


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

Failure to meet certain group health plan requirements.

(a) General rule. There is hereby imposed a tax on any failure of a group health plan to meet the requirements of chapter 100 (relating to group health plan requirements).

(b) Amount of tax.



(1) In general. The amount of the tax imposed by subsection (a) on any failure shall be \$ 100 for each day in the noncompliance period with respect to each individual to whom such failure relates.

(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 date such failure is corrected.

(3) Minimum tax for noncompliance 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 an individual--

(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 individual 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 for which any person is liable under subsection (e) for any year are more than de minimis, subparagraph (A) shall be applied by substituting "\$ 15,000" for "\$ 2,500" with respect to such person.

(C) Exception for church plans. This paragraph shall not apply to any failure under a church plan (as defined in section 414(e)).

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