

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



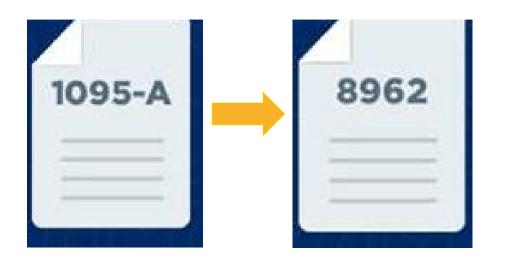
PTC Eligibility

Must meet <u>all</u> 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 <u>estimated</u> 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 <u>actual</u> 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 <u>must</u> 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	for any other filing status—				
Less than 200	Single— \$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	po
Q	57	Self-employment tax. Attach Schedule SE	57
Other	58	Unreported social security and Medicare tax from Form: a 4137 b 8919	58
Taxes	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59
I axes	60a	Household employment taxes from Schedule H	60a
	b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b
	61	Health care: individual responsibility (see instructions) Full-year coverage ✓	61
	62	Taxes from: a Form 8959 b Form 8960 c Instructions; enter code(s)	62
	63	Add lines 56 through 62. This is your total tax	63
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

Marketplace1095-A

Insurers1095-B

Large Employers
 1095-C

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		14 Offer of Coverage (enter required code)	All 12 Months	Jan	Fab	Mar	Apr	May		June		July		Aug	Sep	pt	Oct		Nov		Dec
er	S	15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	s	s	s	\$	\$	s	9	5	s		\$		\$		s	s		s	
		16 Applicable Section 4980H Safe Harbor (enter code, if applicable)																			
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Form 8965 Health Coverage Exemptions

Departme	1965 nt of the Treasury	Health Covera ► Attach to Form 1040, For ► Information about Form 8965 and its sepa	OMB No. 1545-0074 2015 Attachment Sequence No. 75								
Name as	shown on return	Your social security n	our 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
- 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:
 - Federally recognized Indian tribe*
 - Health care sharing ministry*
- 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*



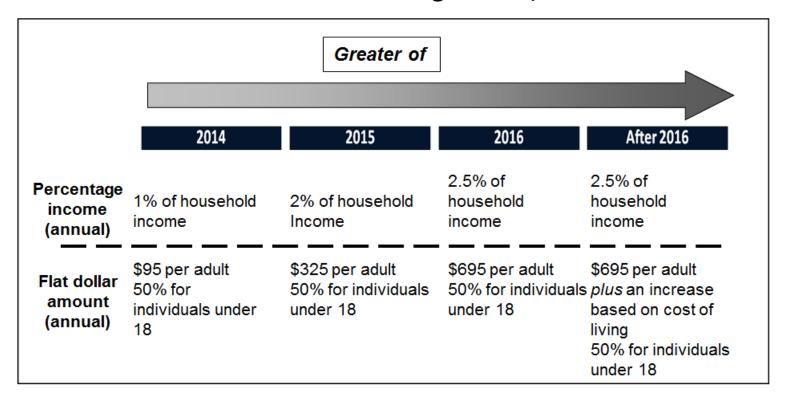
Marketplace Coverage Exemptions

- 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





Resources

IRS.gov/ACA



HealthCare.gov



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