

# Carlton Fields Helps Small Business Client Avoid Steep ACA Penalties

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The IRS claimed that our client, a non-profit charitable organization with under 100 employees, owed about \$140,000 for failure to fulfill its Affordable Care Act obligation to offer its employees health insurance coverage. Payment of this sum would have devastated our client's ability to serve its needy community. Our client's position was especially tenuous because it did not engage us before issuing its own initial response to the IRS, which resulted in no reduction of the proposed penalty.

Carlton Fields quickly devised a game plan, consistent with the approach we describe on our [blog](#). Taking nothing for granted, we raised the numerous legal and factual defenses available to our client. For example, we argued that this employer fell within certain provisions that excluded it from risk of penalties, noted factual errors the IRS made, and argued that an offer of coverage was properly made to the required number of employees. The IRS agreed with our arguments, determined that our client owed nothing, and wiped out all penalties.

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