

VITA/TCE Advanced Topic: Reconciling the Premium Tax Credit

Current as of December 11, 2019

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: \$12,140 - \$48,560 Family of four: \$25,100 - \$100,400

- * **Exception:** People with income below 100% FPL can claim PTC if:
 - * (1) They received APTC under the belief they would be income-eligible for the credit, or
 - * (2) If they are lawfully-present immigrants ineligible for Medicaid.

3. Have an eligible filing status

PTC cannot be claimed by a person who is Married Filing Separately

- * **Exception:** Abused or abandoned spouses

PTC cannot be claimed on a dependent return (whoever claims an individual as a dependent can claim their PTC)

4. Not eligible for (or enrolled in) other minimum essential coverage (MEC)

Cannot be eligible for Medicare or most Medicaid/CHIP or affordable employer-sponsored coverage (regardless of whether the person is actually enrolled)

- * **Exception:** Some people may temporarily receive PTC despite eligibility for other coverage

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

File Form 8962 if:

- Any member of the tax family received APTC, or
- A member of the tax family purchased insurance in the Marketplace and did not receive PTC in advance but is eligible to claim it now, or
- The taxpayer received advance payment of PTC for someone they *thought* would be claimed as a dependent but *is not* claimed and is on no one else's tax return.
 - *Example:* Diane enrolls her 19-year-old son, Danny, in marketplace 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, Diane must reconcile the PTC.



- **Get more:** 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.
- **Pay back:** If a taxpayer receives excess advance payments of the PTC, some or all of it must be paid back.

REPAYMENT LIMITS (TY 2019)		
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%	\$800	\$1,600
At least 300% but less than 400%	\$1,325	\$2,650
400% and above	None: Full repayment	None: Full repayment

Form 1095-A Department of the Treasury Internal Revenue Service	Health Insurance Marketplace Statement ▶ Do not attach to your tax return. Keep for your records. ▶ Go to www.irs.gov/Form1095A for instructions and the latest information.	<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	OMB No. 1545-2232 2019
Part I Recipient Information			
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	\$1100	\$1041	\$925
22 February	This is the entire plan premium (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) there was an unreported change. If this is blank, that month's PTC won't calculate! Get the correct figure at: healthcare.gov/Tax-Tool or from your state-based marketplace	Advance payment of PTC
23 March			
24 April			
25 May			
26 June			

What if the 1095-A is wrong?

- If the SLCSP is wrong or missing, use the look-up tool to find the correct one to use on Form 8962 (healthcare.gov tool: www.healthcare.gov/tax-tool). The marketplace will not send a corrected Form 1095-A to correct a SLCSP.
- Otherwise, 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.



Health Insurance Questionnaire

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

☒ Yes

☐ No

Verify Your Household Members



If you have additional family members that are neither a spouse nor a dependent, click ["Add a New Household Member."](#)

If you need to add or remove dependents, [click here to go to Personal Information.](#)

+ Household Member

Name - TAXPAYER ONE

SSN - 200-00-0001

Date of Birth - 1/1/1988

Name - CHILD ONE

SSN - 200-00-1001

Date of Birth - 1/2/2013



If you wish to override the calculated Tax Family Size please [click here.](#)

Add a New Household Member only if there is a non-filing, non-dependent whose credit the taxpayer must reconcile.

But be careful! If a non-dependent is listed on Form 1095-A and will be on another tax return, that's a "shared policy allocation."



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 2018? *

☒ Yes

☐ No

Form 1095-A	Health Insurance Marketplace Statement ▶ Do not attach to your tax return. Keep for your records. ▶ Go to www.irs.gov/Form1095A for instructions and the latest information.	<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	OMB No. 1545-2232 <div style="font-size: 2em; font-weight: bold;">2019</div>	
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		
7 Recipient's spouse's name	8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth		
10 Policy start date	11 Policy termination date	12 Street address (including apartment no.)		
13 City or town	14 State or province	15 Country and ZIP or foreign postal code		
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				
17				

Requirement to Repay *All* APTC

Advanced Premium Tax Credit (1095-A)

Are you required to repay all of the APTC received? In most cases, the answer is NO. ONLY answer YES if you were not considered lawfully present in the U.S. or you meet the Health Coverage Tax Credit criteria. Note: We will automatically calculate a full repayment of APTC when MAGI is greater than 400 percent of Federal Poverty Line.

☐ Yes

☐ No

Nearly everyone should answer NO

- People who are eligible to claim the PTC
- Most people who are NOT eligible to claim PTC, such as people who are married filing separately or who have other health insurance coverage – they have a repayment cap!

Very few people should answer YES to trigger repayment of *all* APTC

- People who are not lawfully present and received APTC only for themselves.
 - If a citizen or qualified immigrant on the return also received APTC, the calculation is more complicated and is out of scope
- People who received APTC and Health Coverage Tax Credit (HCTC) payments
- People with income at 401% FPL or above (TaxSlayer will trigger repayment regardless of your answer here)

Requirement to Repay *All* APTC

Advanced Premium Tax Credit (1095-A)

Are you required to repay all of the APTC received? In most cases, the answer is NO. ONLY answer YES if you were not considered lawfully present in the U.S. or you meet the Health Coverage Tax Credit criteria. Note: We will automatically calculate a full repayment of APTC when MAGI is greater than 400 percent of Federal Poverty Line.

☐ Yes

☐ No

Form 8962

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	10501
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	11900
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 Schedule 5 (Form 1040), line 70, or Form 1040NR, line 65. If line 24 equals line 25, enter -0-. 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	1399
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 Schedule 2 (Form 1040), line 46, or Form 1040NR, line 44	29	1399

Tip!

- Line 28 should show a repayment cap when income is 400% FPL or below.
- If it doesn't show a repayment cap, check your answer to this question.

Is your household income below 100% of the Federal poverty line, and do you meet all of the requirements under either "Estimated household income at least 100% of the Federal poverty line" or "Alien lawfully present in the United States"?

☐ Yes

☒ No

Rule: A person with income under 100% FPL can claim the PTC if they were enrolled in marketplace coverage and received APTC.

NO triggers repayment for people with income below 100% FPL

- **TaxSlayer defaults to NO.** This is the **wrong answer** for most clients!

YES applies to most people

- Taxpayers fall into the noted exceptions if:
 - At application, the taxpayer projected having income above 100% FPL and received APTC on that basis, or
 - The person is a lawfully present immigrant who is ineligible for Medicaid due to immigration status.

Form **8962** **Premium Tax Credit (PTC)** OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service **2019** Attachment Sequence No. **73**
 Name shown on your return **JANE TAXPAYER** Your social security number **200-00-0002**
 You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception (see instructions). If you qualify, check the box ☐

Part I Annual and Monthly Contribution Amount

1 Tax family size. Enter your tax family size (see instructions) **1** **1**
 2a Modified AGI. Enter your modified AGI (see instructions) **2a** **8000**
 b Enter the total of your dependents' modified AGI (see instructions) **2b**
 3 Household income. Add the amounts on lines 2a and 2b (see instructions) **3** **8000**
 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 **4** **12140**
 5 Household income as a percentage of federal poverty line (see instructions) **5** **65 %**
 6 Did you enter 401% on line 5? (See instructions if you entered less than 100%.)
☐ No. Continue to line 7.
☒ Yes. You are not eligible to take the 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. Round to nearest whole dollar amount **8a** **5200** **b** Monthly contribution amount. Divide line 8a by 12. Round to nearest whole dollar amount **8b**

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, Allocation of Policy Amounts, 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						4200
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 8a or alternative marriage monthly calculation)	(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						
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						4200
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 Schedule 3 (Form 1040 or 1040-SR), line 9, or Form 1040-NR, line 65. If line 24 equals line 25, enter -0-. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27						

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** **4200**
 28 Repayment limitation (see instructions) **28** **300**
 29 Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Schedule 2 (Form 1040 or 1040-SR), line 2, or Form 1040-NR, line 44 **29** **300**

For Paperwork Reduction Act Notice, see your tax return instructions.
 Form **8962** (2019)

- Double-check this question if a person with income below 100% FPL has *any* repayment.



Entering 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 annual Advance Premium Tax Credit information

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

\$

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

\$

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

\$

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 SLCSP (Form 1095-A, Part III, Column B)	Monthly Advance Payment of PTC (Form 1095-A, Part III, Column C)
January	<div>\$ </div>	<div>\$</div>	<div>\$</div>

Dependent MAGI

Dependents' Modified AGI (if filing requirement)

Enter the AGI for your dependents from Form 1040, line 7; and Form 1040NR, line 36

Enter any tax-exempt interest for your dependents from Form 1040, line 2a; 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 5a and 5b

Note: The higher dependent filing threshold means very few dependents have a tax filing requirement so this screen should almost always be blank.

Tax Dependent Filing Requirement (2019)

A single dependent under age 65 has a tax filing requirement if any of the following are true:

Unearned income is more than:

\$1,100

Earned income is more than:

\$12,200

Taxable gross income is more than the larger of:

\$1,100

Earned income (up to \$11,850) + \$350

Complex Form 1095-A Issues

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

Rule: In general, a taxpayer cannot claim PTC if Married Filing Separately.

Two exceptions

**Each exception can be used for a maximum of 3 years*

- ***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 with reasonable diligence

Is your household income below 100% of the Federal poverty line, and do you meet all of the requirements under either "Estimated household income at least 100% of the Federal poverty line" or "Alien lawfully present in the United States"?

☒ Yes

☐ No

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

Safety valve

If the taxpayer is MFS and no exception applies, the taxpayer is still protected by the repayment cap (if income is below 401% FPL.)

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, you inform Alma that her filing status is married filing separately.
- Explain that a person cannot claim PTC if MFS. To avoid repayment, ask if the domestic violence or abandonment exceptions apply.
 - Here, abandonment might apply. Has she used due diligence to locate him?
 - Alma: He lives with his new girlfriend in Arlington. 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

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						100
13 February						100
						100

Issue: Multiple Forms 1095-A

- Many people have multiple 1095-As.
- Sometimes it's because of an actual change in plan selection. Other changes, like a change in income, can also trigger a new form.

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	<div style="border: 2px solid blue; padding: 5px; text-align: center;"> Add the premiums together </div>	<div style="border: 2px solid red; padding: 5px; text-align: center;"> ▪ If <u>same state</u>, SLCSP should be the same. ▪ If <u>different states</u>, add them. ▪ Or use tool. </div>	<div style="border: 2px solid purple; padding: 5px; text-align: center;"> Add the APTC together </div>
22 February			
23 March			
24 April			
25 May			
26 June			
27 July			
28 August			
29 September			

Example: Multiple Forms 1095-A

- Felicia and Murphy properly claim their 27-year-old daughter, Gwen, as a dependent. They enroll together as a household in the same plan but cannot be on the same policy. They get separate Form 1095-As.

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	\$12,000	\$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)

\$ 15,600

\$12,000 + \$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	\$545	\$525	\$450
22 February	\$545	\$525	\$450
23 March	\$545	\$525	\$450
24 April		\$525	\$450

- If the taxpayer misses a premium, the monthly enrollment column will be blank.
 - If there are multiple months of APTC without a premium in column A, this is likely an error. Call the marketplace.
- Two options:
 - Taxpayer must repay the APTC for that month of nonpayment, or
 - The taxpayer can pay the premium for the month prior to the tax deadline.
- Here, the enrollee's share of the premium is \$95 (\$545 - \$450) so it will be less expensive to pay the insurer one month of premium than to repay one month of APTC (\$450).

Example: Failure to Pay Premiums

- Greg had an unexpected car repair in March and could not afford to make his April insurance premium. He made no other payments and his coverage was canceled, retroactive to the end of April.

Form 8962						
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 calculation)	(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	1032	1032	88	944	944	980
13 February	1032	1032	88	944	944	980
14 March	1032	1032	88	944	944	980
15 April						980

- TaxSlayer will trigger a repayment* of \$980 in APTC received for April. (*up to repayment cap)
- Alternative to repayment:**
 - Greg can pay his portion of the April premium (\$52, which is the monthly enrollment premium minus the monthly APTC) to claim APTC for April.
 - After he pays, he should request a new 1095-A from the marketplace.

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		

- If the taxpayer didn't receive APTC in a month, the SLCSP column may be blank. The software won't calculate PTC for those months, even if the taxpayer is eligible.
- Determine PTC eligibility for any months a premium was paid.
- If she is eligible for the PTC, enter a SLCSP.
 - Use the SLCSP for the other months if the household is the same, or
 - Look up the correct SLCSP at healthcare.gov/Tax-Tool (or your state marketplace)

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

- Carolina failed to reconcile her APTC for 2017 and so wasn't eligible for APTC in early 2019. She eventually filed her 2017 tax return and APTC was reinstated starting in March.

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

- Even though she didn't receive APTC in January and February, she meets all the eligibility criteria for PTC.
- In TaxSlayer, enter the SLCSP for January and February. This is the only part of Form 1095-A you should change.
- Leave the APTC column BLANK for January and February since she didn't receive the advance credit for those months.

Forms 1095-A, B, and C

Form 1095-A

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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

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Form 1095-B

- Issued by Medicaid, Medicare, insurers, and others who offer coverage.
- Useful in determining the months a person had coverage.

Form 1095-C

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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 individual coverage.
- Not foolproof! Eligibility for affordable employer-sponsored coverage doesn't necessarily mean someone is ineligible for PTC.

Overlapping Coverage

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

General Exception

- 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.)

Medicaid Exception

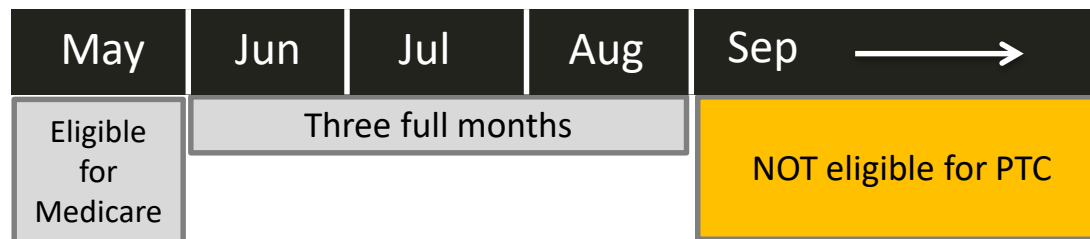
- If a person is enrolled in APTC but later determined eligible for Medicaid:
 - The taxpayer is generally eligible for PTC for the entire calendar year even if also enrolled in Medicaid for some of those months
 - PTC is allowed for months of retroactive Medicaid coverage



Medicare Exception

- A taxpayer who becomes eligible for Medicare loses PTC eligibility on the *first day of the fourth full month* after they became eligible for Medicare, whether or not they enrolled.

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



If he continues in the Marketplace with 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

Eligibility for Employer-Sponsored Coverage

- In general, a person is not eligible for PTC if they have an affordable offer of coverage from an employer.
 - For large employers, 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. Go to www.irs.gov/Form1095C for instructions and the latest information.						<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-2251 2019			
Part I Employee						Applicable Large Employer Member (Employer)							
1 Name of employee (first name, middle initial, last name)			2 Social security number (SSN)			7 Name of employer			8 Employer identification number (EIN)				
3 Street address (including apartment no.)						9 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 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)	1A												
15 Employee Required Contribution (see instructions)	\$ 99	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												

Safe Harbor: If the taxpayer informed the marketplace of the cost of employer-sponsored coverage, and it awarded APTC anyway, the taxpayer can claim PTC.

- Ask: Did you provide accurate information about the cost of employer-sponsored coverage?

- Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)
 - A small employer can fund a tax-free employee account for reimbursement of medical expenses, including a marketplace plan
- If the QSEHRA is affordable, no PTC is allowed.
- If the QSEHRA is unaffordable, PTC is allowed but is reduced by the amount in the QSEHRA.
 - If the marketplace awarded PTC, the affordability safe harbor applies. The only question is what amount of PTC the taxpayer can claim.
 - **To determine PTC, subtract the QSEHRA contribution from the otherwise-allowed PTC**
 - The QSEHRA contribution is reported on W-2, Box 12, with Code FF
 - This can't be done in TaxSlayer
 - See Publication 974



Review Tips

Calculation Summary

[GO TO LAST CHECKPOINT](#)[BACK](#)[VIEW/PRINT RETURN](#)[CONTINUE](#)

Form 1040 page: 1 2 3

[Prior Year Comparison](#)[Summary View](#)

Form 1040	Department of the Treasury—Internal Revenue Service	(99)	2018	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
U.S. Individual Income Tax Return					
Filing status: <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately <input checked="" type="checkbox"/> Head of household <input type="checkbox"/> Qualifying widow(er)					
Your first name and initial TAXPAYER		Last name ONE		Age: 31	Your social security number 200 00 0001

Review the Return Carefully

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Form 8962	Premium Tax Credit (PTC)	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form8962 for instructions and the latest information.	2019 Attachment Sequence No. 73
Name shown on your return TAXPAYER ONE	Your social security number 200-00-0001	

SCHEDULE 2 (Form 1040 or 1040-SR)	Additional Taxes	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040 or 1040-SR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.	2019 Attachment Sequence No. 02
Name(s) shown on Form 1040 or 1040-SR TAXPAYER ONE	Your social security number 200-00-0001	
Part I Tax		
1 Alternative minimum tax. Attach Form 6251	1	
2 Excess advance premium tax credit repayment. Attach Form 8962	2	600
3 Add lines 1 and 2. Enter here and include on Form 1040 or 1040-SR, line 12b	3	600

SCHEDULE 3 (Form 1040 or 1040-SR)	Additional Credits and Payments	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040 or 1040-SR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.	2019 Attachment Sequence No. 03
Name(s) shown on Form 1040 or 1040-SR TAXPAYER ONE	Your social security number 200-00-0001	
Part I Nonrefundable Credits		
1 Foreign tax credit. Attach Form 1116 if required	1	
2 Credit for child and dependent care expenses. Attach Form 2441	2	
3 Education credits from Form 8863, line 19	3	
4 Retirement savings contributions credit. Attach Form 8880	4	
5 Residential energy credit. Attach Form 5695	5	
6 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	6	
7 Add lines 1 through 6. Enter here and include on Form 1040 or 1040-SR, line 13b	7	
Part II Other Payments and Refundable Credits		
8 2018 estimated tax payments and amount applied from 2018 return	8	
9 Net premium tax credit. Attach Form 8962	9	920

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

Form 8962 Department of the Treasury Internal Revenue Service	Premium Tax Credit (PTC)	OMB No. 1545-0074
	▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form8962 for instructions and the latest information.	2019 Attachment Sequence No. 73
Name shown on your return TAXPAYER ONE	Your social security number 200-00-0001	
You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception (see instructions). If you qualify, check the box		<input type="checkbox"/>

Form 8962 Department of the Treasury Internal Revenue Service	Premium Tax Credit (PTC) ▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form8962 for instructions and the latest information.	OMB No. 1545-0074 2019 Attachment Sequence No. 73
Name shown on your return TAXPAYER ONE		Your social security number 200-00-0001
You cannot take the PTC if your filing status is married filing separately unless you qualify 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 your tax family size (see instructions)		1 2 25000
2a Modified AGI. Enter your modified AGI (see instructions)		2a 25000
b Enter the total of your dependents' modified AGI (see instructions)		2b 5000
3 Household income. Add the amounts on lines 2a and 2b (see instructions)		3 30000
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 16460
5 Household income as a percentage of federal poverty line (see instructions)		5 182 %
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 take the PTC. If advance payment of the PTC was made, see the instructions for how to report your excess advance PTC repayment amount.		

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

Tax Dependent Filing Requirement (2019)			
A single dependent under age 65 has a tax filing requirement if any of the following are true			
Unearned income is more than:	Earned income is more than:	Taxable gross income is more than the larger of:	
\$1,100	\$12,200	\$1,100	Earned income (up to \$11,850) + \$350

Form 8962

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	15000
b	Enter the total of your dependents' modified AGI (see instructions)	2b	
3	Household income. Add the amounts on lines 2a and 2b (see instructions)	3	15000
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	15930
5	Household income as a percentage of federal poverty line (see instructions)	5	94 %
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 checked="" type="checkbox"/> Yes. You are not eligible to take the PTC. If advance payment of the PTC was made, see the instructions for how to report your excess advance PTC repayment amount.		

- Line 6: If YES is checked on Form 8962, line 6, it's probably wrong!
- A taxpayer can claim the PTC with income below 100% FPL if:
 - At application, the taxpayer projected having income above 100% FPL and received an advance credit on that basis.
 - The person is a lawfully present immigrant who is ineligible for Medicaid due to immigration status.

Is your household income below 100% of the Federal poverty line, and do you meet all of the requirements under either "Estimated household income at least 100% of the Federal poverty line" or "Alien lawfully present in the United States"?

☐ Yes

☒ No

Form 8962

Part I Annual and Monthly Contribution Amount			
1	Tax family size. Enter your tax family size (see instructions)	1	1
2a	Modified AGI. Enter your modified AGI (see instructions)	2a	49000
b	Enter the total of your dependents' modified AGI (see instructions)	2b	
3	Household income. Add the amounts on lines 2a and 2b (see instructions)	3	49000
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	12060
5	Household income as a percentage of federal poverty line (see instructions)	5	401 %
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 checked="" type="checkbox"/> Yes. You are not eligible to take the PTC. If advance payment of the PTC was made, see the instructions for how to report your excess advance PTC repayment amount.		

- If income is 401% FPL, the taxpayer must repay all APTC.
- Did you consider:
 - Married filing separately?
 - Adjustments such as making a deductible IRA contribution or contributing to a health savings account?

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.

- Line 9: Is there an out-of-scope issue to consider?
 - Double check that everyone on Form 1095-A is on the tax return. If someone is on Form 1095-A but filing a separate return, it's a shared policy allocation.
 - If the taxpayer must repay PTC, did he or she get married in 2019? If so, the person may qualify to use the alternative marriage calculation.
- **Shared policy allocation:** Multiple tax families are on one Form 1095-A.
 - Taxpayers divorced or legally separated in 2019, or
 - Taxpayers are married but filing separate returns, or
 - No APTC is calculated, or
 - Other situations (typically involving a non-dependent child on the parent's marketplace policy)

Form 8962 Review

- If a credit was not allowed in a month, do I understand why? Can the taxpayer take steps to avoid repayment?

Form 8962

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 calculation)	(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	1032	1032	88	944	944	950	
13 February	1032	1032	88	944	944	950	
14 March	1032	1032	88	944	944	950	
15 April	1032	1032	88	944	944	950	
16 May	1032		88			950	
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					24	3776
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	4750
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 Schedule 3 (Form 1040 or 1040-SR), line 9, or Form 1040-NR, line 65. If line 24 equals line 25, enter -0-. 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	974
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 Schedule 2 (Form 1040 or 1040-SR), line 2, or Form 1040-NR, line 44					29	600

- If there's a repayment, can it be minimized?
 - Be sure repayment caps are applied!
 - Lowering household income:
 - Contribute to a deductible IRA?
 - Make an HSA contribution?
 - Changing filing status:
 - If the taxpayer's income is over the repayment cap, is it beneficial for the taxpayer to file as MFS instead of MFJ to bring income under 400% FPL?
 - If the taxpayer's income is under the repayment cap, is it beneficial for the taxpayer to file as Single to get the lower cap?

Form 8962			
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	974
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 Schedule 2 (Form 1040 or 1040-SR), line 2, or Form 1040-NR, line 44	29	600

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

- Try to determine why the taxpayer's advance payment was too high:
 - Do you suspect the Form 1095-A is incorrect?
 - Did they make an error in estimating their income 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?
- 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 2020, encourage them to report their most recent income/dependent information to improve the accuracy of the 2020 income and household projection.



Failure to Reconcile

Delays in Return Processing

- Many taxpayers received Letter 12C to request more information
 - Generally, send Form 1095-A, Form 8962, and page 2 of Form 1040
 - Do not amend
- If someone did not respond, their return may have been sent to exams for review and assessment
 - Consider amending the tax return

IRS Department of the Treasury
Internal Revenue Service
STOP 6120
KANSAS CITY MO 64999

OMB Clearance No.: 1545-0074
In reply refer to: 0927866802
May 25, 2016 LTR 12C 0 R
[REDACTED] 201612-30
Input Up: 0927866802 00002941
BODC: WI

034659

Social security number: [REDACTED]
BATCH 21608,10 09207-114-69932-6

Dear Taxpayer:

We received your Dec. 31, 2015, Form 1040EZ federal individual income tax return, but we need more information to process the return accurately. Unless required otherwise, send us your reply within 20 days from the date of this letter.

Enclose only the information requested and any forms, schedules or other information required to support your entries and a copy of this letter. Don't send a copy of your return unless we ask you to do so. Don't respond with a Form 1040X, Amended U.S. Individual Income Tax Return. We'll issue any refund due to you in about 6 to 8 weeks from the time we receive your response. If we don't receive a response from you, we may have to increase the tax you owe or reduce your refund.

To obtain the forms, schedules, or publications to respond to this letter, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

According to our records, advance payments of the premium tax credit were made for health care coverage from the Health Insurance Marketplace for you or someone listed on your return. You're required to reconcile the advance payment amount on your tax return using Form 8962, Premium Tax Credit, with the premium tax credit you are allowed on your return. If you don't reconcile, you won't be eligible for advance payments of the premium tax credit or cost-sharing reductions to help pay for your Marketplace health insurance coverage in 2017.

You should have received a Form 1095-A, Health Insurance Marketplace Statement, from the Health Insurance Marketplace. Refer to the Form 1095-A to complete Form 8962. If you didn't receive a Form 1095-A, visit www.healthcare.gov or your state Marketplace website.

The computation of Form 8962 may lead to a change to your tax return. If so, don't send us a Form 1040X to amend your return. Send us the following documents:

- a completed Form 8962
- a copy of your Form 1095-A
- a newly computed page 2 of your tax return with your original signatures, showing the transferred amount from Form 8962, if



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