



CMS Assistor Webinar:
**ACA Tax Provisions Affecting Individuals and
Families:
Premium Tax Credit
&
Individual Shared Responsibility Provision**

Internal Revenue Service
Revised March 30, 2016



The information contained in this presentation is current as of March 30, 2016:

- Visit IRS.gov for tax forms and instructions
- For the latest information about tax provisions of the Affordable Care Act, visit IRS.gov/ACA.



Agenda

- Basics of the Premium Tax Credit
 - Eligibility & Filing
 - Advance Payments of PTC
 - Reconciling advance payments
 - Reporting Changes in Circumstances
- Shared Responsibility Provision
 - Reporting Coverage & Information Statements
 - Claiming IRS Exemptions
 - Calculating a payment
- Resources



PTC Eligibility

Must meet all of the following requirements:

- Income between 100-400% of Federal Poverty Line
- Taxpayer, spouse, or dependent must enroll in Marketplace coverage for a month that the enrollee is not eligible for coverage through employer or government plan
- Cannot be claimed as a dependent by another person
- Not file as Married Filing Separately

Note: Some exceptions apply



Forms needed to claim PTC



- Form 1095-A from Marketplace
- Form 8962 to claim and reconcile PTC/APTC
- File Form 8962 with 1040, 1040A or 1040NR



Advance Payments of PTC (APTC)

- Determined by Marketplace based on estimated household income and family size
- Paid directly to insurance company on the taxpayer's behalf
- MUST file tax return to reconcile



How to claim the PTC

- Based on actual annual household income and family size reported on the tax return
- Claimed on tax return using Form 8962
 - Reconciles APTC
 - Results in either a refundable credit or repayment of excess advance payments



How Does Reconciliation Work?

Advance payments \$4,000

Calculation of PTC - \$3,000

Difference \$1,000

Repayment amount = \$1,000 *

*Amount from Form 8962 that would be entered on
Form 1040

Note: A tax return *must* be filed to reconcile advance credit payments regardless of any other filing requirement.



Repayment Limits for Excess APTC

Instructions for Form 8962, Line 28:

Table 5. Repayment Limitation

IF the amount on Form 8962, line 5 is . . .	ENTER on line 28 . . .	
	for a filing status of Single—	for any other filing status—
Less than 200	\$300	\$600
At least 200 but less than 300 . . .	\$750	\$1,500
At least 300 but less than 400 . . .	\$1,250	\$2,500
400 or 401	leave line 28 blank	



Changes in Circumstances

- Changes in filing status
 - Marriage or divorce
- Increase or decrease in number of dependents
 - Birth or Adoption
- Moving to another address
- Increase or decrease in household income
 - Lump Sum Payments
- Gaining or losing health care coverage or eligibility

Important: Report changes to the Marketplace when they happen



Key Considerations

- Advance payments of PTC are optional.
- Reconciling advance payments is required and a tax return *must* be filed.
- Differences between advance credit payments and the credit are likely.
- Changes in circumstances can affect the PTC amount and the difference between PTC and advance credit payments.



Common PTC Filing Errors

- Claimed PTC but failed to attach Form 8962
- Did not reconcile APTC
- Form 1095-A data not correctly reported
- Transposed digits



Individual Shared Responsibility



**Report
Health
Care Coverage**



**Claim
Exemption
from Coverage**



**Make
Shared
Responsibility
Payment**



Reporting Coverage

	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-				
	57	Self-employment tax. Attach Schedule SE				
Other Taxes	58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919				
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required				
	60a	Household employment taxes from Schedule H				
	60b	b First-time homebuyer credit repayment. Attach Form 5405 if required				
	61	Health care: individual responsibility (see instructions) Full-year coverage <input checked="" type="checkbox"/>				
	62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)				
	63	Add lines 56 through 62. This is your total tax				
Payments	64	Federal income tax withheld from Forms W-2 and 1099	64			

- ✓ Check box and leave entry space blank if everyone on the return had coverage for the full year



Form 1095 Information Statements

- Marketplace 1095-A
- Insurers 1095-B
- Large Employers 1095-C

Form 1095-A Health Insurance Marketplace Statement VOID CORRECTED OMB No. 1545-2232
 Department of the Treasury Internal Revenue Service ▶ Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a. **2015**

Part I Recipient Information

1 Marketplace identifier 2 Marketplace-assigned policy number 3 Policy issuer's name
 4 Recipient's name 5 Recipient's SSN 6 Recipient's date of birth

Form 1095-B Health Coverage VOID CORRECTED OMB No. 1545-2252
 Department of the Treasury Internal Revenue Service ▶ Information about Form 1095-B and its separate instructions is at www.irs.gov/form1095b. **2015**

Part I Responsible Individual

1 Name of responsible individual 2 Social security number (SSN) 3 Date of birth (if SSN is not available)
 4 Street address (including apartment no.) 5 City or town 6 State or province 7 Country and ZIP or foreign postal code

Part II Employer Sponsored Coverage (see instructions)

8 Enter letter identifying Origin of the Policy (see instructions for codes): **Part III Issuer** **Form 1095-C Employer-Provided Health Insurance Offer and Coverage** VOID CORRECTED OMB No. 1545-2251
 Department of the Treasury Internal Revenue Service ▶ Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c. **2015**

Part III Issuer **Part I Employee** **Applicable Large Employer Member (Employer)**

1 Name of employee 2 Social security number (SSN) 7 Name of employer 8 Employer identification number (EIN)
 9 Street address (including apartment no.) 10 Street address (including room or suite no.) 10 Contact telephone number
 4 City or town 5 State or province 6 Country and ZIP or foreign postal code 11 City or town 12 State or province 13 Country and ZIP or foreign postal code

Part II Employee Offer and Coverage **Plan Start Month (Enter 2-digit number):**

14 Offer of Coverage (enter required codes)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
15 Employee Share of Lowest-Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Small Business Health Plan Safe Harbor (enter code, if applicable)													

Part III Covered Individuals
 If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage												
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Form 8965

Health Coverage Exemptions

Form 8965 Department of the Treasury Internal Revenue Service	Health Coverage Exemptions ▶ Attach to Form 1040, Form 1040A, or Form 1040EZ. ▶ Information about Form 8965 and its separate instructions is at www.irs.gov/form8965 .	OMB No. 1545-0074 2015 Attachment Sequence No. 75	
Name as shown on return		Your social security number	
Complete this form if you have a Marketplace-granted coverage exemption or you are claiming a coverage exemption on your return.			
Part I Marketplace-Granted Coverage Exemptions for Individuals. If you and/or a member of your tax household have an exemption granted by the Marketplace, complete Part I.			
	(a) Name of Individual	(b) SSN	(c) Exemption Certificate Number
1			
2			
3			

Submit Form 8965 with federal tax return to claim coverage exemptions granted by either the Health Insurance Marketplace or IRS



Coverage Exemptions available from IRS at filing

1. Income below the filing threshold
2. Coverage considered unaffordable ($> 8.05\%$ HHI)
3. Short coverage gap (less than 3 months)
4. Not lawfully present in U.S.
5. Member of a:
 1. Federally recognized Indian tribe*
 2. Health care sharing ministry*
6. Individuals eligible for services through an Indian Health Care Provider*
7. Resident of a state that did not expand Medicaid and household income is below 138 percent of FPL
8. Incarcerated*

* Also available from the Marketplace



Marketplace Coverage Exemptions

- Members of certain religious sects
- Determined ineligible for Medicaid in a state that didn't expand Medicaid coverage
- General hardship that prevented you from obtaining coverage under a qualified health plan
- Coverage considered unaffordable based on projected income
- Unable to renew existing coverage
- Certain Medicaid programs that are not minimum essential coverage



How is the Payment Calculated?

- For the year, based on the **greater** of the calculated:
 - A. percentage of income **or**
 - B. flat dollar amount
 - Limited to maximum of 3X per household (\$975 for 2015)
- Cannot exceed the national average premium for bronze level health plans
- Prorated for months without coverage/exemption

	Greater of			
	2014	2015	2016	After 2016
Percentage income (annual)	1% of household income	2% of household Income	2.5% of household income	2.5% of household income
Flat dollar amount (annual)	\$95 per adult 50% for individuals under 18	\$325 per adult 50% for individuals under 18	\$695 per adult 50% for individuals under 18	\$695 per adult <i>plus</i> an increase based on cost of living 50% for individuals under 18



Resources

IRS.gov/ACA

The screenshot shows the IRS website's page for Affordable Care Act (ACA) Tax Provisions. The top navigation bar includes links for Filing, Payments, Refunds, Credits & Deductions, News & Events, Forms & Pubs, Help & Resources, and for Tax Pros. The main heading is "Affordable Care Act Tax Provisions". Below this, there is a sidebar with "Affordable Care Act Topics" including Individuals and Families, Employers, Tax Professionals, What's Trending, News, Health Care Tax Tips, Questions and Answers, List of Tax Provisions, Legal Guidance and Other Resources, and Affordable Care Act Tax Provisions Home. The main content area is titled "Affordable Care Act (ACA) Tax Provisions" and includes a "Find out what to do if you got a letter from the IRS asking for more information about your premium tax credit and a copy of your 1095-A" section. There are also sections for "Individuals & Families", "Employers", and "Forms and Publications" with links to Form 8965, Form 8962, and Publication 5187.

HealthCare.gov

The screenshot shows the HealthCare.gov website. The top navigation bar includes "Individuals & Families" and "Small Businesses" with a "Log in" link and "Español" language option. The main heading is "You can still get 2015 health coverage" with a sub-heading "You can enroll if you have certain life changes — like getting married, having a baby, losing other coverage, or moving — or if you qualify for Medicaid or CHIP". There is a prominent green button that says "SEE IF YOU CAN GET COVERAGE". Below this, there is a "Want a quick overview first?" section with four columns: "TAX QUESTIONS?" with a "GET TOOLS & ANSWERS" button, "COVERAGE TO CARE" with a "SEE ROADMAP" button, "APPEAL A DECISION" with a "GO" button, and "CONTACT US" with a "GO" button.

- Publication 974 – Premium Tax Credit
- Instructions and Form 8962, Premium Tax Credit