

PLAN AMENDMENTS NOT REQUIRED UNTIL  
JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§ 1101-1147 and 1171-1177] or title XVIII [§§ 1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99-514, as amended, set out as a note under section 401 of this title.

**[§ 4980A. Repealed. Pub. L. 105-34, title X, § 1073(a), Aug. 5, 1997, 111 Stat. 948]**

Section, added Pub. L. 99-514, title XI, § 1133(a), Oct. 22, 1986, 100 Stat. 2481, § 4981A; renumbered § 4980A and amended Pub. L. 100-647, title I, § 1011A(g)(1)(A), (2)-(6), (9), Nov. 10, 1988, 102 Stat. 3479-3482; Pub. L. 102-318, title V, § 521(b)(42), July 3, 1992, 106 Stat. 313; Pub. L. 104-188, title I, § 1401(b)(12), 1452(b), Aug. 20, 1996, 110 Stat. 1789, 1816, related to tax on excess distributions from qualified retirement plans.

EFFECTIVE DATE OF REPEAL

Pub. L. 105-34, title X, § 1073(c), Aug. 5, 1997, 111 Stat. 948, provided that:

“(1) EXCESS DISTRIBUTION TAX REPEAL.—Except as provided in paragraph (2), the repeal made by subsection (a) [repealing this section] shall apply to excess distributions received after December 31, 1996.

“(2) EXCESS RETIREMENT ACCUMULATION TAX REPEAL.—The repeal made by subsection (a) with respect to section 4980A(d) of the Internal Revenue Code of 1986 and the amendments made by subsection (b) [amending sections 691, 2013, 2053, and 6018 of this title] shall apply to estates of decedents dying after December 31, 1996.”

**§ 4980B. 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 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 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).

**(c) Limitations on amount of tax**

**(1) Tax not to apply where failure not discovered exercising reasonable diligence**

No tax shall be imposed by subsection (a) on any failure during any period for which it is established to the satisfaction of the Secretary that none of the persons referred to in subsection (e) knew, or exercising reasonable diligence would have known, that such failure existed.

**(2) Tax not to apply to failures corrected within 30 days**

No tax shall be imposed by subsection (a) on any failure if—

(A) such failure was due to reasonable cause and not to willful neglect, and

(B) such failure is corrected during the 30-day period beginning on the 1st date any of the persons referred to in subsection (e) knew, or exercising reasonable diligence would have known, that such failure existed.

**(3) \$100 limit on amount of tax for failures on any day with respect to a qualified beneficiary**

**(A) In general**

Except as provided in subparagraph (B), the maximum amount of tax imposed by subsection (a) on failures on any day during the noncompliance period with respect to a qualified beneficiary shall be \$100.

**(B) Special rule where more than 1 qualified beneficiary**

If there is more than 1 qualified beneficiary with respect to the same qualifying event, the maximum amount of tax imposed by subsection (a) on all failures on any day during the noncompliance period with respect to such qualified beneficiaries shall be \$200.