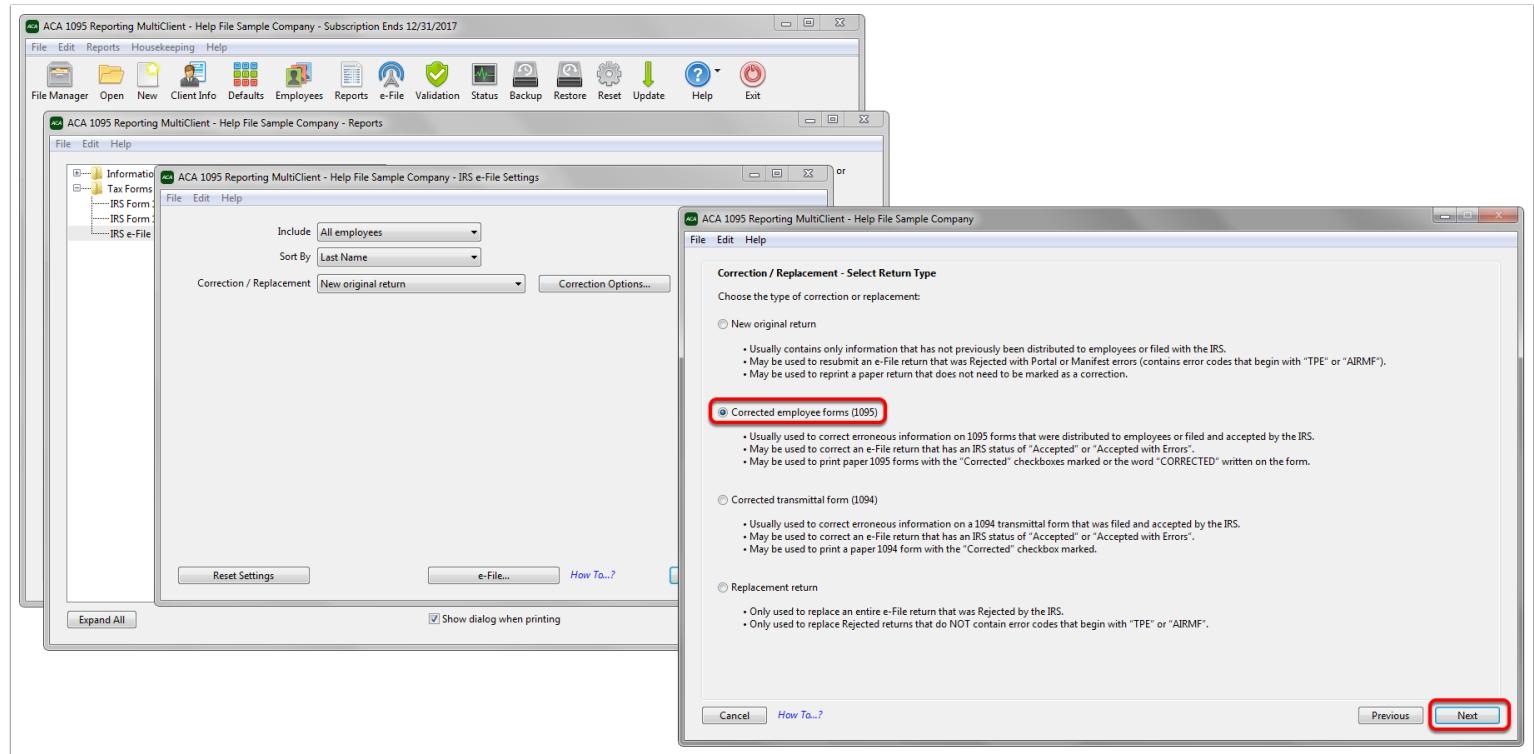
On the report settings screen, click the "Correction Options" button. When the correction options wizard appears, read the overview and click "Next".



Correction and Replacement Returns

Filing 1095-B Corrections (Continued)

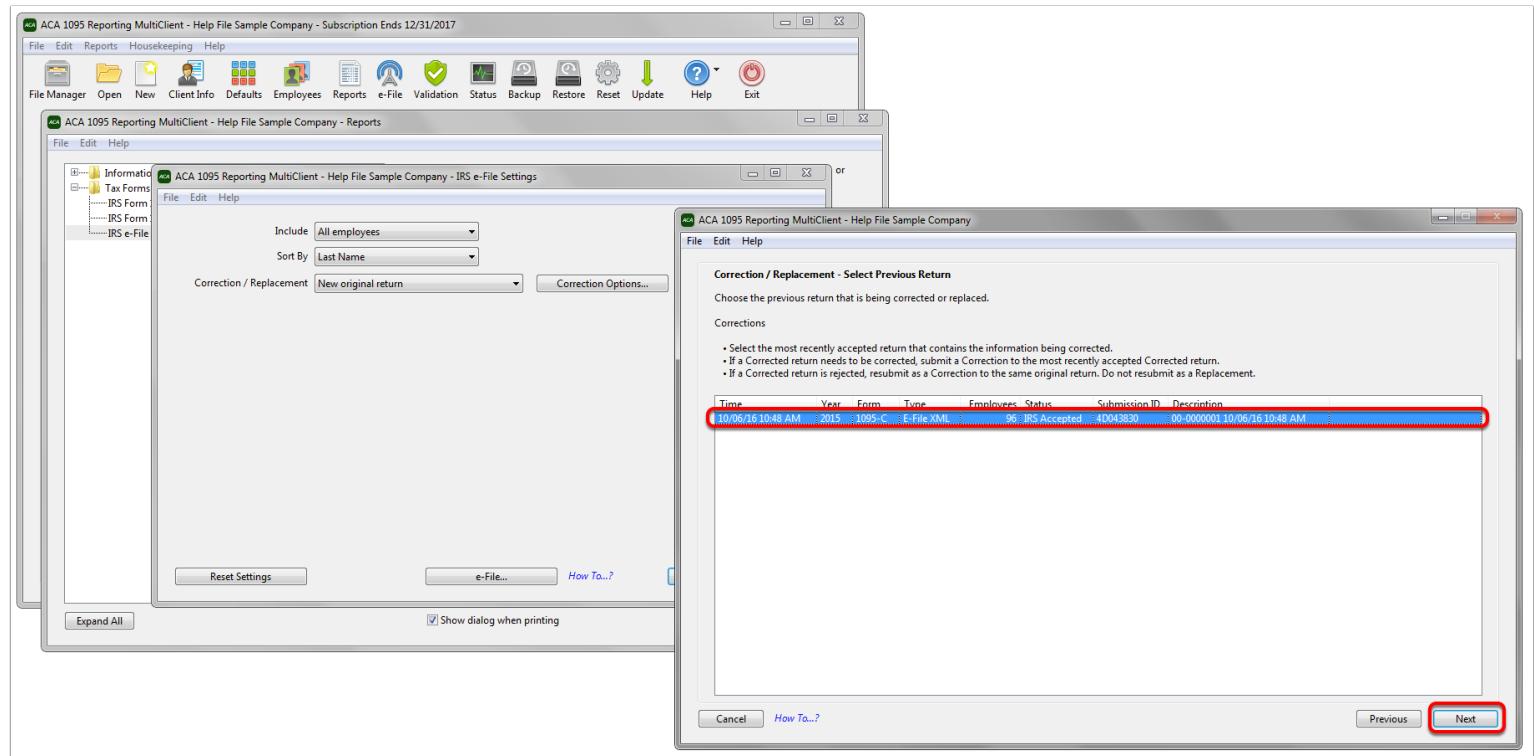
Choose "Corrected employee forms (1095)" and click "Next".



Correction and Replacement Returns

Filing 1095-B Corrections (Continued)

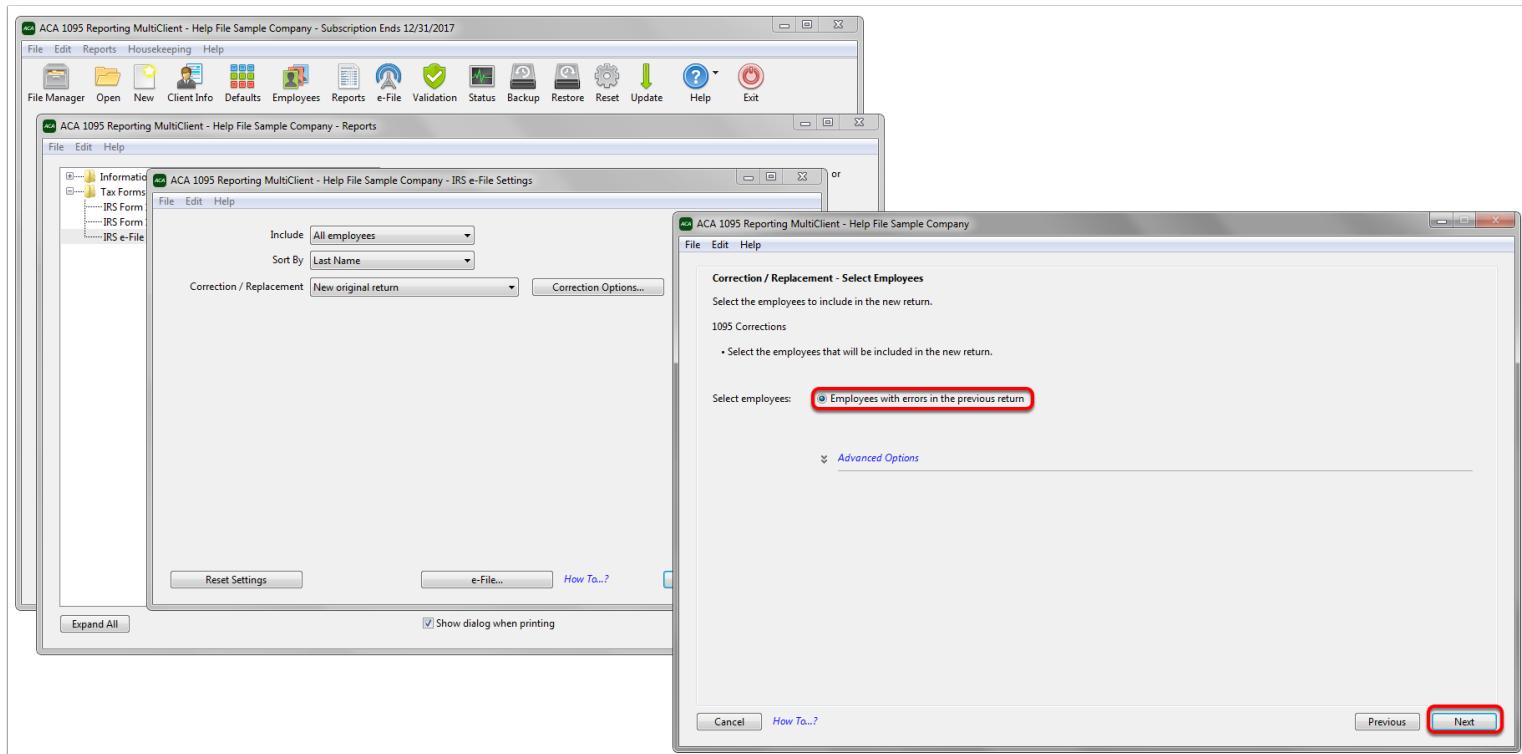
Select the return that is being corrected and click "Next". The on-screen instructions provide some tips for selecting the correct return. In most cases, you should select the most recent return that includes the employees being corrected.



Correction and Replacement Returns

Filing 1095-B Corrections (Continued)

You can choose which employees to include for corrections. When correcting errors that were identified by the IRS, we recommend selecting all of the employees that had errors in the original return. The setting for "Employees with errors in the previous return" will be selected automatically, but you can click "Advanced Options" to select a different group of employees if necessary. After selecting the appropriate option, click "Next". On the next screen (not pictured), review the list of employees to ensure the correct employees have been selected. Then click "Finish" to close the correction options wizard.

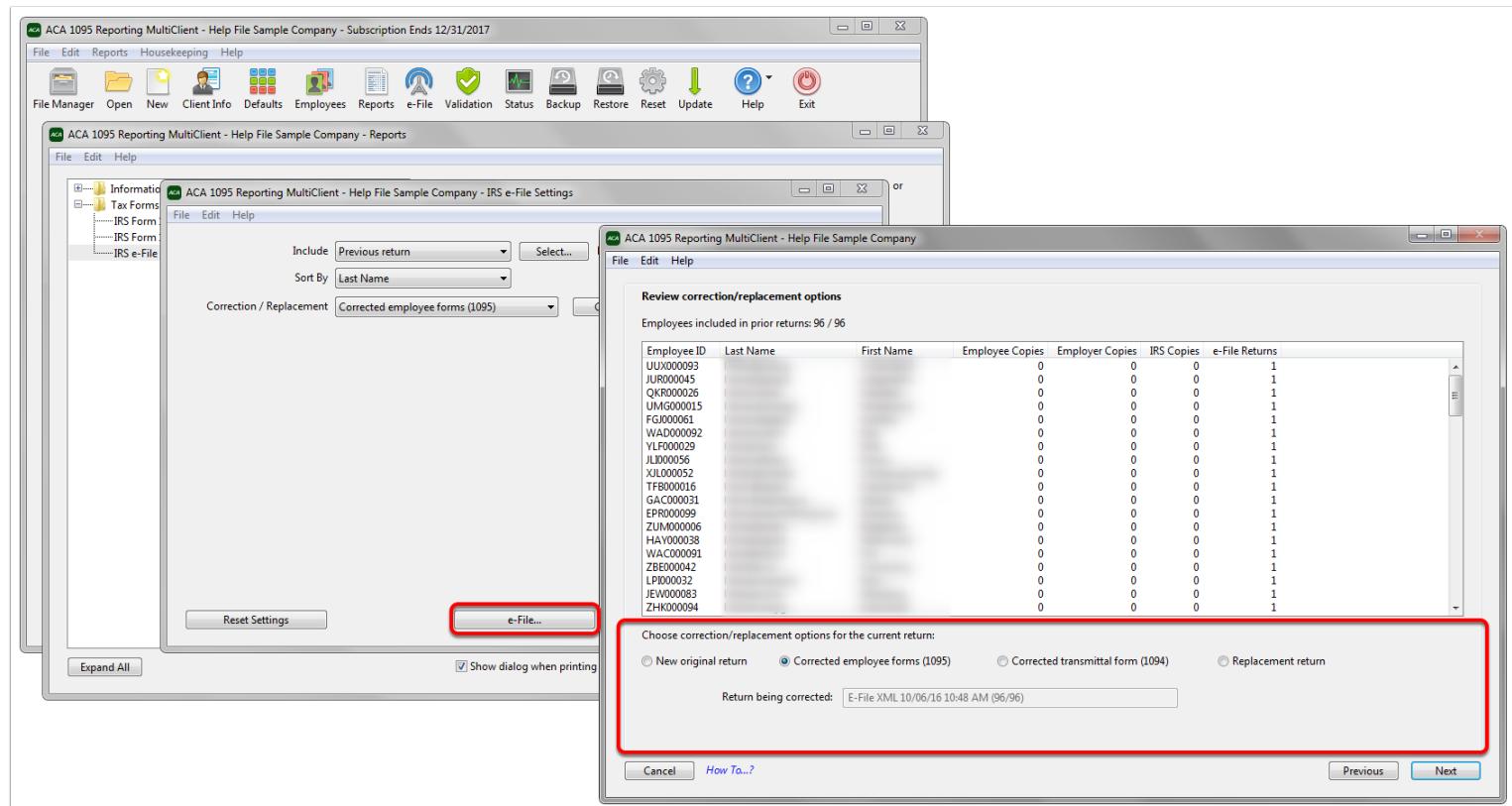


Correction and Replacement Returns

Filing 1095-B Corrections (Continued)

Back on the report settings screen, click the "e-File" button. When the "Tax Form Review" screen appears, follow the on-screen instructions to click through to the "Review correction/replacement options" step. Make sure "Corrected employee forms (1095)" is marked and review the "Return being corrected" and list of employees to ensure you have selected all of the correct options. Continue following the on-screen instructions to validate and file the corrected return.

When filing this type of correction, the 1095-B forms will be submitted to the IRS as an attachment to a new 1094-B transmittal. Corrections for 1094-B transmittal forms are not currently available because there is no correction checkbox on the 1094-B form and the IRS has not made provisions for filing 1094-B corrections.



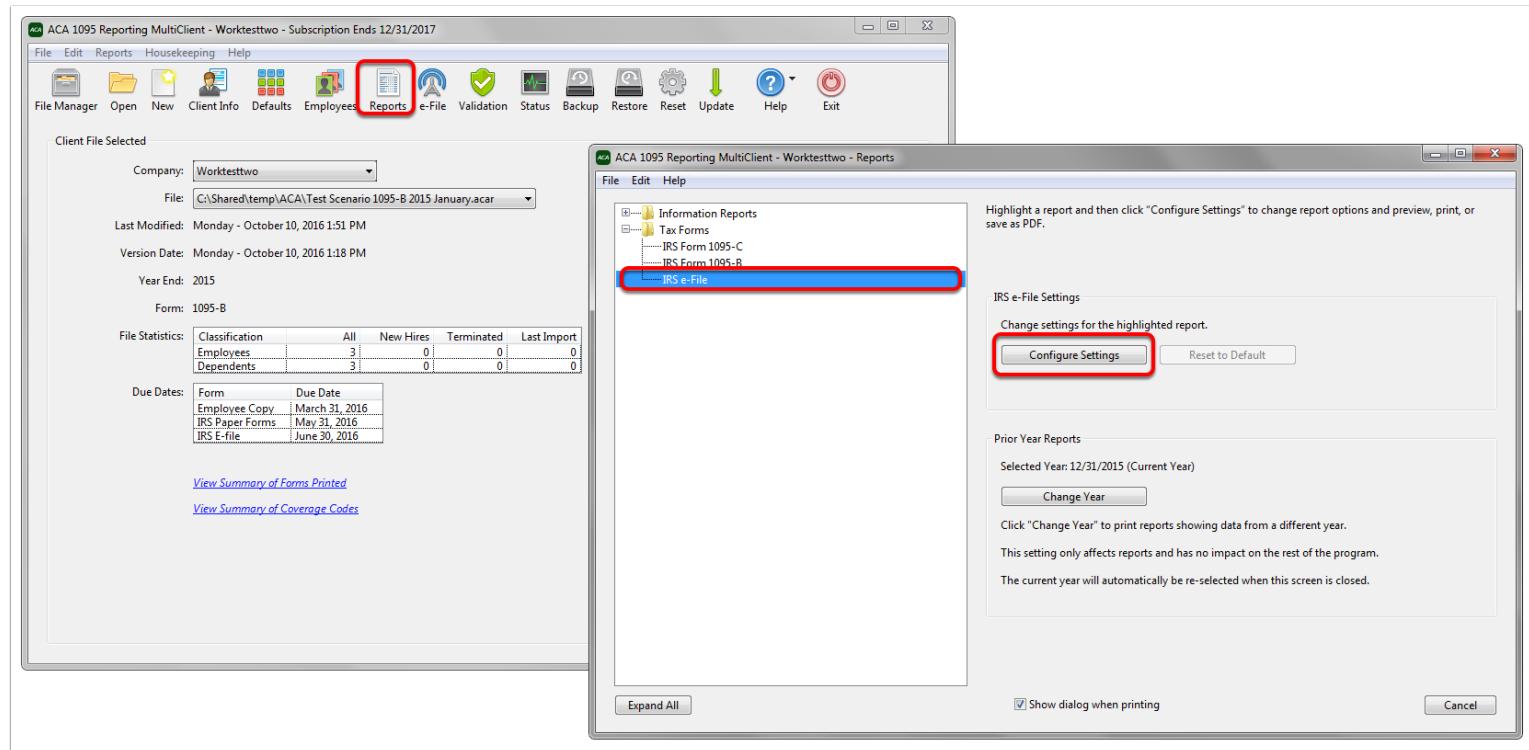
Correction and Replacement Returns

Filing a Replacement

The steps to resolving the issues that cause a return to be rejected will vary depending on the type of errors that occurred. Review the Status Screen Error Report carefully and attempt to determine the cause of the error. If you are unable to resolve the issues and need technical assistance, use "Feedback" in the program's Help menu to request assistance. Please include the EIN and company name that appear on the return.

After the issues have been resolved, use the chart in the above section "Determine if Correction or Replacement is Needed" to determine if a Replacement is required.

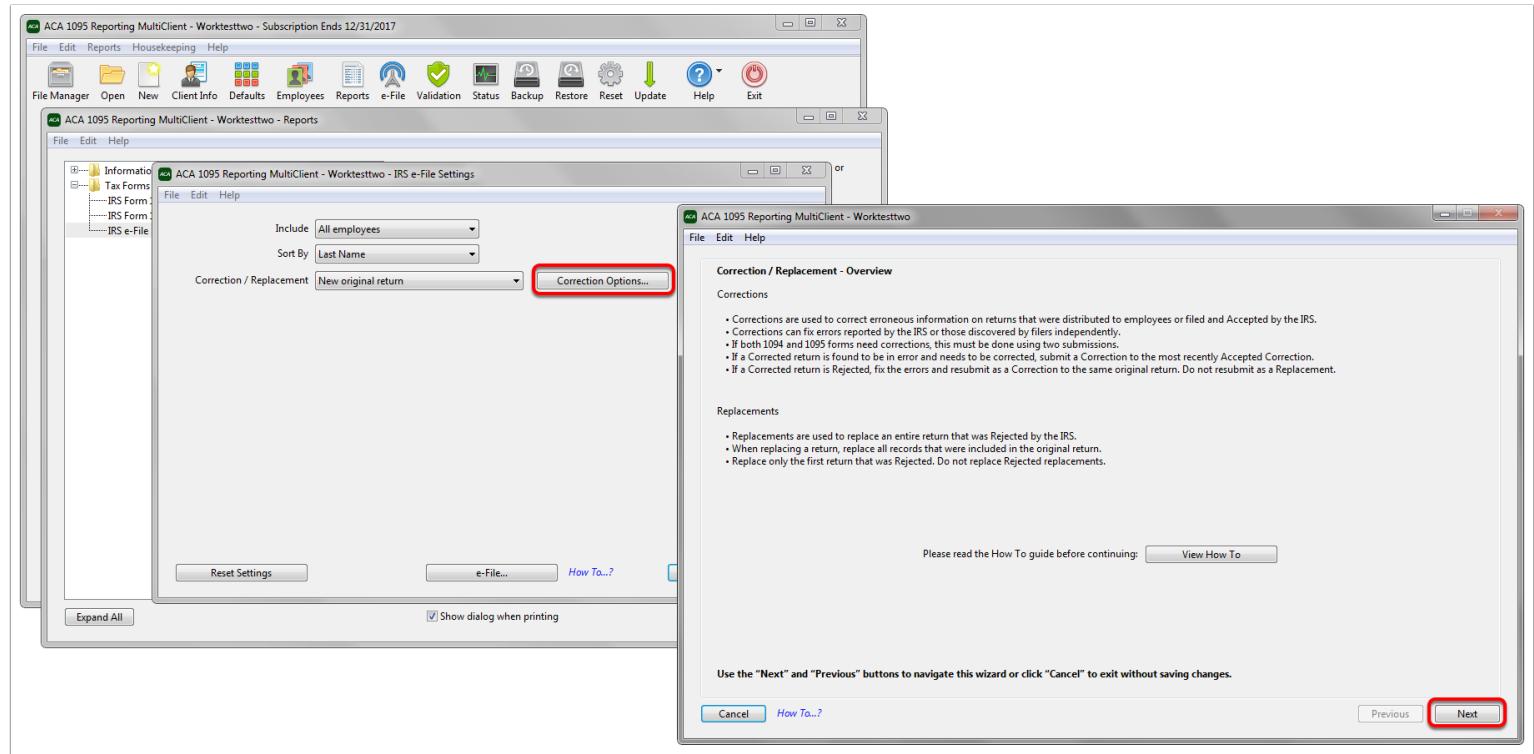
Filing the replacement can be done from the "Reports" screen. From the "Reports" menu, choose "Reports" to open the list of reports. From the list, choose "IRS e-File" and click the "Configure Settings" button.



Correction and Replacement Returns

Filing a Replacement (Continued)

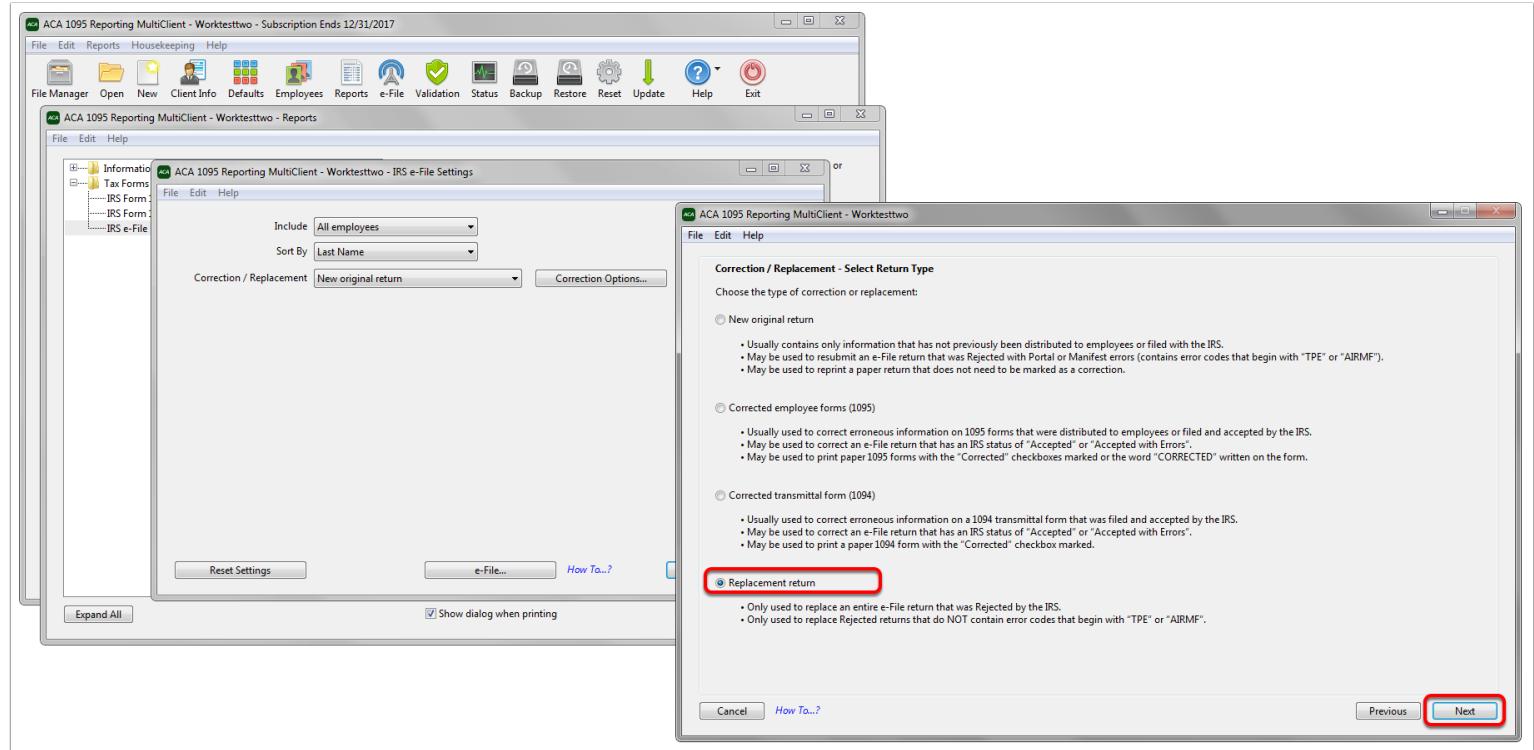
On the report settings screen, click the "Correction Options" button. When the correction options wizard appears, read the overview and click "Next".



Correction and Replacement Returns

Filing a Replacement (Continued)

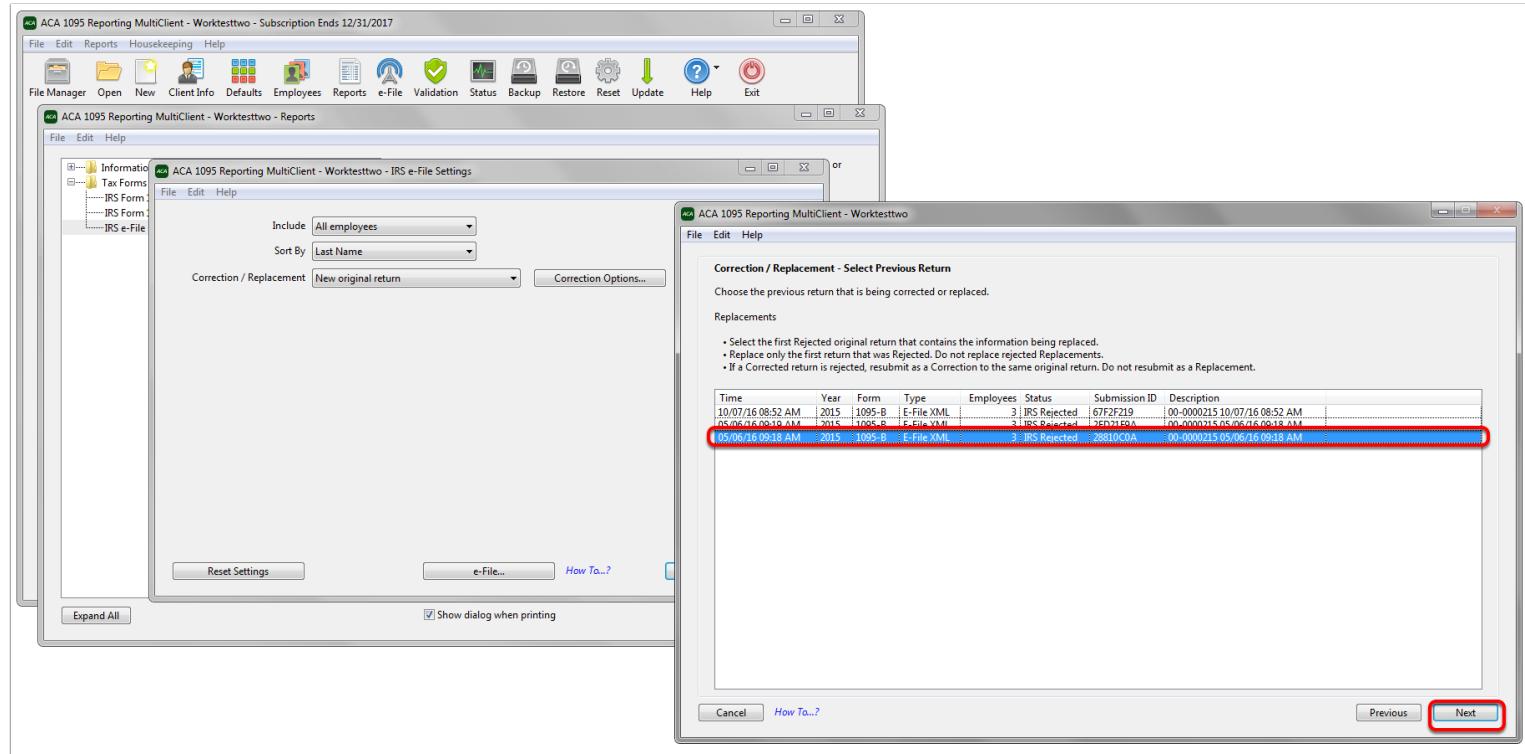
Choose "Replacement return" and click "Next".



Correction and Replacement Returns

Filing a Replacement (Continued)

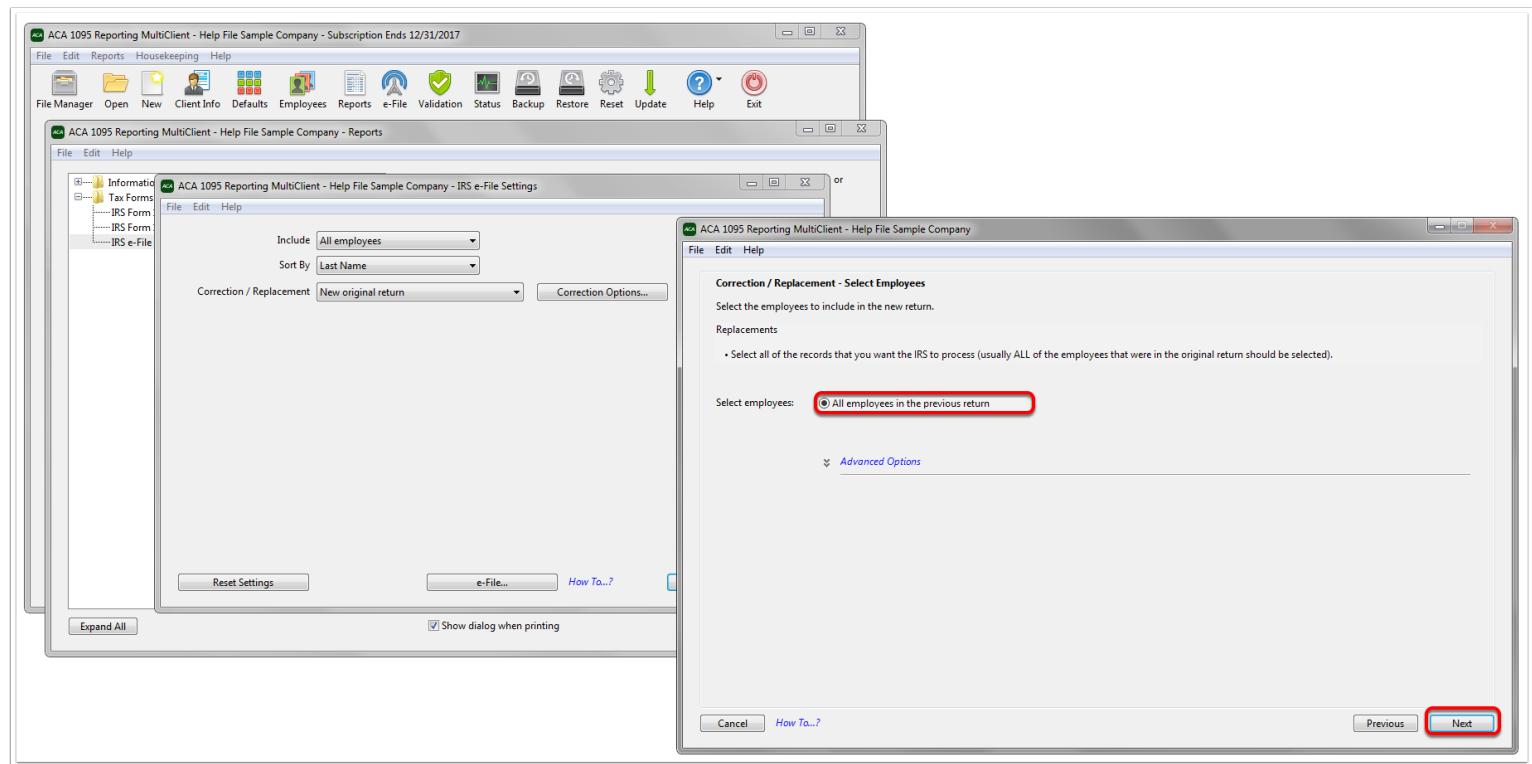
Select the return that is being replaced and click "Next". The on-screen instructions provide some tips for selecting the correct return. In most cases, you should select the first (earliest) rejected return that includes the employees being replaced.



Correction and Replacement Returns

Filing a Replacement (Continued)

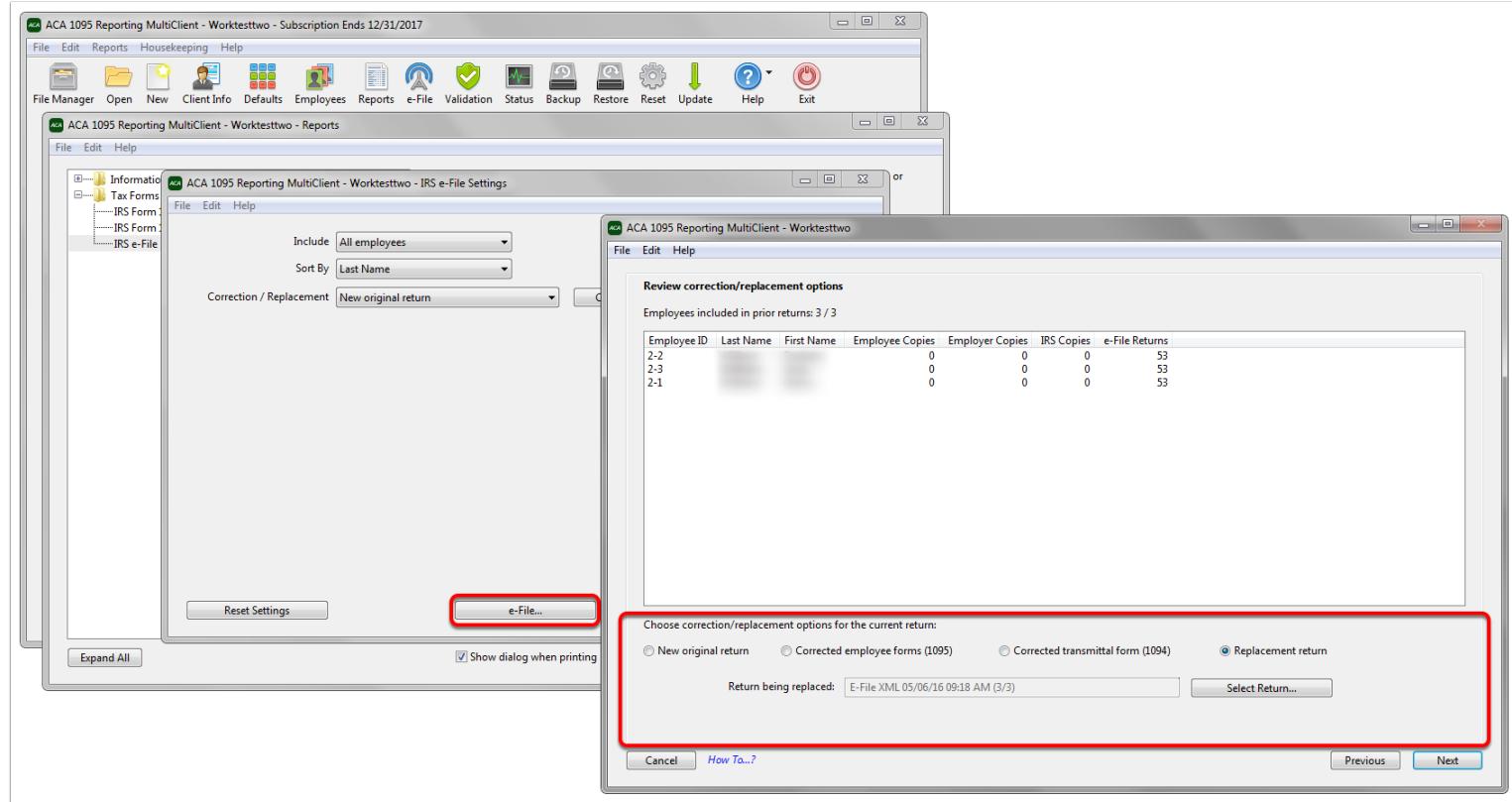
You can choose which employees to include in the replacement. In most cases, this should be ALL of the employees in the previous return. The setting for "All employees in the previous return" will be selected automatically, but you can click "Advanced Options" to select a different group of employees if necessary. After selecting the appropriate option, click "Next". On the next screen (not pictured), review the list of employees to ensure the correct employees have been selected. Then click "Finish" to close the correction options wizard.



Correction and Replacement Returns

Filing a Replacement (Continued)

Back on the report settings screen, click the "e-File" button. When the "Tax Form Review" screen appears, follow the on-screen instructions to click through to the "Review correction/replacement options" step. Make sure "Replacement return" is marked and review the "Return being replaced" and list of employees to ensure you have selected all of the correct options. Click "Next" and continue following the on-screen instructions to validate and file the replacement return.



Correction and Replacement Returns

Resources

Portions of this document are a summary of guidance that was provided by the IRS during their "ACA Information Returns Working Group Meeting" webinars. The presentation materials for these webinars are available on the IRS website:

<https://www.irs.gov/for-Tax-Pros/Software-Developers/Information-Returns/Affordable-Care-Act-Information-Returns-AIR-Program-Overview>