



ACA: What Tax Preparers Need to Know

Part II – Advanced Certification: Premium Tax Credits

November 2, 2015

- William (Bill) Smits, ACA Outreach Coordinator, IRS-SPEC

Important Notes:

- Only Bill shares the views of the IRS.
- All other statements and slides are not endorsed by the IRS.

- Basics of the premium tax credit
- Understanding Forms 1095-A and 8962
- Common questions
- Example

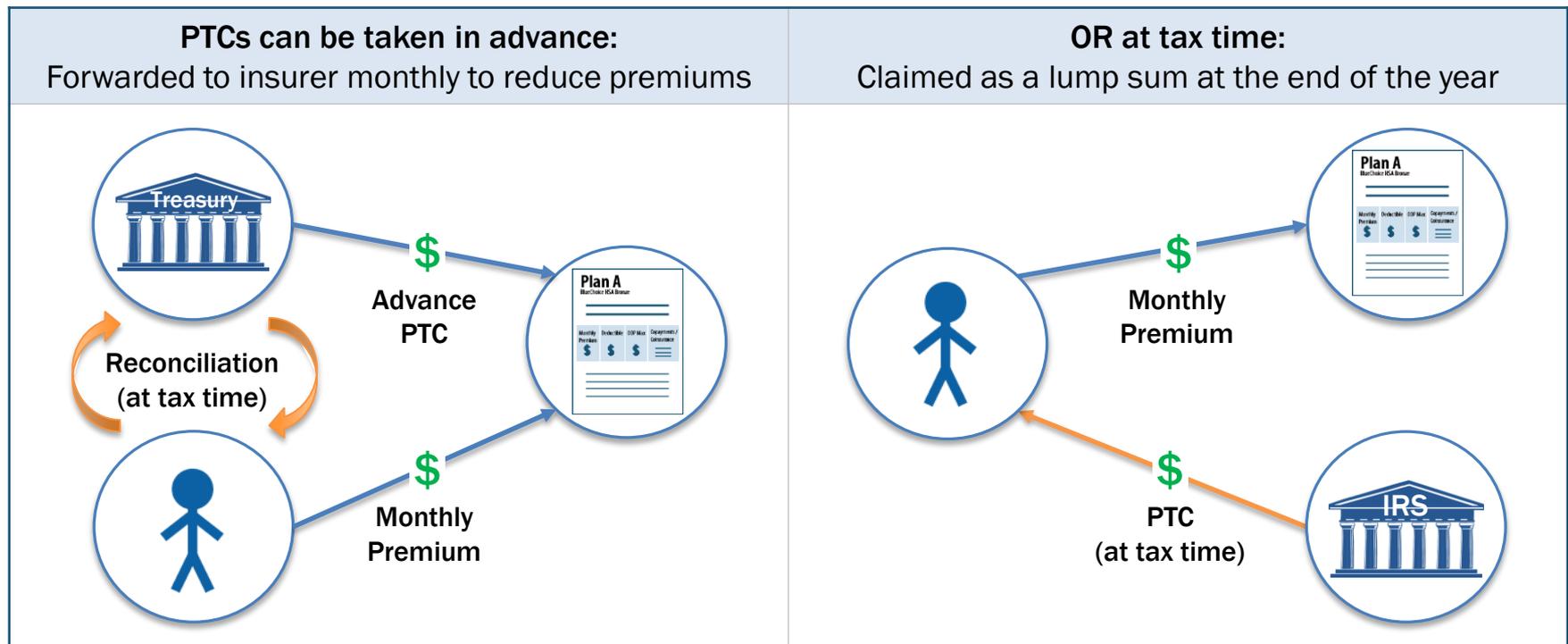
Draft forms and instructions:

- Form 8962, Premium Tax Credit <https://www.irs.gov/pub/irs-dft/f8962--dft.pdf>
- Form 8962 Instructions <https://www.irs.gov/pub/irs-dft/i8962--dft.pdf>

What is the Premium Tax Credit?

What is a Premium Tax Credit (PTC)?

- The PTC is a tax credit that helps lower the cost of private health coverage for people purchasing insurance in a federal or state **Health Insurance Marketplace**.
- Advanced payments of the PTC are made based on the taxpayer's expected household and income (modified AGI, or MAGI) for the year during the application process.
- The actual PTC is claimed on the tax return.



To receive a premium tax credit for 2015, a person must:

- 1. Enroll in a Marketplace plan**
- 2. Have income between 100 and 400 percent of the federal poverty line (FPL)**
 - Individual: \$11,670 - \$46,680 Family of four: \$23,850 - \$95,400
 - Exceptions for some people below 100% FPL
- 3. Have an eligible filing status**
 - PTC cannot be claimed by a person who is Married Filing Separately
*Exceptions for abused or abandoned spouses
 - PTC cannot be claimed on a dependent return (whoever claims an individual's personal exemption can claim their PTC)
- 4. Be ineligible for other minimum essential coverage (MEC)**
 - Not eligible for Medicare or most Medicaid/CHIP or affordable employer-sponsored coverage (regardless of whether the person is actually enrolled)

Receiving Too Much or Too Little in Advance Payments of PTC

- If no PTC is taken in advance, or if only a portion of the PTC is claimed in advance, the remainder may be claimed on the tax return. The PTC is **refundable**.
- If a taxpayer receives excess advance payments of the PTC, some or all of it must be paid back.

REPAYMENT LIMITS ON APTC		
Income (as % of FPL)	SINGLE taxpayers will pay back no more than ...	OTHER taxpayers will pay back no more than....
Under 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% and above	None: Full repayment	None: Full repayment

- A person who receives APTC agrees to file a tax return and reconcile
- 1.8 million consumers who received APTC in 2014 failed to reconcile the credit by the end of May.
- If a person has not reconciled, they need to file a tax return ASAP to retain or reinstate their APTC for 2016. (Even if the IRS has not yet processed the return, the applicant can attest to filing on their Marketplace application once they've done so.)
 - File the tax return and return to the Marketplace by Dec. 15 for January 1 coverage.
 - File the tax return and return to the Marketplace between Dec. 16 – Jan. 15 for APTC to begin February 1.
 - File the tax return and return to the Marketplace between Jan. 16 – Feb. 15 for APTC to begin March 1.
- **If a taxpayer failed to file for TY 2014**, consider preparing the prior-year return early in the season, even if those returns would normally be delayed until a less-busy time. It may affect a person's ability to get or keep health insurance.

Form 1095-A

Form 1095-A Department of the Treasury Internal Revenue Service	Health Insurance Marketplace Statement ► Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a .	<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	OMB No. 1545-2232 2015
--	--	---	---

Part I Recipient Information

1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name
--------------------------	--------------------------------------	------------------------

Part II Covered Individuals

Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January	This includes the actual premium paid plus the APTC (minus certain “extra” benefits, such as dental)	This is the benchmark plan that helps establish the PTC amount. It may be incorrect if: (1) no APTC was paid, or (2) a change in circumstance was not reported.	Advance payment of PTC
22 February			

What if the 1095-A is wrong?

- The taxpayer should call the Marketplace for an amended form
- Requests for amended forms don't always require filing delays
 - If an error doesn't affect the PTC calculation (e.g., incorrect address, social security number or birth date), seek a correction, but the consumer should file anyway.
 - If an error does affect the PTC calculation, wait for corrected information before filing. The consumer may be able to get the information over the phone.

Note: Second lowest cost silver plan (SLCSP) is often not amended.

- If it's wrong, use the look-up tool to find the correct one to use on Form 8962 (FFM tool: <https://www.healthcare.gov/taxes/tools/silver/>)

Form 8962

Form 8962 Department of the Treasury Internal Revenue Service Name shown on your return	Premium Tax Credit (PTC) ▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962 .	OMB No. 1545-0074 2015 Attachment Sequence No. 73
Your social security number		
You cannot claim the PTC if your filing status is married filing separately unless you are eligible for an exception (see instructions). If you qualify, check the box. <input type="checkbox"/>		
Part I Annual and Monthly Contribution Amount		

- In general, a taxpayer cannot claim PTC if Married Filing Separately.
- **Two exceptions** (if applicable, check the box and complete Form 8962):
 - Domestic abuse: The taxpayer lives apart from the spouse *and* is unable to file a joint return because of domestic abuse
 - Abandoned spouse: The taxpayer lives apart from the spouse *and* is unable to locate spouse after using due diligence.
- **Note:** Each exception can be used for a maximum of three consecutive years
- The taxpayer does not have to produce proof to the tax preparer, but, as with other claims on a tax return, the IRS could ask for verifying documents later.
- If neither exception applies, a person who is MFS is not eligible for PTC.

Part I: Computes the amount a household is expected to contribute toward the cost of insurance, based on income.

Form 8962 Department of the Treasury Internal Revenue Service Name shown on your return	Premium Tax Credit (PTC) ▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962 .	OMB No. 1545-0074 2015 Attachment Sequence No. 73	
Your social security number			
You cannot claim the PTC if your filing status is married filing separately unless you are eligible for an exception (see instructions). If you qualify, check the box. <input type="checkbox"/>			
Part I Annual and Monthly Contribution Amount			
1	Tax family size. Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d	1	
2a	Modified AGI. Enter your modified AGI (see instructions)	2a	
	b Enter the total of your dependents' modified AGI (see instructions)	2b	
3	Household income. Add the amounts on lines 2a and 2b	3	
4	Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3 (see instructions). Check the appropriate box for the federal poverty table used.	4	
	a <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input type="checkbox"/> Other 48 states and DC		
5	Household income as a percentage of federal poverty line (see instructions)	5	%
6	Did you enter 401% on line 5? (See instructions if you entered less than 100%.) <input type="checkbox"/> No. Continue to line 7. <input type="checkbox"/> Yes. You are not eligible to receive PTC. If advance payment of the PTC was made, see the instructions for how to report your excess advance PTC repayment amount.		
7	Applicable Figure. Using your line 5 percentage, locate your "applicable figure" on the table in the instructions	7	
8a	Annual contribution amount. Multiply line 3 by line 7	8a	
	b Monthly contribution amount. Divide line 8a by 12. Round to whole dollar amount	8b	

Line 2b: Enter dependent's income only if dependent has a filing requirement.

Line 4: Check a box to indicate where the taxpayer lived during the tax year.

Line 6: Simplified questions. Number can be below 100% if:

- Exception 1: A person was estimated to have income between 100-400% FPL at the time of application, enrolled in a plan, and received APTC, but had income below 100% FPL at the end of the year.
- Exception 2: The person is a lawfully present immigrant who is ineligible for Medicaid because of their immigration status. For example, some Lawful Permanent Residents (LPR) who have been in the U.S. for fewer than 5 years.

Part II: Calculates PTC based on information on Form 1095-A.

- Use either Line 11 (annual) or Lines 12-23 (monthly). Don't use both! Enter information from Form 1095-A.

10 See the instructions to determine if you can use line 11 or must complete lines 12 through 23.

Yes. Continue to line 11. Compute your annual PTC. Then skip lines 12–23 and continue to line 24.

No. Continue to lines 12–23. Compute your monthly PTC and continue to line 24.

	Annual Calculation	(a) Annual enrollment premiums (Form(s) 1095-A, line 33a)	(b) Annual applicable SLCSP premium (Form(s) 1095-A, line 33b)	(c) Annual contribution amount (line 8a)	(d) Annual maximum premium assistance (subtract (c) from (b), if zero or less, enter -0-)	(e) Annual premium tax credit allowed (smaller of (a) or (d))	(f) Annual advance payment of PTC (Form (s) 1095-A, line 33c)
11	Annual Totals						
	Monthly Calculation	(a) Monthly enrollment premiums (Form(s) 1095-A, lines 21–32, column a)	(b) Monthly applicable SLCSP premium (Form (s) 1095-A, lines 21–32, column b)	(c) Monthly contribution amount (amount from line 8b or alternative marriage monthly contribution)	(d) Monthly maximum premium assistance (subtract (c) from (b), if zero or less, enter -0-)	(e) Monthly premium tax credit allowed (smaller of (a) or (d))	(f) Monthly advance payment of PTC (Form(s) 1095-A, lines 21–32, column c)
12	January						
13	February						
14	March						
15	April						
16	May						
17	June						
18	July						
19	August						
20	September						
21	October						
22	November						
23	December						

Part II/III: Compares annual PTC with APTC.

- Can result in either additional net credit (Line 26) or repayment of excess APTC (Line 29) limited to the repayment cap.

24	Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here	24	
25	Advance payment of PTC. Enter the amount from line 11(f) or add lines 12(f) through 23(f) and enter the total here	25	
26	Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 69; Form 1040A, line 45; or Form 1040NR, line 65. If you elected the alternative calculation for marriage, enter zero. If line 24 equals line 25, enter zero. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27	26	
Part III Repayment of Excess Advance Payment of the Premium Tax Credit			
27	Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here	27	
28	Repayment limitation (see instructions)	28	
29	Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Form 1040, line 46; Form 1040A, line 29; or Form 1040NR, line 44	29	

Determining if the Return is in Scope

File Form 8962 if:

- Any member of the tax family received PTC in advance (indicated on a 1095-A), or
- A member of the tax family purchased insurance in the Marketplace and did not receive PTC in advance but wishes to claim it now, or
- The taxpayer received advanced payment of PTC for someone they *thought* would be claimed as a dependent but *is not* claimed and no one else claims that individual's personal exemption.
 - Example: In December 2014, Diane enrolls her 18 year old son, Dan, in 2015 coverage, assuming she will claim him as a dependent. At the end of the year, Dan cannot be claimed as a dependent. Dan can file taxes, including Form 8962. But if he doesn't file and no one claims his personal exemption, Diane must reconcile the PTC.

If a person received any advance payments of PTC, they must file a tax return!

- Most tax returns with a Form 1095-A and PTC (Form 8962) are in scope for volunteers certified as advanced
- Advanced reconciliation scenarios are out of scope
 - Shared policy allocation (Part IV)
 - Alternative marriage calculation (Part V)
- Do not prepare a return if the answer to Line 9 is Yes

Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit	
9	Are you allocating policy amounts with another taxpayer or do you want to use the alternative calculation for year of marriage (see instructions)? <input type="checkbox"/> Yes. Skip to Part IV, Shared Policy Allocation, or Part V, Alternative Calculation for Year of Marriage. <input type="checkbox"/> No. Continue to line 10.
10	See the instructions to determine if you can use line 11 or must complete lines 12 through 23. <input type="checkbox"/> Yes. Continue to line 11. Compute your annual PTC. Then skip lines 12–23 and continue to line 24. <input type="checkbox"/> No. Continue to lines 12–23. Compute your monthly PTC and continue to line 24.

- Because APTC is applied based on a projection of income, marriage can greatly affect the calculation and may lead to significant repayment
 - This is because marriage adds one or more people to the household and may add income
- The alternative calculation can lead to a higher allowable PTC than the traditional calculation (i.e., lower repayment).

Minimum requirements to use the alternative marriage calculation:

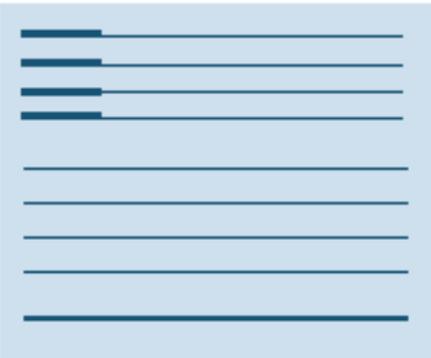
- They were unmarried at the beginning of the year
- Were married by the last day of the year
- Are filing a joint return
- One person was enrolled in a Marketplace plan prior to marriage
- APTC was paid in 2015

See Form 8962 Instructions (draft), page 10, table 4

- Recommendation for taxpayers who got married during the year:
 - Prepare Form 8962.
 - If the taxpayers receive a net premium tax credit (Form 1040, Line 69), the return is in scope.
 - If the taxpayers have a repayment, they may benefit from the alternative calculation.
 - Let the taxpayers know that there is an alternative calculation, that it is out of scope for VITA/TCE, but that they may have a lower repayment if used. Taxpayer can decide whether to continue.

Health Application

- ✓ Marketplace
- ✓ Medicaid
- ✓ CHIP



Advance payments of PTC were determined based on *projections* of future filing plans.

- If married, will you file jointly with a spouse?
- Who will be your dependents in 2015?
- What will be your 2015 income?

Throughout the year, things happen.

- Taxpayers should report changes, but not all changes are reported in a timely way (or at all)
- The change may not be obvious until tax filing (ex. divorced parents may change their plans about who will claim a child)

In general: A shared policy allocation occurs when a Marketplace policy covers someone in the taxpayer's family and someone not in the taxpayer's family who is being claimed on someone else's tax return. See *Form 8962 Instructions, p. 9*

The return is out of scope if:

- The 1095-A includes someone who is not on the client's tax return (e.g., an ex-spouse or a child who becomes a non-dependent)
- OR
- A person who is on the tax return but was enrolled in Marketplace coverage with another taxpayer (e.g., a non-custodial father enrolls himself and his son in Marketplace coverage but custodial mother claims the child)

In general: A shared policy allocation occurs when a Marketplace policy covers someone in the taxpayer's family and someone not in the taxpayer's family who is being claimed on someone else's tax return. See *Form 8962 Instructions, p. 9*

The return is in scope when:

- No Marketplace coverage!

OR

- Divorce or separation but everyone on the policy is on one taxpayer's return and no one on the policy is on the other taxpayer's return.

OR

- "Shifting enrollee" (enrolled by one taxpayer but claimed by another) if that dependent is the only person on the policy.

Common Problems

Married Filing Separately

- If a person is MFS and no exception applies, APTC received must be repaid, up to the repayment cap.
- In TaxWise, complete the following lines:
 - Lines 1-5 to find household FPL.
 - Line 9 to determine if the return is in scope.
 - Line 10 and column (f) of line 11 or lines 12-23.
 - The rest of the form to determine repayment.

Form 8962 Premium Tax Credit (PTC)

OMB No. 1545-0044
2015
Attachment
Sequence No. 73

Department of the Treasury
Internal Revenue Service
Name shown on your return

▶ Attach to Form 1040, 1040A, or 1040NR.
▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962.

Your social security number

Part I Annual and Monthly Contribution Amount

1 Tax family size. Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d

2a Modified AGI. Enter your modified AGI (see instructions) 2a **b** Enter the total of your dependents' modified AGI (see instructions)

3 Household income. Add the amounts on lines 2a and 2b

4 Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3 (see instructions). Check the appropriate box for the federal poverty table used. **a** Alaska **b** Hawaii **c** Other 48 states and DC

5 Household income as a percentage of federal poverty line (see instructions)

Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit

9 Are you allocating policy amounts with another taxpayer or do you want to use the alternative calculation for year of marriage (see instructions)?
 Yes. Skip to Part IV, Shared Policy Allocation, or Part V, Alternative Calculation for Year of Marriage. **No.** Continue to line 10.

10 See the instructions to determine if you can use line 11 or must complete lines 12 through 23.
 Yes. Continue to line 11. Compute your annual PTC. Then skip lines 12-23 and continue to line 24. **No.** Continue to lines 12-23. Compute your monthly PTC and continue to line 24.

11 Annual Totals	(a) Monthly assistance premium (Form 1095-A, line 21-32, column a)	(b) Monthly applicable SLCSP premium (Form 1095-A, line 21-32, column b)	(c) Monthly contribution amount (amount from line 9b or alternative marriage monthly contribution)	(d) Monthly maximum premium assistance (subject to Form 25, if zero or less, enter -0-)	(e) Monthly premium tax credit allowed (smaller of (d) or (c))	(f) Annual advance payment of PTC (Form(s) 1095-A, line 33c)
12 January						
13 February						
14 March						
15 April						
16 May						
17 June						
18 July						
19 August						
20 September						
21 October						
22 November						
23 December						
24 Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here						
25 Advance payment of PTC. Enter the amount from line 11(f) or add lines 12(f) through 23(f) and enter the total here						
26 Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 6b; Form 1040A, line 4b; or Form 1040NR, line 6b. If you elected the alternative calculation for marriage, enter zero. If line 24 equals line 25, enter zero. Stop here. If line 25 is greater than line 24, save this line blank and continue to line 27						

(f) Annual advance payment of PTC (Form(s) 1095-A, line 33c)

(f) Monthly advance payment of PTC (Form(s) 1095-A, lines 21-32, column c)

Part III Repayment of Excess Advance Payment of the Premium Tax Credit

27 Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here

28 Repayment limitation (see instructions)

29 Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Form 1040, line 4b; Form 1040A, line 29; or Form 1040NR, line 44

Income Over 400% FPL

- 400% FPL is \$46,680 for a single person
- No PTC is available if income is above 400% FPL and all APTC must be repaid. The repayment cap does not apply.
- One dollar can make a big difference!
 - Complete line 9 (to determine if the return is in scope)
 - Complete line 10 and column (f) of Line 11 (annual) or Lines 12-23 (monthly)
 - Enter that amount on Lines 25, 27 and 29
 - This amount will also be entered on Line 46 of the 1040

Part III Repayment of Excess Advance Payment of the Premium Tax Credit

27	Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here	27	
28	Repayment limitation (see instructions)	28	
29	Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Form 1040, line 46; Form 1040A, line 29; or Form 1040NR, line 44	29	

- There are a few permissible strategies taxpayers may consider to lower household income:
 - If taxpayers are newly married, can the alternative marriage calculation prevent or reduce repayment for the months before marriage?
 - If the taxpayer does not have a retirement plan offer through their employer, could the taxpayer contribute to a traditional IRA and claim the adjustment to reduce income?
 - Consider filing as Married Filing Separately. The credit will be disallowed, but the repayment cap will apply based on only that spouse's income.

- Try to determine why the taxpayer's advance payment was too high:
 - Did they make an error in estimating their or their dependent's income?
 - Was there an error in calculating family size?
 - Has their filing status changed?
 - Has a dependent joined or left the family?
 - Do you suspect the Form 1095-A is incorrect?
- Encourage taxpayers to take less than the maximum APTC in future years.
- Remind taxpayers to promptly report changes in income and family size to the Marketplace.
- If the taxpayer has Marketplace coverage for 2016, encourage them to report their most recent income/dependent information to improve the accuracy of the 2016 income and household projection.
 - Many people who enrolled in Marketplace coverage in 2015 will be auto-enrolled at (roughly) the same PTC level for 2016. If that PTC amount was incorrect in 2015, it may be incorrect for 2016, too.

- A person cannot claim PTC if they had other minimum essential coverage. This may be indicated by duplicate months of coverage or offers of coverage on Form 1095-A and Forms 1095-B or -C.
- **However**, do not assume that any conflicts between Form 1095-A and Form 1095-B and -C mean denial of PTC for duplicate months.
- There are many circumstances where PTC is allowable despite coverage or an offer of coverage
 - These will be explained more in Pub. 974 (forthcoming)

Example

Example: Josephine (Single Filer)

Josephine is a nanny for a family in Washington, DC. The family paid her health insurance premiums until September, when Josephine was no longer needed. Josephine couldn't afford the premium for the rest of the year. She received a notice in early January that her coverage was cancelled, effective 10/31/15.



Single	Projected Household Income: \$26,000	Has 1095-A
--------	--------------------------------------	------------

Form 1095-A	Health Insurance Marketplace Statement	<input type="checkbox"/> VOID	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 .	<input type="checkbox"/> CORRECTED	2015

Part I Recipient Information

1 Marketplace identifier	2 Marketplace-assigned policy number 102444444XIC777	3 Policy issuer's name Big Ins. Co	
4 Recipient's name Josephine Obagu		5 Recipient's SSN XXX-11-1111	6 Recipient's date of birth 03/24/73
7 Recipient's spouse's name		8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth
10 Policy start date 03/01/2015	11 Policy termination date 10/31/2015	12 Street address (including apartment no.)	

Part II Covered Individuals

	A. Covered individual name	B. Covered individual SSN	C. Covered individual date of birth	D. Coverage start date	E. Coverage termination date
16	Josephine Obagu	XXX-11-1111	03/24/73	03/01/2015	10/31/2015

Example: Josephine (Single Filer)

Form 1095-A (cont)

Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January			
22 February			
23 March	310	294	137
24 April	310	294	137
25 May	310	294	137
26 June	310	294	137
27 July	310	294	137
28 August	310	294	137
29 September	310	294	137
30 October		294	137
31 November			
32 December			
33 Annual Totals	2170	2352	1096

Example: Josephine (Single Filer)

Form **8962**

Department of the Treasury
Internal Revenue Service

Premium Tax Credit (PTC)

▶ Attach to Form 1040, 1040A, or 1040NR.

▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962.

OMB No. 1545-0074

2015
Attachment
Sequence No. **73**

Name shown on your return

Josephine Obagu

Your social security number

XXX-11-1111

You cannot claim the PTC if your filing status is married filing separately unless you are eligible for an exception (see instructions). If you qualify, check the box.

Part I Annual and Monthly Contribution Amount

1	Tax family size. Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d	1	1
2a	Modified AGI. Enter your modified AGI (see instructions)	2a	19,000
2b	Enter the total of your dependents' modified AGI (see instructions)	2b	
3	Household income. Add the amounts on lines 2a and 2b	3	19,000
4	Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3 (see instructions). Check the appropriate box for the federal poverty table used. a <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input checked="" type="checkbox"/> Other 48 states and DC	4	11,670
5	Household income as a percentage of federal poverty line (see instructions)	5	163 %
6	Did you enter 401% on line 5? (See instructions if you entered less than 100%) <input checked="" type="checkbox"/> No. Continue to line 7. <input type="checkbox"/> Yes. You are not eligible to receive PTC. If advance payment of the PTC was made, see the instructions for how to report your excess advance PTC repayment amount.		
7	Applicable Figure. Using your line 5 percentage, locate your "applicable figure" on the table in the instructions	7	0.0462
8a	Annual contribution amount. Multiply line 3 by line 7	8a	878
8b	Monthly contribution amount. Divide line 8a by 12. Round to whole dollar amount	8b	73

Example: Josephine (Single Filer)

Monthly Calculation	(a) Monthly enrollment premiums (Form(s) 1095-A, lines 21–32, column a)	(b) Monthly applicable SLCSP premium (Form (s) 1095-A, lines 21–32, column b)	(c) Monthly contribution amount (amount from line 8b or alternative marriage monthly contribution)	(d) Monthly maximum premium assistance (subtract (c) from (b), if zero or less, enter -0-)	(e) Monthly premium tax credit allowed (smaller of (a) or (d))	(f) Monthly advance payment of PTC (Form(s) 1095-A, lines 21–32, column c)	
12 January							
13 February							
14 March	310	294	73	221	221	137	
15 April	310	294	73	221	221	137	
16 May	310	294	73	221	221	137	
17 June	310	294	73	221	221	137	
18 July	310	294	73	221	221	137	
19 August	310	294	73	221	221	137	
20 September	310	294	73	221	221	137	
21 October		294	73	221	0	137	
22 November							
23 December							
24	Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here					24	1547
25	Advance payment of PTC. Enter the amount from line 11(f) or add lines 12(f) through 23(f) and enter the total here					25	1096
26	Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 69; Form 1040A, line 45; or Form 1040NR, line 65. If you elected the alternative calculation for marriage, enter zero. If line 24 equals line 25, enter zero. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27					26	451

Enter on Form 1040, Line 69

In which months did Josephine have MEC?

- March to September (when her premiums were paid, even though someone else paid them)
- October(when she still had coverage, even though the premium was not paid and she is not eligible for PTC for that month)

Does Josephine qualify for an exemption for Jan-Feb and Nov-Dec?

- Her income is not below the filing threshold
- She's in a Medicaid non-expansion state but income is above 138% FPL
- She can use the short coverage gap for the first gap
- Affordability exemption? Though she had no income Nov-Dec, remember that the affordability exemption is based on annual income.
 - Look up her lowest cost bronze plan (LCBP). It is \$215.
 - You've already calculated her allowable PTC of \$221, but that would be capped at the actual premium cost of \$215.
 - The affordability exemption does not apply because she could have enrolled at a \$0 premium.

Josephine had Marketplace insurance from March to October 2015. Which exemptions apply in Jan-Feb and Nov-Dec?

Form 8965 Health Coverage Exemptions

Department of the Treasury Internal Revenue Service

OMB No. 1545-0074
2015
Attachment Sequence No. **75**

▶ Attach to Form 1040, Form 1040A, or Form 1040EZ.
▶ Information about Form 8965 and its separate instructions is at www.irs.gov/form8965.

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			
4			
5			
6			

Part III Coverage Exemptions Claimed on Your Return for Your Household

Part III Coverage Exemptions Claimed on Your Return for Individuals. If you and/or a member of your tax household are claiming an exemption on your return, complete Part III.

	(a) Name of Individual	(b) SSN	(c) Exemption Type	(d) Full Year	(e) Jan	(f) Feb	(g) Mar	(h) Apr	(i) May	(j) June	(k) July	(l) Aug	(m) Sept	(n) Oct	(o) Nov	(p) Dec
8	Josephine Obagu	XXX-11-1111	B		X	X										
9																

12 _____

13 _____

For Privacy Act and Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 37787G Form **8965** (2015)

Tara Straw

tstraw@cbpp.org

For more information and resources, please visit:

www.healthreformbeyondthebasics.org

This is a project of the Center on Budget and Policy Priorities, www.cbpp.org