

Internal Revenue Code Section 4980B(b)(1)

Failure to satisfy continuation coverage requirements of group health plans.

(a) General rule.

There is hereby imposed a tax on the failure of a group health plan to meet the requirements of subsection (f) with respect to any qualified beneficiary.

(b) Amount of tax.

(1) In general.

The amount of the tax imposed by subsection (a) on any failure with respect to a qualified beneficiary shall be \$100 for each day in the noncompliance period with respect to such failure.

(2) Noncompliance period.

For purposes of this section, the term "noncompliance period" means, with respect to any failure, the period-

(A) beginning on the date such failure first occurs, and

(B) ending on the earlier of-

(i) the date such failure is corrected, or

(ii) the date which is 6 months after the last day in the period applicable to the qualified beneficiary under subsection (f)(2)(B) (determined without regard to clause (iii) thereof).

If a person is liable for tax under subsection (e)(1)(B) by reason of subsection (e)(2)(B) with respect to any failure, the noncompliance period for such person with respect to such failure shall not begin before the 45th day after the written request described in subsection (e)(2)(B) is provided to such person.

(3) Minimum tax for non-compliance period where failure discovered after notice of examination.

Notwithstanding paragraphs (1) and (2) of subsection (c) -

(A) In general. In the case of 1 or more failures with respect to a qualified beneficiary-

(i) which are not corrected before the date a notice of examination of income tax liability is sent to the employer, and

(ii) which occurred or continued during the period under examination,

the amount of tax imposed by subsection (a) by reason of such failures with respect to such beneficiary shall not be less than the lesser of \$2,500 or the

amount of tax which would be imposed by subsection (a) without regard to such paragraphs.

(B) Higher minimum tax where violations are more than de minimis. To the extent violations by the employer (or the plan in the case of a multiemployer plan) for any year are more than de minimis, subparagraph (A) shall be applied by substituting "\$15,000" for "\$2,500" with respect to the employer (or such plan).

...