



REVISED IRS FORM 941 FOR ARPA COBRA SUBSIDY

As you may recall, the American Rescue Plan (ARP) included a COBRA subsidy that went into effect **April 1, 2021. The COBRA subsidy will last until September 30, 2021.** Assistance Eligible Individuals (AEIs) are those who experience(d) a loss of coverage due to an *involuntary termination* or an *involuntary reduction in hours* any time between November 1, 2019, and September 30, 2021. The subsidy covers 100% of all group medical plan premiums, group dental premiums, group vision premiums and group employee assistance plan premiums, regardless of coverage tier. It is not taxable income to the insured.

Under ARP, employers with 20 or more employees are entitled to a 100% tax credit for subsidizing COBRA on behalf of AEIs. Please use the links embedded here for access to the [Form 941](#) and [Instructions](#) that will assist you with claiming your tax credits. This form must be used by employers in connection with the payment of quarterly federal income tax, Social Security tax, and Medicare tax withheld from employees' wages, in addition to the employer's portion of Social Security and Medicare.

- Lines 11e and 13f of the Form require you to enter the nonrefundable and refundable portions of the COBRA subsidy.
- Line 11f requires you to enter the number of individuals provided with the subsidy.

Remember, if you have fewer than 20 employees, you will not be charged for your AEIs during the six-month period beginning April 1, 2021, and ending September 30, 2021. *Your insurance carrier will be responsible for recouping the premium through tax credits.*

As always, please let us know if you have any questions. JRW Associates is here to help you!

We at JRW Associates are not legal counsel and provide information to increase your awareness. We encourage you to follow the EEO-1 Reporting Guidelines, as well as consult with your legal counsel, tax professional or financial adviser.

EEO-1 Data Collection. U.S. Equal Employment Opportunity Commission. (n.d.). <https://www.eeoc.gov/employers/eo-1-data-collection>.