



ACA: Everything You Need to Know

VITA/TCE Advanced Topic: Premium Tax Credits

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Center on Budget and Policy Priorities

November 9, 2016

Webinar #1 – Health Insurance Coverage, Including PTC

- Best practices for intake
- Using TaxSlayer to report coverage and PTC
- Complex 1095-A issues
- Review tips for PTC

Webinar #2 – Exemptions & Shared Responsibility Payment

- Exemption rules
- Using TaxSlayer to report exemptions
- Exemption examples (focusing on affordability)

- **2016 Shared Responsibility Payment**

- The higher of:

- \$695/adult (capped at \$2,085), or
- 2.5% of income above filing threshold (capped at national average LCBP, by person)

- **Exemption Changes**

- As of September 1, 2016, certain exemptions can now only be claimed on the tax return, not from the marketplace

- Incarceration
- Health care sharing ministry*
- Member of a federally-recognized Indian tribe*

*May continue to use legacy Exemption Certificate Numbers (ECNs that are valid for multiple years)

INTAKE

Check appropriate box for each question in each section

Yes	No	Unsure	Part VI. Health Care Coverage—Last year, did you, your spouse, or dependent(s)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Have health care coverage?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. (B) Receive one or more of these forms? (Check the box) <input type="checkbox"/> Form 1095-B <input type="checkbox"/> Form 1095-C
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. (A) Have coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3a. (A) If yes, were advance credit payments made to help you pay your health care premiums?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3b. (A) If yes, Is everyone listed on your Form 1095-A being claimed on this tax return?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. (B) Have an exemption granted by the Marketplace?

- Q1: Include virtually any source of coverage.
 - When in doubt, check Pub. 4012 ACA-4
- No proof of coverage is needed.
- A person is covered for a month if they are covered for *at least one day* of the month

Check appropriate box for each question in each section

Yes	No	Unsure	Part VI - Health Care Coverage - Last year, did you, your spouse, or dependent(s)
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. (B) Have an exemption granted by the Marketplace?

Visit <http://www.healthcare.gov/> or call 1-800-318-2596 for more information on health insurance options and assistance.

If advance payments of the premium tax credit were paid on your behalf to help pay your health insurance premiums, you should report life changes, such as, income, marital status or family size changes, to your Marketplace. Reporting changes will help to make sure you are getting the proper amount of advance payments.

- Q2: Forms 1095-B and -C may be useful to see months covered but are not required for tax prep
 - 1095-B: Issued by coverage issuers (Medicaid, Medicare, insurers)
 - 1095-C: Issued by large employers
- If Form 1095-B or -C is **missing** or **incorrect**, the taxpayer should contact the form issuer but do not delay in preparing the tax return.
- ***Note:** On November 18, the IRS announced that issuers are not required to issue Forms 1095-B and -C until March 2. Do not delay filing because the form are delayed. Form 1095-A should be received by January 31.

Check appropriate box for each question in each section

Yes	No	Unsure	Part VI - Health Care Coverage - Last year, did you, your spouse, or dependent(s)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Have health care coverage?
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Visit <http://www.healthcare.gov/> or call 1-800-318-2596 for more information on health insurance options and assistance.

If advance payments of the premium tax credit were paid on your behalf to help pay your health insurance premiums, you should report life changes, such as, income, marital status or family size changes, to your Marketplace. Reporting changes will help to make sure you are getting the proper amount of advance payments.

- Q3 may be misleading. In a marketplace, taxpayers are steered to Medicaid or premium tax credits based on their income. If they applied at the marketplace but enrolled in Medicaid, they won't get a 1095-A.
 - 3a. A person who received APTC must file, regardless of income.
 - 3a. A person who purchased insurance in the marketplace will get a 1095-A and may be eligible for PTC on the tax return *whether or not* they received the credit in advance.
 - 3b. If the answer is No, this is a shared policy allocation (out of scope).

To be Completed by a Certified Volunteer Preparer (Use Publication 4012 and check the appropriate box(es) indicating Minimum Essential Coverage (MEC) for everyone listed on the return.)

Name (List dependents in the same order as in Part II)	MEC Entire Year	No MEC	Part Year MEC (mark months with coverage)	Exemption (mark months exemptions applies)	Exemption All Year	Notes
Taxpayer			J F M A M J J A S O N D	J F M A M J J A S O N D		
Spouse			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		

- Take good notes about months and type of coverage at intake.
- The preparer can continue that conversation and mark exemption months.

Intake Triage on Scope

	BASIC	ADVANCED Plus Basic Topics	OUT OF SCOPE
Insurance Status	<ul style="list-style-type: none"> Insurance from any source <i>except marketplace</i> No insurance* 	<ul style="list-style-type: none"> Marketplace coverage (1095-A), unless out of scope 	1095-A special circumstances <ul style="list-style-type: none"> <i>Shared policy allocation:</i> A person on Form 1095-A is not a taxpayer or dependent on the tax return. <i>(Optional) Alternative calculation for year of marriage:</i> If she (1) received APTC, (2) got married in 2016 and is filing jointly, and (3) received excess APTC (owes back) under the standard calculation. Self-employed health insurance tax deduction
Forms	Form 1095-B Form 1095-C	Form 1095-A(s) covering one or more people in the tax household	Form 1095-A that includes a person who is not on the tax return (shared policy).
<p>*Since most taxpayers have coverage all year, and some exemptions are complex, you may decide to assign uninsured taxpayers to more senior tax preparers.</p>			

PTC REFRESHER

To receive a premium tax credit, a person must:

- 1. Enroll in a Marketplace plan**
- 2. Have income between 100 and 400 percent of the federal poverty line (FPL)**
 - Individual: \$11,770 - \$47,080 Family of four: \$24,250 - \$97,000
 - *Exception for people with income below 100% FPL can claim PTC if they received APTC under the belief that they would be income-eligible for the credit.
- 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. Not eligible for (or enrolled in) 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)
 - *Many exceptions allow a person who received APTC to claim the credit despite eligibility for other coverage



Who Must File Form 8962

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 2015, Diane enrolls her 18 year old son, Danny, in 2016 coverage, assuming she will claim him as a dependent. At the end of the year, Danny cannot be claimed as a dependent. Danny 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!

Reconciliation

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

REPAYMENT LIMITS ON APTC (2016)		
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%	\$1,275	\$2,550
400% and above	None: Full repayment	None: Full repayment

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
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Part I Recipient Information

1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name
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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 adult 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. Don't wait.
 - If an error does affect the PTC calculation, get corrected information before filing. The consumer may be able to get the information over the phone.

Note: An incorrect second lowest cost silver plan (SLCSP) will not be amended.

- If the SLCSP is wrong, use the look-up tool to find the correct one to use on Form 8962 (FFM tool: www.healthcare.gov/tax-tool/)

PTC Reconciliation for 2015

- 4.8 million returns included Form 8962
- Average credit was \$2,987

Delays in Return Processing

- Many taxpayers received Letter 12C to request more information (1095-A, Form 8962, page 2 of 1040)
- If someone did not respond, their return may have been sent to exams for review and assessment.
 - Consider amending the tax return if the result of the exam seems inaccurate

Failure to File in 2015

Failure to File and Reconcile APTC for 2015

- People who did not file for 2015 will not have their marketplace coverage auto-renewed with APTC.
- Instead, the TP should file for TY2015, return to the marketplace, and attest to filing. This will reinstate APTC.
- 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.

Forms 1095-A, B, and C

Form 1095-A

Form 1095-A

- Issued by the Marketplace to people who enrolled in Marketplace coverage.
- Necessary to prepare Form 8962, which is required for people who received Advance Premium Tax Credits
- Corrections? Call the Marketplace that issued the form

Form 1095-B

Form 1095-B

- Issued by Medicaid, Medicare, insurers, and others who offer coverage.
- Individuals with coverage should receive this form.
- Useful in determining the months a person had coverage.

Form 1095-C

Form 1095-C

- Issued only by large employers (employers with 50 or more full-time EEs)
- Useful in determining the months a person had coverage or an offer of coverage and the cost of the offer of coverage. (May be helpful to calculate the affordability exemption.)
- Serves a dual purpose in (1) confirming that a taxpayer had coverage and (2) helping IRS determine whether an employer owes a shared responsibility payment for failure to offer affordable coverage.

Overlapping Coverage

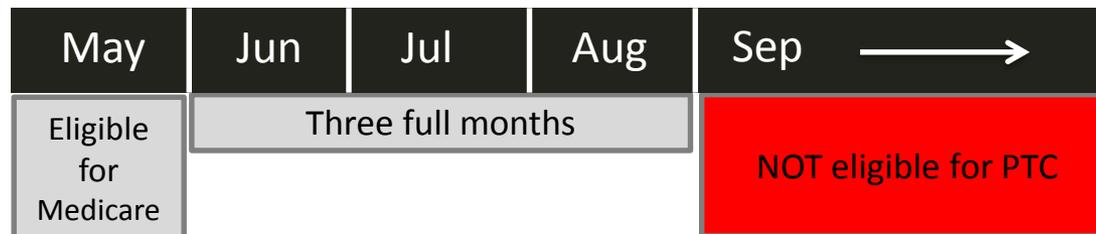
In general, to be eligible for PTC, the taxpayer must not be eligible for (or enrolled in) other minimum essential coverage (MEC).

- **Many exceptions!**
 - **For any coverage conflict:**
 - People who are eligible for PTC on the first day of the month are considered eligible for the full month (even if they become eligible for other coverage later that month, for instance.)
 - **If a person is enrolled in APTC but later determined eligible Medicaid:**
 - The person is generally eligible for PTC for the entire calendar year even if also enrolled in Medicaid for some of those months.

More exceptions!

- **Eligibility for Medicare:** A person loses eligibility for PTC when they become Medicare-eligible, even if they fail to enroll in Medicare. But the loss of eligibility doesn't occur until *the first day of the fourth full month* after the person became eligible for Medicare.

Example: Freddie is enrolled in Marketplace coverage with APTC. His 65th birthday is May 17 and he is eligible to enroll in Medicare.



If he continues in the marketplace the APTC all year:

- He'll owe back APTC for Sept–Dec.
- And when he enrolls in Medicare Part B, he'll pay a higher premium.

Overlapping Coverage

More exceptions!

- **Eligibility for Employer-Sponsored Coverage:** In general, a person is not eligible for PTC if they have an affordable, minimum value offer of coverage from an employer. If the employer is large, the coverage offer will be indicated on Form 1095-C. (There is no similar record for small employers.)

Form 1095-C Department of the Treasury Internal Revenue Service	Employer-Provided Health Insurance Offer and Coverage ▶ Do not attach to your tax return. Keep for your records. ▶ Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c	<input type="checkbox"/> VOID	OMB No. 1545-2251 2016
		<input type="checkbox"/> CORRECTED	

Part II Employee Offer of Coverage	Plan Start Month (Enter 2-digit number):												
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Required Contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													

- It's an affordable offer if: Line 14 says 1A
- Or Line 14 says 1B, 1C, 1D, or 1E and the cost on line 15 is less 9.66% of income
- This only tells you the cost of self-only coverage; family coverage may still be unaffordable.

Overlapping Coverage

More exceptions!

- **Eligibility for Employer-Sponsored Coverage:** A person is not eligible for PTC if they have an affordable, minimum value offer of coverage from an employer. If the employer is large, the coverage offer will be indicated on Form 1095-C. (There is no similar record for small employers.)
- **SAFE HARBOR:** If the taxpayer informed the marketplace of the cost of employer-sponsored coverage and they awarded APTC anyway, the taxpayer can claim PTC.
- **Ask:** Did you provide accurate information about the cost of employer-sponsored coverage? If so, and the person received APTC, disregard the offer of coverage – they are eligible for PTC (if all other requirements are met).

Example 1: Overlapping Coverage

- Sammie is offered health insurance at work.
- She reports the cost of coverage and the marketplace determined it was unaffordable.
- Sammie enrolls in marketplace coverage and receives APTC.
- At tax filing, she receives a Form 1095-C indicating she had affordable coverage.



Is Sammie required to repay her APTC?

- No, Sammie is protected by the safe harbor.

Example 2: Overlapping Coverage

- Sammie is auto-renewed. She doesn't report her employer-sponsored coverage at all.
- Form 1095-C indicates affordable coverage.

Is Sammie required to repay her APTC?

- Yes, the safe harbor does NOT apply because Sammie didn't accurately report the cost of employer-sponsored coverage.



TAXSLAYER

Enter Insurance Status

Health Insurance Questionnaire

Did you or your family have health insurance at any time in 2015?

Yes No

Below are some examples of healthcare plans that may be purchased or qualify as a purchased plan under the Affordable Care Act.

-  A private plan purchased from a health insurance company
-  An employer-sponsored health insurance plan or insurance through your work, spouse's work or parent's work
-  A university or college where you are enrolled
-  Your parent's health insurance plan if you're under age 26
-  A State Medicaid program

Health Insurance Questionnaire

Did you purchase health insurance via HealthCare.gov or a State Marketplace?

Yes No

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Verify Household

Verify Your Household Members

If there are additional household members that are listed as a dependent, click the "Dependents" button below. If you have additional family members that are neither a spouse nor a dependent, click "Add a New Member."

First Name	Last Name	SSN	Date of Birth
VALERIE	SINCLAIR	259-00-0001	4/29/1968
PATRICK	SINCLAIR	541-00-0001	6/6/2007
ETHAN	SINCLAIR	542-00-0001	1/1/1991

+ Dependents

+ Add a New Member

+ Dependents

This box will add a dependent to the tax return.

+ Add a New Member

This box will add a person to the tax return for *ACA coverage and penalty purposes*.

Rule: The TP is responsible for coverage for any person they claim or could claim as a dependent.

Warning: Do not add a person who is on Form 1095-A but not on the tax return (shared policy). That's not an accurate way to reconcile APTC.

Enter Insured Months

Months Insured

Was your entire household insured for all 12 months of 2015?

Yes No

Please enter the number of months insured for each household member.

Name	Months Insured
VALERIE SINCLAIR	10
PATRICK SINCLAIR	10
ETHAN SINCLAIR	0

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[✓ Continue](#)

Specify Insured Months (VALERIE SINCLAIR)

Please specify the months that VALERIE SINCLAIR had minimum essential coverage

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> January | <input checked="" type="checkbox"/> February | <input checked="" type="checkbox"/> March |
| <input checked="" type="checkbox"/> April | <input checked="" type="checkbox"/> May | <input checked="" type="checkbox"/> June |
| <input checked="" type="checkbox"/> July | <input checked="" type="checkbox"/> August | <input checked="" type="checkbox"/> September |
| <input checked="" type="checkbox"/> October | <input type="checkbox"/> November | <input type="checkbox"/> December |

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[✓ Continue](#)

Advanced Premium Tax Credit (1095-A)

Did you receive a 1095-A statement or any Premium Tax Credits to assist you in paying for your health care for 2015?

Yes No

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[✓ Continue](#)

- If you answer No, you won't be asked additional questions about marketplace insurance.

Enter Form 1095-A Information

Do all Forms 1095-A include coverage for January through December, with no changes in monthly amounts?

Yes No

Please enter your annual Advance Premium Tax Credit information

Premium Amount (Form 1095-A, line 33A)

\$

Annual Premium Amount of SLCS (Form 1095-A, line 33B)

\$

Annual Advance Payment of PTC (Form 1095-A, line 33C)

\$

Enter annual or monthly information from Form 1095-A.

Do all Forms 1095-A include coverage for January through December, with no changes in monthly amounts?

Yes No

Please enter your monthly Advance Premium Tax Credit information

Month	Monthly Premium Amount (Form 1095-A, Part III, Column A)	Monthly Premium Amount of SLCS (Form 1095-A, Part III, Column B)	Monthly Advance Payment of PTC (Form 1095-A, Part III, Column C)
January	\$	\$	\$
February	\$	\$	\$
March	\$	\$	\$
April	\$	\$	\$

Dependent MAGI

Dependents' Modified AGI (if filing requirement)

Enter the AGI for your dependents from Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4; and Form 1040NR, line 37

\$

Enter any tax-exempt interest for your dependents from Form 1040, line 8b; Form 1040A, line 8b; Form 1040EZ, the amount written to the left of the line 2 entry space; and Form 1040NR, line 9b

\$

Enter any amounts for your dependents from Form 2555, lines 45 and 50, and Form 2555-EZ, line 18

\$

Enter for each of your dependents the difference, if any, between Form 1040, lines 20a and 20b; and Form 1040A, lines 14a and 14b

\$

- Dependent income is rarely needed because few dependents are required to file taxes.
- The income of a dependent with a tax filing requirement is included in the calculation of HHI (household income) for:
 - PTC
 - Income-based exemptions (income below filing threshold, Medicaid coverage gap) *except* gross income below filing threshold.
 - Shared responsibility payment (penalty)

Complex 1095-A Issues

Issue: I thought I would file jointly, but I'm MFS

- In general, a taxpayer cannot claim PTC if Married Filing Separately.
 - **Two exceptions:**
 - 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.

Advanced Premium Tax Credit (1095-A)

Did you receive a 1095-A statement or any Premium Tax Credits to assist you in paying for your health care for 2015?

Yes No

Check here if you are filing a separate return ONLY because you are a victim of domestic abuse or spousal abandonment.



Example: MFS with APTC

- Alma hasn't seen her husband in over a year. When she applied for health coverage, she said she was single. She was awarded APTC.
-
- At tax filing, Alma learned from her tax preparer that she is married filing separately.
 - Explain that a person cannot claim PTC if MFS, and ask if the domestic violence or abandonment exceptions apply
 - Abandonment might apply. Has she used due diligence to locate him?
 - Alma: He lives with his new girlfriend in Mason City. I could call him on his cell phone. But I don't have any interest in filing taxes with him.
 - Exception does not apply.** Enter 1095-A as it appears. TaxSlayer will trigger payback of the APTC received (up to the repayment cap).

Form 8962		(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						100
13	February						100
14	March						100

Issue: Multiple Forms 1095-A

- Many people have multiple 1095-As.
- Sometimes it's because of an actual change in plan selection. Or other changes, like a change in income, triggered a new "policy" in the enrollment system.

Form 1095-A

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	Column A	Column B	Column C
23 March			
24 April			
25 May	Add the premiums together	<ul style="list-style-type: none"> ▪ If <u>same state</u>, SLCSP should be the same. ▪ If <u>different states</u>, add them. ▪ Or use tool. 	Add the APTC together
26 June			
27 July			
28 August			
29 September			
30 October			

Example: Multiple Forms 1095-A

- Felicia and Murphy claim their 27-year-old daughter, Gwen, as a dependent. They enroll together as a household in the same plan but cannot be in the same “policy” (because Gwen is not a minor child and the plan won’t allow it.) They get separate Forms 1095-A.

Form 1095-A for Felicia and Murphy

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
33 Annual Totals	\$10,800	\$10,800	\$4,800

Form 1095-A for Gwen

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
33 Annual Totals	\$3,600	\$10,800	\$1,200

Do all Forms 1095-A include coverage for January through December, with no changes in monthly amounts?

Yes No

Please enter your annual Advance Premium Tax Credit information

Premium Amount (Form 1095-A, line 33A)

\$ 14,400 \$10,800 + \$3,600

Annual Premium Amount of SLCSP (Form 1095-A, line 33B)

\$ 10,800

Annual Advance Payment of PTC (Form 1095-A, line 33C)

\$ 6,000 \$4,800 + \$1,200

Issue: Failure to Pay Premiums

Form 1095-A

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	\$300	\$300	\$200
22 February	\$300	\$300	\$200
23 March	\$300	\$300	\$200
24 April	\$300	\$300	\$200
25 May		\$300	\$200

- There is a 3-month grace period for nonpayment. If the taxpayer doesn't catch up on all missed premiums, coverage is terminated retroactively as of the end of the first month of nonpayment.
- Taxpayer will owe back the APTC for that month of nonpayment.
- **OR** the taxpayer can pay the premium for the month prior to the tax deadline.
- If there are multiple months of APTC without a premium in column A, this is an error.

Example: Failure to Pay Premiums

- Greg had an unexpected car repair in April and could not afford to make his \$100 May premium for his marketplace insurance. He paid half of his June premium (\$50), which the insurer applied to May's overdue premium.

Form 1095-A			
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	\$300	\$300	\$200
22 February	\$300	\$300	\$200
23 March	\$300	\$300	\$200
24 April	\$300	\$300	\$200
25 May		\$300	\$200

- Enter this into TaxSlayer and the program will trigger a repayment of the \$200 in APTC received in May.
- Even though Greg didn't pay his premium for May, he is still considered covered for that month!
- Alternative to repayment:** Greg can pay his portion of the May premium (\$50), request a new 1095-A, and avoid APTC repayment for that month.

Issue: Only Column A of Form 1095-A is Completed

Form 1095-A			
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	\$300	\$300	\$200
22 February	\$300	\$300	\$200
23 March	\$300	\$300	\$200
24 April	\$300		
25 May	\$300		

Warning! If you enter the Form 1095-A exactly as written, no PTC will be awarded.

Instead:

- Determine eligibility for the credit for the months a premium was paid.
- If she is eligible for the PTC, use the Tax Tool to look up the SLCSP for Column B (or call your state marketplace)

Example: Only Column A of Form 1095-A is Completed

- Carolina received APTC for marketplace coverage beginning January 1. At enrollment, she had a data-matching inconsistency on her income. It wasn't resolved in time and she lost her APTC but continued to pay the full premium for two months.
- Even though she didn't receive APTC in April and May, she meets all of the eligibility criteria for PTC.
- In TaxSlayer, enter the SLCSP for April and May. (If you're not sure of the SLCSP, look it up.)

Form 1095-A			
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	\$300	\$300	\$200
22 February	\$300	\$300	\$200
23 March	\$300	\$300	\$200
24 April	\$300	\$300	
25 May	\$300	\$300	

- Leave the APTC column BLANK for those months

Review Tips

Review the Return Carefully

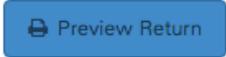
<p>39a or 39b or who can be claimed as a dependent, see instructions.</p> <p>• All others:</p> <p>Single or Married filing separately, \$6,300</p> <p>Married filing jointly or Qualifying widower, \$12,600</p> <p>Head of household, \$9,250</p>	44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44	1443
	45	Alternative minimum tax (see instructions). Attach Form 6251	45	
	46	Excess advance premium tax credit repayment. Attach Form 8962	46	600
	47	Add lines 44, 45, and 46	47	2043
	48	Foreign tax credit. Attach Form 1116 if required	48	
	49	Credit for child and dependent care expenses. Attach Form 2441	49	
	50	Education credits from Form 8863, line 19	50	
	51	Retirement savings contributions credit. Attach Form 8880	51	
	52	Child tax credit. Attach Schedule 8812, if required	52	1000
	53	Residential energy credits. Attach Form 5695	53	
54	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54		
55	Add lines 48 through 54. These are your total credits	55	1000	
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	1043	
Other Taxes	57	Self-employment tax. Attach Schedule SE	57	
	58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
	60a	Household employment taxes from Schedule H	60a	
	60b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b	
	61	Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>	61	448
	62	Taxes from: a <input type="checkbox"/> Form 8809 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> instructions; enter code(s)	62	
	63	Add lines 56 through 62. This is your total tax	63	1491
Payments	64	Federal income tax withheld from Forms W-2 and 1099	64	3200
	65	2015 estimated tax payments and amount applied from 2014 return	65	
	66a	Earned income credit (EIC)	66a	260
	b	Nontaxable combat pay election <input type="checkbox"/> 66b		
	67	Additional child tax credit. Attach Schedule 8812	67	
	68	American opportunity credit from Form 8863, line 8	68	
	69	Net premium tax credit. Attach Form 8962	69	
	70	Amount paid with request for extension to file	70	
71	Excess social security and tier 1 RRTA tax withheld	71		
72	Credit for federal tax on fuels. Attach Form 4136	72		
73	Credits from Form: a <input type="checkbox"/> 2438 b <input checked="" type="checkbox"/> Refined c <input type="checkbox"/> 8865 d <input type="checkbox"/>	73		
74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74	3460	
Refund	75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	1969

FRED ADAMS ▾

Summary

Print Results

Calculation Summary

 Preview Return

Form 1040 page:

1

2

 Summary View

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2015	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2015, or other tax year beginning		, 2015, ending		, 20
See separate instructions.				
Your first name and initial FRED	Last name ADAMS	Your social security number 777 00 1234		
If a joint return, spouse's first name and initial SANDY	Last name ADAMS	Spouse's social security number 777 00 1235		
Home address (number and street). If you have a P.O. box, see instructions. STRT		Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Austin TX 78704		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse		
Foreign country name	Foreign province/state/county	Foreign postal code		

Does Form 8962 Seem Correct?

Form 8962

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.

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	500	400	194	206	206	450
13 February	500	400	194	206	206	450
14 March	500	400	194	206	206	450
15 April	500	400	194	206	206	450
16 May	500	400	194	206	206	450
17 June		400	194	206		450
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	24	1030
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	1670
28 Repayment limitation (see instructions)	28	600
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	600

That can't be right

?????

?



Form 8962 Review

- If MFS, PTC is disallowed and all APTC is repaid. Does this taxpayer qualify for an exception?
 - Spousal abandonment
 - Domestic abuse

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 VALERIE SINCLAIR		Your social security number 259-00-0001
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	2
2a	Modified AGI. Enter your modified AGI (see instructions)	2a	40900
		b	12000
3	Household income. Add the amounts on lines 2a and 2b	3	52900

Form 8962 Review

Form 8962	Premium Tax Credit (PTC)	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962 .	2015 Attachment Sequence No. 73
Name shown on your return	Your social security number	
VALERIE SINCLAIR	259-00-0001	

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	2
2a	Modified AGI. Enter your modified AGI (see instructions)	2a	40900
b	Enter the total of your dependents' modified AGI (see instructions)	2b	12000
3	Household income. Add the amounts on lines 2a and 2b	3	52900

- Did I enter dependent income inappropriately?
 - Only enter if dependent has a filing requirement

line 3 by line 7 **88** | **4070** | 12. Round to whole dollar amount **88** | **301**

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.

- Line 9: TaxSlayer assumes that there is no out-of-scope issue.
 - Double check that everyone on Form 1095-A is on the tax return (no shared policy allocation)
 - If the taxpayer must repay PTC, did he or she get married in 2016? If so, the person may qualify to use the alternative marriage calculation.

What Can a Tax Preparer Tell a Person with a Repayment?

- 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 2017, encourage them to report their most recent income/dependent information to improve the accuracy of the 2017 income and household projection.

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