

The background of the top section of the page is a photograph of the United States Capitol building in Washington, D.C. A large American flag is waving in the foreground, partially obscuring the building's facade. The flag's red and white stripes and blue field with white stars are clearly visible.

e-Alert

08.16.21

Additional IRS Q&A's on American Rescue Plan's COBRA Subsidy

Background

On July 26, 2021, the IRS issued [Notice 2021-46](#), which provides guidance on the application of the American Rescue Plan Act (ARPA) subsidy for health coverage offered through the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Summary

Earlier guidance was issued on May 18, 2021; Notice 2021-46 expands on the following:

- Subsidy availability to individuals who are eligible and had not elected it;
- Whether subsidies that include dental or vision coverage end due to eligibility for other coverage that excludes dental or vision;
- Whether employers may claim a tax credit if they pay COBRA premiums; and
- Whether a party can claim a tax credit in situations where the involved parties are not the insurer or common law employer providing COBRA coverage.

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Employer Next Steps

- Employers should review the [IRS Q&A Guide](#) for additional information on ARPA.
- If you have further questions regarding this e-Alert, please [email us](#).

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