



ACA: What Tax Preparers Need to Know

Part III – ACA Examples

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Important Notes:

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

- **What's New in TaxWise (Practice Lab)**
- **Examples**

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>
- Publication 4012 <https://www.irs.gov/pub/irs-pdf/p4012.pdf>
- Healthcare.gov Lowest Cost Bronze Plan (LCBP) Tool
<https://www.healthcare.gov/taxes/tools/bronze>
- Healthcare.gov Second Lowest Cost Silver Plan (SLCSP) Tool
<https://www.healthcare.gov/taxes/tools/silver>
- Adult Medicaid eligibility levels <http://kff.org/health-reform/state-indicator/medicaid-income-eligibility-limits-for-adults-as-a-percent-of-the-federal-poverty-level/>
- Child Medicaid eligibility levels <http://kff.org/health-reform/state-indicator/medicaid-and-chip-income-eligibility-limits-for-children-as-a-percent-of-the-federal-poverty-level/>

ACA in TaxWise

As of 11/16/2015

ACA Page 1: Asks questions about the insurance/exemption status of the household and of individuals

ACA Page 2: Calculates the individual shared responsibility payment (SRP)

US	Affordable Care Act Worksheet	2015
Name: FRED & SANDY TESTER		SSN: [REDACTED]
Did the taxpayer, spouse, or any dependent receive insurance through the Marketplace? See Form 8962		<input type="radio"/> Yes <input checked="" type="radio"/> No
Was the taxpayer, spouse, or any dependent granted a Marketplace exemption or do you want to apply for a Marketplace, household income, or gross income exemption? See Form 8965		<input type="radio"/> Yes <input checked="" type="radio"/> No

Two new **household questions** at the top:

1. Did someone purchase Marketplace coverage?
 - If yes, Form 8962 will be added and required
2. Will someone claim any exemption?
 - If yes, Form 8965 will be added and required

FRED TESTER

- Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year
- Had minimum essential coverage and / or is applying for or was granted an exemption for part of the year
- Did not have minimum essential coverage and is not claiming an exemption for any part of the year

Check the boxes for each month this person did not have minimum essential coverage and is **NOT** claiming an exemption on Form 8965

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

- The first box indicates coverage OR exemption for the full year. If there is no shared responsibility payment (SRP) in any month, check this box.
- How will TaxWise know whether to check the box on Line 61 to indicate full-year coverage for everyone?
 - The box will be checked if you do two things:
 - ✓ Indicate in the Household Questions that there is no exemption (no Form 8965) on this return, and
 - ✓ Check the first box indicating full-year MEC (or exemption) for each individual on the tax return

New ACA Worksheet: Part-Year Shared Responsibility Payment 7

FRED TESTER ▶

- Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year
- Had minimum essential coverage and / or is applying for or was granted an exemption for part of the year
- Did not have minimum essential coverage and is not claiming an exemption for any part of the year

Check the boxes for each month this person did not have minimum essential coverage and is **NOT** claiming an exemption on Form 8965

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

- Check this box for some months with a shared responsibility payment and some months without
- Checking this middle box will make the month boxes red and require a response. Check the months with no coverage and no exemption (i.e., penalty months)

FRED TESTER

- Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year
- Had minimum essential coverage and / or is applying for or was granted an exemption for part of the year
- Did not have minimum essential coverage and is not claiming an exemption for any part of the year

Check the boxes for each month this person did not have minimum essential coverage and is **NOT** claiming an exemption on Form 8965

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

- Check this box if the person has no coverage and no exemption and will make a payment for the entire year
- **Important!** No month boxes are highlighted. Checking/unchecking boxes will not change the SRP calculation on ACA Page 2.
- **Quality Review Tips:**
 - Look carefully at whether the second or third options are checked. Do not check the third option (full-year SRP) and month boxes.
 - Review ACA Page 2

6	Sum of the number of boxes checked on line 1 above for the year		12
7	Modified AGI for this return	15000	
	Enter the total modified AGI for any dependent included in this return who is required to file a tax return - F3 if zero		
	Household income	0	15000
8	Filing threshold		13250
9	Subtract line 8 from line 7		1750
10	Multiply line 9 by 2%		35
11	Is line 10 more than \$975?		
	<input type="checkbox"/> Yes. Multiply line 10 by the number of months for which line 1 is more than zero.		
	<input checked="" type="checkbox"/> No. Amount calculated based on worksheet B		3737.5
12	Divide line 11 by 12		311
13	Multiply line 6 by \$207		2484
14	Smaller of line 12 or line 13		311

- For the SRP calculation to be correct, you must have entered all income
- Line 7 is a required field if at least one dependent is listed on the return
 - Remember: ONLY enter the dependent’s modified AGI (MAGI) if the dependent has a tax filing requirement (Pub. 4012, A-2)
 - Otherwise, hit F3

- After completing the return, ask: Does the amount on Line 61 make sense?

Taxes		59	60
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		
60a	Household employment taxes from Schedule H	60a	
b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b	
61	Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>	61	325

- Review Form 1040, Line 61
 - Should the taxpayer owe any SRP at all? If not, Line 61 should be blank.
 - If the taxpayer does owe SRP, is it based on a flat-dollar amount (relatively lower income person) or a percentage of income (relatively higher income person)?
 - Is the penalty amount prorated or owed for the full year?

- **During intake:**
 - Have a detailed conversation about coverage months to complete the Intake Form
- **Preparing the return:**
 - If everyone had coverage all year, complete the ACA Wkt first
 - For months without coverage, **prepare the rest of the tax return**, consider exemptions, and complete the ACA Wkt last
 - Start with household exemptions (Form 8965, Lines 7a & 7b)
 - Then consider individual exemptions (annual/monthly)
 - Complete Form 8965 if any exemption applies
 - Complete ACA Wkt, Pages 1 & 2.
 - Check Line 61.
 - Correct Intake Form

Basic-Level Examples

Example 1

- Fred and Sandy are MFJ.
- They have two tax dependents: 27-year-old daughter, Janey, and Janey's infant daughter, Ava.
- Janey briefly worked part-time but earned less than \$4,000. She is a dependent with no filing requirement.
- They live in Texas, a Medicaid non-expansion state and have household income above 138% FPL.



Example 1

Fred and Sandy had coverage through Sandy’s employer all year.

Janey had coverage through her own employer from January to March and then enrolled in Medicaid when she found out she was pregnant. She had Medicaid coverage the rest of the year.

Ava was enrolled in Medicaid at birth in September.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Have health care coverage?
<input type="checkbox"/>	<input checked="" 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 checked="" 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, Receive an advanced payment from the Marketplace to help pay your monthly health care payments?
<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 checked="" 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.

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	<input checked="" type="checkbox"/>		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	<input checked="" type="checkbox"/>		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 Janey	<input checked="" type="checkbox"/>		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 Ava			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		

Example 1

Everyone but Ava had coverage in every month

What is Ava's coverage requirement?

- Remember: The coverage requirement applies to FULL months alive.
- Ava is considered covered in months prior to and including the month of birth. She only needs coverage Oct – Dec. (But here, she actually had coverage Sept – Dec.)

How do we report Ava's coverage?

- Since everyone else on the return had coverage, check the first box for coverage/exemption all year.

AVA TESTER

- Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year
 Had minimum essential coverage and / or is applying for or was granted an exemption for part of the year
 Did not have minimum essential coverage and is not claiming an exemption for any part of the year

Check the boxes for each month this person did not have minimum essential coverage and is **NOT** claiming an exemption on Form 8965

- January February March April May June July
 August September October November December

Example 1: Variation

Fred and Sandy had coverage through Sandy's employer all year.

Janey **was uninsured until April**, when she found out she was pregnant and enrolled in Medicaid. She had Medicaid coverage the rest of the year.

Ava was enrolled in Medicaid at birth in September.

What are the gaps in coverage?

- Ava: Jan – Aug
- Janey: Jan – Mar

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	X		J F M A M J J A S O N D	J F M A M J J A S O N D		Employer
Spouse	X		J F M A M J J A S O N D	J F M A M J J A S O N D		Employer
Dependent Janey			J F M A M J J A S O N D	J F M A M J J A S O N D		Medicaid: Apr-Dec
Dependent Ava			J F M A M J J A S O N D	J F M A M J J A S O N D		Medicaid: Sept-Dec
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		

Example 1: Variation

No household exemptions apply

Do any individual exemptions apply?

- Ava is required to have coverage October to December, but the way we report it changes because we can't otherwise "check the box" on Line 61.
- Ava is eligible for exemption Code H for months prior to and including month of birth.
- Complete the Form 8965 for Ava. Then complete the ACA Wkt and the Intake Form.

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.

If you need more space, use the continuation sheet to list additional individuals.

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
Name	SSN	Exemption type	Full year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
8 AVA TESTER	114-39-3931	H	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Form 8965

Did the taxpayer, spouse, or any dependent receive insurance through the Marketplace? See Form 8962 Yes No

Was the taxpayer, spouse, or any dependent granted a Marketplace exemption or do you want to apply for a Marketplace, household income, or gross income exemption? See Form 8965 Yes No

AVA TESTER Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year

ACA Page 1

Example 1 Variation

Do any individual exemptions apply for Janey?

- Janey had coverage April through Dec
- You determine she is ineligible for an exemption for Jan, Feb or March

JANEY TESTER

- Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year
 Had minimum essential coverage and / or is applying for or was granted an exemption for part of the year
 Did not have minimum essential coverage and is not claiming an exemption for any part of the year

Check the boxes for each month this person did not have minimum essential coverage and is **NOT** claiming an exemption on Form 8965

- January February March April May June July
 August September October November December

ACA Page 1

To correctly calculate the SRP, did Janey earn enough to require filing a tax return?

6 Sum of the number of boxes checked on line 1 above for the year

7 Modified AGI for this return

Enter the total modified AGI for any dependent included in this return who is required to file a tax return - F3 if zero

Household income

8 Filing threshold

9 Subtract line 8 from line 7

47000

0

3

47000

20600

26400

ACA Page 2

Example 1: Variation

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Have health care coverage?
<input type="checkbox"/>	<input checked="" 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 checked="" 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, Receive an advanced payment from the Marketplace to help pay your monthly health care payments?
<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 checked="" 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.

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	<input checked="" type="checkbox"/>		J F M A M J J A S O N D	J F M A M J J A S O N D		Employer
Spouse	<input checked="" type="checkbox"/>		J F M A M J J A S O N D	J F M A M J J A S O N D		Employer
Dependent Janey			J F M A M J J A S O N D	J F M A M J J A S O N D		Medicaid: Apr-Dec
Dependent Ava			J F M A M J J A S O N D	J F M A M J J A S O N D		Medicaid: Sept-Dec
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		Code H – Jan-Aug
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		

Example 2

- Jonah's only income was from his job as a concession worker at the local stadium.
- His Box 1 wages were \$8,500 and his federal withholding in Box 2 was \$137.
- He was uninsured all year.



Jonah isn't required to file a tax return. But if he does (e.g., to get his withholding or claim EITC), he can claim an exemption for having income below the filing requirement.

Did the taxpayer, spouse, or any dependent receive insurance through the Marketplace? See Form 8962 Yes No
 Was the taxpayer, spouse, or any dependent granted a Marketplace exemption or do you want to apply for a Marketplace, household income, or gross income exemption? See Form 8965 Yes No

JONAH TESTER Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year

ACA Page 1

Enter all income. **TaxWise will check Yes automatically on Line 7a if this exemption applies.** (It will not determine whether the 7b exemption applies.)

Part II: Coverage Exemptions for Your Household Claimed on Your Return

Filing threshold	10300
Household income from ACA worksheet	8500
Estimated gross income entered in this return	8500

7a Are you claiming an exemption because your household income is below the filing threshold? Yes No
7b Are you claiming a hardship exemption because your gross income is below the filing threshold? Yes No

Form 8965

Example 3

- You are preparing Anna's return.
- She divorced Mark in 2013 and has not remarried.
- Anna claims their daughter, Cindy Lou, as a dependent.



Example 3

Anna had coverage all year through her job. Mark added Cindy Lou to his job-based coverage.

Anna has one Form 1095-B from her insurer. It does not include Cindy Lou.

Form 1095-B		Health Coverage		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		560115 OMB No. 1545-2252									
Department of the Treasury Internal Revenue Service		▶ Information about Form 1095-B and its separate instructions is at www.irs.gov/form1095b .						2015							
Part I Responsible Individual															
1 Name of responsible individual Anna Tester			2 Social security number (SSN) XXX-XX-XXXX		3 Date of birth (If SSN is not available)										
4 Street address (including apartment no.) 110 Broadway St		5 City or town San Antonio		6 State or province TX		7 Country and ZIP or foreign postal code 78205									
8 Enter letter identifying Origin of the Policy (see instructions for codes): ▶ B				9 Small Business Health Options Program (SHOP) Marketplace identifier, if applicable											
Part II Employer Sponsored Coverage (see instructions)															
10 Employer name				11 Employer identification number (EIN)											
12 Street address (including room or suite no.)		13 City or town		14 State or province		15 Country and ZIP or foreign postal code									
Part III Issuer or Other Coverage Provider (see instructions)															
16 Name Big Ins Co			17 Employer identification number (EIN) XX-XXXXXX		18 Contact telephone number XXX-XXX-XXXX										
19 Street address (including room or suite no.) 101 Main St		20 City or town Lexington		21 State or province KY		22 Country and ZIP or foreign postal code 40512									
Part IV Covered Individuals (Enter the information for each covered individual(s).)															
(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months	(e) Months of coverage											
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
23 Anna Tester	XXX-XX-XXXX		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Anna is sure Cindy Lou is covered on her dad's plan.

Anna didn't provide Cindy Lou's coverage. Does that matter?

- No, it doesn't matter who enrolled or paid for Cindy Lou's coverage, as long as she has MEC.

Do you need to see Mark's 1095-B or -C to confirm Cindy Lou's coverage?

- No, if you determine Cindy Lou had MEC from the interview, it's not necessary.

ANNA TESTER

Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year

CINDY LOU TESTER

Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year

ACA Page 1

61 Health care: individual responsibility

Full-year coverage: |

Form 1040

Example 4

- Gregory and Alice are MFJ.
- Alice earns \$24,000 and is not offered coverage through her job.
- Gregory earns \$18,000 and enrolls in job-based insurance for himself for \$84/month. Gregory is insured for the entire year.
- Gregory's employer offers family coverage for \$98/week but they decide it's too expensive. Alice is uninsured all year.



Example 4

You determine that no other household or individual exemption applies for Alice, and you approach the Affordability Exemption.

- Start by adding the ACA Affordability Worksheet.

for part of the year

Did not have minimum essential coverage and is not

each month
ave minimum
nd is **NOT**
on on Form 89

March April
October Nove

and / or is applyin
and / or is applyin

for part of the year
 Did not have minimum essential coverage and is not

Add a Form

Search For:

	Form	Description
Add	1040 Aff Wkt	ACA Affordability Worksheet
Add	1040 MCA Wkt	ACA Marketplace Affordability Worksheet

US	Affordability Worksheet	2015
Part A: Affordability Threshold		
1	Household income from ACA worksheet	42000
2	Premiums paid through a salary reduction arrangement and excluded from gross income	1008
3	Total of lines 1 and 2	43008
4	Affordability threshold	3462

- **Line 2:** Gregory's cost of coverage
- How will Gregory know the exact cost of his insurance?
 - Last pay stub
 - Difference between Box 1 and Box 3 of the W-2 (if no other payroll deductions)
 - Box 12, DD. Caution: The amount in Code DD should be the full cost of the employer-sponsored coverage, not just his share of the cost. So the amount in DD may not be applicable here.
- **Line 4:** This is 8.05% of household income. We will compare Alice's insurance cost to this amount.

US Affordability Worksheet 2015
Part B: Required Contribution Amount

For each member of your tax household, enter in the columns provided the annual premium for the first option below that applies to that person. If the monthly premium is the same for the whole year, enter the annual premium in the space for each month. If the premiums cover only part of the year, use the Annualized Premium Worksheet to determine what the annualized premium would be for each month.

We're comparing annual income to annualized premium

Options (use the first that applies to each member of your tax household, including you, for each month)

- 1 The lowest cost self-only policy offered to each member of your tax household by his or her employer
- 2 The lowest cost family policy offered by your employer or your spouse's employer (if you are filing a joint return). The policy must cover everyone in your tax household for whom a personal exemption is claimed, who is not eligible for employer coverage and who does not qualify for another coverage exemption

Affordability Threshold = \$3,462 (8.05% of household income, from Part A, Line 4) 0

For each individual, coverage is unaffordable for the month and the individual is exempt if the Required Contribution Amount below is more than the Affordability Threshold in Part A. You must complete Part III of Form 8965 to apply for the coverage exemption.

Members of your tax household	ALICE				
January	5096	Required Contribution Amount: Alice's annualized premium of \$5,096 (\$98/wk x 52)		0	
February	5096			0	
March	5096			0	
April	5096			0	

- Code A exemption applies because the annualized premium cost of \$5,096 is greater than the Affordability Threshold of \$3,462.
- Complete Form 8965 (enter Code A for the entire year), the ACA Worksheet indicating exemption all year, and the Intake Sheet

Example 4: Variation

- Everything is the same, except Alice was offered self-only coverage through her employer at a cost of \$150 per month from January to July. Then she switched to a job with no offer of coverage. She also had the offer through her husband's employer at \$98/wk for the entire year. She didn't enroll in any coverage.
- Which plan's affordability do we measure? Or do we measure both? Go to the ACA Worksheet and review the bullets

Part B: Required Contribution Amount

For each member of your tax household, enter in the columns provided the annual premium for the first option below that applies to that person. If the monthly premium is the same for the whole year, enter the annual premium in the space for each month. If the premiums cover only part of the year, use the Annualized Premium Worksheet to determine what the annualized premium would be for each month.

Options (use the first that applies to each member of your tax household, including you, for each month)

- 1 The lowest cost self-only policy offered to each member of your tax household by his or her employer.
- 2 The lowest cost family policy offered by your employer or your spouse's employer (if you are filing a joint return). The policy must cover everyone in your tax household for whom a personal exemption is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption.
- 3 The amount from the Marketplace Coverage Affordability Worksheet

Use her self-only offer for Jan – July.

Use her offer through her husband's employer for the remaining months.

Example 4 Variation

US	Affordability Worksheet	2015
Part A: Affordability Threshold		
1 Household income from ACA worksheet		42000
2 Premiums paid through a salary reduction arrangement and excluded from gross income		1008
3 Total of lines 1 and 2		43008
4 Affordability threshold		3462

Members of your tax household	ALICE
January	1800
February	1800
March	1800
April	1800
May	1800
June	1800
July	1800
August	5096
September	5096
October	5096
November	5096
December	5096

January – July reflect the annualized cost of the coverage Alice was offered through her job (\$150 x 12 mo)

August – December reflect the annualized cost of the coverage Alice was offered through her husband's employer (\$98 x 52 wk)

Compare the dollar amount in each month to the Affordability Threshold above:

- January – July are less than the Affordability Threshold. The insurance was affordable. No exemption applies.
- August – December is greater than the Affordability Threshold. The insurance was not affordable. Exemption Code A applies August – December.

Example 5

- Max is 31 years old and lives in Pennsylvania, a Medicaid expansion state.
- At the beginning of 2015, he was unemployed.
- He had no income and no insurance until April, when he got work as an electrician.
- He was not offered health insurance through this work.
- He ended the year with an AGI of \$17,500.
- He was uninsured all year.



Does any exemption apply for Max?

Example 5

Max doesn't qualify for the Household or Medicaid coverage gap exemption. No other exemption seems to apply. You consider the affordability exemption.

Start by adding 1040 Aff Wkt - ACA Affordability Worksheet

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Add a Form ✕

Search For:

	Form	Description
Add	1040 Aff Wkt	ACA Affordability Worksheet
Add	1040 MCA Wkt	ACA Marketplace Affordability Worksheet

US	Affordability Worksheet	2015
Part A: Affordability Threshold		
1 Household income from ACA worksheet		17500
2 Premiums paid through a salary reduction arrangement and excluded from gross income		0
3 Total of lines 1 and 2		17500
4 Affordability threshold		1409

- Max’s Affordability Threshold (8.05% of household income) is \$1,409. If the annualized premium costs more than that amount, the Code A exemption applies.
- What cost are we measuring to test affordability?

Options (use the first that applies to each member of your tax household, including you, for each month)

- 1 The lowest cost self-only policy offered to each member of your tax household by his or her employer.
- 2 The lowest cost family policy offered by your employer or your spouse's employer (if you are filing a joint return).
The policy must cover everyone in your tax household for whom a personal exemption is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption.

3 The amount from the Marketplace Coverage Affordability Worksheet	0
--------------------------------------------------------------------	---

- Go back to Add Forms. Add 1040 MCA Wkt – ACA Marketplace Affordability Worksheet

- TaxWise will direct you to the online Marketplace tool
- If you have a state-based marketplace, you can go its tool directly, or if you're not sure where to go, start with the link above, enter the taxpayer's zip code and you will be redirected to the right website.
- **Note:** The Marketplace Affordability Tools for 2015 are not yet available. We'll use 2014.

US	Marketplace Coverage Affordability Worksheet	2015
Name:	<input type="text" value="MAX TESTER"/>	SSN: <input type="text"/>
Click here to access healthcare.gov	https://www.healthcare.gov/taxes/tools/bronze	
1 Enter the monthly premium for the lowest cost bronze plan that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption for the month		<input type="text" value="0"/>

- Enter the taxpayer's zip code

Tax Tool for the affordability exemption: Look up your lowest cost 2014 Bronze plan premium

Add location

ZIP code where you lived in 2014

15905 Cambria County, PA

DID YOU LIVE AT THIS ZIP CODE FOR ALL 12 MONTHS OF 2014?

Yes

No

ADD LOCATION

Add your family members

Only add family members who:

- Are claimed as a personal exemption on your tax return,
 - Weren't eligible for employer coverage for that month in 2014, and
 - Didn't have another coverage exemption for that month in 2014
- [Learn more about health coverage exemptions.](#)



TIP: Here, it's easy because there is only one family member. But keep these instructions in mind.

FAMILY MEMBER #1 (PRIMARY MEMBER)

Enter this person's age during the first month they weren't eligible for employer coverage and didn't have another coverage exemption.

- This family member uses tobacco.

What is tobacco use? Use of a tobacco product 4 or more times per week within no longer than the past 6 months by legal users of tobacco products (generally those 18 years and older). Includes all tobacco products.

TIP: Premiums may be higher if the person used tobacco. That will make them more likely to qualify for this exemption.

ADD

Where you lived in 2014



ZIP Code 15905 (Cambria County, PA)
January - December

EDIT

Family members



Family member #1 (Primary) Age: 30

CLEAR

More about your eligibility

Tell us about your eligibility for employer coverage and exemptions. If there's more than one family member, give information for each person listed here. in this year

ELIGIBILITY IN 2014

Family member #1 (Primary) Age: 30

Not eligible for employer coverage in this year

Not eligible for any other exemption in this year

TIP: Confirm that each person is not eligible for employer-sponsored coverage and not eligible for any other exemption. *Check both boxes or the next page may be blank.*

DONE WITH THIS STEP

- Results for lowest cost bronze plan premiums for each month in the tax year

Your 2014 lowest cost Bronze plan premiums

These monthly premiums are used to determine your eligibility for a health coverage exemption. Enter these premiums on IRS **Form 8965** (Instructions, Marketplace Coverage Affordability Worksheet) when you file your 2014 tax return.

January

(15905, Cambria County, PA)
Family member #1 (Primary, Age 30)

MONTHLY PREMIUM

\$138.72

February

(15905, Cambria County, PA)
Family member #1 (Primary, Age 30)

MONTHLY PREMIUM

\$138.72

March

(15905, Cambria County, PA)
Family member #1 (Primary, Age 30)

MONTHLY PREMIUM

\$138.72

US Marketplace Coverage Affordability Worksheet

2015

Click here to access healthcare.gov

<https://www.healthcare.gov/taxes/tools/bronze>

1 Enter the monthly premium for the lowest cost bronze plan that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption for the month

2 Household income

3 Nontaxable social security benefits on this return
Enter the total nontaxable social security benefits for any dependents who must file a tax return
Total nontaxable social security benefits

4 Add lines 2 and 3

5 Federal poverty line - check the appropriate box for the state you resided in. If you moved during 2015 and you lived in Alaska and / or Hawaii, or if filing jointly and you and your spouse lived in different states, check all of the boxes that apply. The table that results in the highest income will be used.

Alaska Hawaii Other 48 states and DC

LINE 1: Enter amount from HC.gov LCBP tool

	139
	<hr/> 17500
0	
0	
	<hr/> 0
	<hr/> 17500
	<hr/> 11670

LINE 5: Check box for Alaska, Hawaii, or other 48 states

LINE 3: Nontaxable social security benefits will carry over from 1040. Enter dependents' social security benefits only if they are required to file a tax return.

US	Marketplace Coverage Affordability Worksheet	2015
6	Divide line 4 by line 5. If the result is (without rounding) less than 100 or more than 400, skip lines 7 through 10	150 %
7	Applicable figure from the table in the instructions	0.0400
8	Multiply line 4 by line 7	700
9	Divide line 8 by 12	58
10	Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for minimum essential coverage (other than coverage in the individual market), and who does not qualify for another coverage exemption for the month	0

LINE 10: Go to Healthcare.gov SLCSP lookup tool: www.healthcare.gov/taxes/tools/silver

Tax Tool: Look up the premium for your 2014 second lowest cost Silver plan (SLCSP)

You may need to use this tool to complete IRS **Form 8962** to calculate your 2014 premium tax credit. Most people will find the premium of their second lowest cost Silver plan (SLCSP) on their **Form 1095-A**. If the information isn't on that form, or if it's not updated, you'll need to use this tool.

Example 5

- Start by entering zip code (Note: the instructions assume that the person was enrolled in coverage – ignore that part.)

Add your family members

For each member of your family who had coverage in 2014, enter their age when coverage started. Only add members of your family who were:

- Claimed as a personal exemption on your tax return
- Enrolled in a health plan through the Marketplace
- Not eligible for health coverage outside the Marketplace, like Medicare or an employer plan, for the months they were enrolled. [Learn more about eligibility for health coverage outside the Marketplace in IRS Publication 974, Premium Tax Credit. See the heading Minimum Essential Coverage.](#)

FAMILY MEMBER #1 (PRIMARY MEMBER)

Enter this person's age when their coverage first started in 2014.

TIP: Ignore references to Marketplace enrollment.

~~SELECT THE MONTHS IN 2014 THAT THIS FAMILY MEMBER WAS BOTH ENROLLED IN MARKETPLACE COVERAGE AND WASN'T ELIGIBLE FOR OTHER COVERAGE OUTSIDE THE MARKETPLACE.~~

January February March April

Select all months

Example 5

- Click through a few confirmation screens and get the SLCSP.
- Enter this on Line 10 of the worksheet

Your 2014 second lowest cost Silver plan (SLCSP) premiums

These monthly premiums are used to calculate your premium tax credit. Enter these amounts on IRS **Form 8962** when you file your 2014 federal income taxes.

January (IRS Form 8962, line 12, column B)

(15905, Cambria County, PA)

Family member #1 (Primary, Age 30)

MONTHLY PREMIUM

\$189.94

US Marketplace Coverage Affordability Worksheet

2015

- 10** Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for minimum essential coverage (other than coverage in the individual market), and who does not qualify for another coverage exemption for the month
- 11** Subtract line 9 from line 10
- 12** Subtract line 11 from line 1. This is the individual's required contribution for the month
- 13** This is the annualized monthly premium. Enter this amount in the Affordability Worksheet for each month the individual was eligible for marketplace coverage

	190
	132
	7
	84

LINE 13: This is the annualized monthly premium. This amount will transfer to the ACA Affordability Worksheet. (Part B, Line 3)

Part A: Affordability Threshold

1 Household income from ACA worksheet	17500
2 Premiums paid through a salary reduction arrangement and excluded from gross income	0
3 Total of lines 1 and 2	17500
4 Affordability threshold	1409

Part B: Required Contribution Amount

3 The amount from the Marketplace Coverage Affordability Worksheet	Transfers from Mkt Afford Wkt →	84
--------------------------------------------------------------------	---------------------------------	----

For each individual, coverage is unaffordable for the month and the individual is exempt if the Required Contribution Amount below is more than the Affordability Threshold in Part A. You must complete Part III of Form 8965 to apply for the coverage exemption.

Members of your tax household	MAX					
January	84	0	0	0	0	0
February	84	0	0	0	0	0
March	84	0	0	0	0	0
April	84	0	0	0	0	0

- The amount from Part B, Line 3 gets entered on the month boxes for Max for every month he did not have an employer coverage offer. Here, enter \$84 every month.
- The amount for each month is less than \$1,409—his affordability threshold—so the Marketplace coverage was affordable. The exemption does not apply.

- Why is Max entitled to no exemption when he didn't have any income in the first 3 months of the year?
 - The affordability exemption available on the tax return uses *annualized* income. It doesn't matter that his income for some months was zero.
 - In a Medicaid expansion state, Max would have qualified for Medicaid at the beginning of the year, had he applied, since he had no income.
 - In a state that did not expand Medicaid, Max would have qualified for the Code G coverage gap exemption for the entire year (regardless of change in income) had he applied.
 - In either cases, based on annualized income, the exemption no longer applies.

Example 5: Variation

- What if Max was offered insurance at his new job but did not take it?
 - Jan–Mar: Uninsured and unemployed
 - April–Dec: Uninsured and employed. Had an offer of coverage for \$85 per pay period (every two weeks) beginning on April 28.
 - 18 pay periods x \$85 = \$1,530
 - Use the Annualized Premium Worksheet (Form 8965, pg 8)

Annualized Premium Worksheet



Complete a separate worksheet for each part-year period.

1. Enter the premiums paid during the part-year period	1530
2. Enter the number of full months in the part-year period	8
3. Divide line 1 by line 2	191
4. Multiply line 3 by 12.0. This is your annualized premium	2292

The Annualized Premium Worksheet is particularly useful when:

- The premium amount we are given is on some basis other than monthly. If you know the monthly premium, just multiply it by 12.
- Offers of coverage involve partial months.

Example 5: Variation

Part A: Affordability Threshold

1 Household income from ACA worksheet	17500
2 Premiums paid through a salary reduction arrangement and excluded from gross income	0
3 Total of lines 1 and 2	17500
4 Affordability threshold	1409

Members of your tax household	MAX
January	84
February	84
March	84
April	2292
May	2292
June	2292
July	2292
August	2292
September	2292
October	2292
November	2292
December	2292

Months with no employer offer. Measure affordability of Mkt coverage.
 ✗ Code A exemption does not apply.

Months with employer offer. Measure affordability of employer offer, using annualized premium.
 ✓ Code A exemption applies for these months.

Advanced-Level Example

Example 7

- Jake and Nina had insurance through the Marketplace. On April 1 they welcomed a baby, Roman, and he joined their health plan as of that day.
- They received two Forms 1095-A.

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 NINA TESTER		1/17/78	01/01/2015	03/31/2015
17 JAKE TESTER		2/25/1977	01/01/2015	03/31/2015
18				
19				
20				
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	480	446	60	
22 February	480	446	60	
23 March	480	446	60	
24 April				
25 May				
26 June				
27 July				
28 August				
29 September				
30 October				
31 November				
32 December				
33 Annual Totals	1440	1338	180	

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60703Q Form 1095-A (2015)

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 NINA TESTER		01/17/1978	04/01/2015	12/31/2015
17 JAKE TESTER		02/25/1977	04/01/2015	12/31/2015
18 ROMAN TESTER		04/01/2015	04/01/2015	12/31/2015
19				
20				
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				
24 April	560	560	240	
25 May	560	560	240	
26 June	560	560	240	
27 July	560	560	240	
28 August	560	560	240	
29 September	560	560	240	
30 October	560	560	240	
31 November	560	560	240	
32 December	560	560	240	
33 Annual Totals	5040	5040	2160	

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60703Q Form 1095-A (2015)

US 8962	Premium Tax Credit	2015						
Name: <input style="width: 90%;" type="text" value="JAKE & NINA TESTER"/>		SSN: <input style="width: 50%;" type="text"/>						
<p>Check here if applying for relief (see instructions) <input type="checkbox"/></p> <p>If married filing separately and not applying for relief, complete lines 1 through 5, skip lines 6 through 8b, and complete lines 9 and 10. When completing lines 11 or 12 through 23, complete only Column F to determine how much you must repay.</p>								
Part I: Annual and Monthly Contribution Amount								
<p>1 Tax family size</p> <p>2a Modified AGI</p> <p style="padding-left: 20px;">b Enter total of your dependents' modified AGI</p> <p>3 Household income</p> <p>4 Federal poverty line - check the appropriate box for the state you resided in. If you moved during 2015 and you lived in Alaska and / or Hawaii, or if filing jointly and you and your spouse lived in different states, check all of the boxes that apply. The table that results in the highest income will be used.</p> <p><input type="checkbox"/> Alaska <input type="checkbox"/> Hawaii <input type="checkbox"/> Other 48 states and DC</p> <p>5 Household income as a percentage of Federal poverty line</p> <p>6 Is the result on line 5 401%? See instructions if the result is less than 100%</p>	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="border-bottom: 1px solid black; padding: 2px;">3</td></tr> <tr><td style="border-bottom: 1px solid black; padding: 2px;">48500</td></tr> <tr><td style="border-bottom: 1px solid black; padding: 2px;">0</td></tr> <tr><td style="border-bottom: 1px solid black; padding: 2px;">48500</td></tr> <tr><td style="border-bottom: 1px solid black; padding: 2px;"> </td></tr> <tr><td style="border-bottom: 1px solid black; padding: 2px;">0</td></tr> <tr><td style="border-bottom: 1px solid black; padding: 2px;">401 %</td></tr> </table>	3	48500	0	48500		0	401 %
3								
48500								
0								
48500								
0								
401 %								

• Note that even though the number of people in the household changed during the year, the year-end tax family size is used.

Part I: Annual and Monthly Contribution Amount

1	Tax family size	3
2a	Modified AGI	48500
b	Enter total of your dependents' modified AGI	0
3	Household income	48500
4	Federal poverty line - check the appropriate box for the state you resided in. If you moved during 2015 and you lived in Alaska and / or Hawaii, or if filing jointly and you and your spouse lived in different states, check all of the boxes that apply. The table that results in the highest income will be used. <input type="checkbox"/> Alaska <input type="checkbox"/> Hawaii <input checked="" type="checkbox"/> Other 48 states and DC	19790
5	Household income as a percentage of Federal poverty line	245 %
6	Is the result on line 5 401%? See instructions if the result is 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, skip lines 7 and 8 and go to line 9. If you did not receive any advance payment of PTC, stop here.	
<div style="border: 2px solid red; border-radius: 15px; padding: 10px;"> <p>If the percentage on line 5 is less than 100%, did the taxpayer meet the requirements under "Estimated household income at least 100% of the Federal poverty line" or "Alien lawfully present in the United States" in the instructions?</p> <p style="text-align: right;"><input type="radio"/> Yes <input type="radio"/> No</p> </div>		
7	Applicable figure from the table in the instructions	0.0792
8a	Annual contribution amount. Multiply line 3 by line 7	3841
b	Monthly contribution amount. Divide line 8a by 12	320

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** Check the "Yes" box below if ALL of the following conditions apply (see instructions).
- a** You were enrolled in a qualified health plan for all 12 months during 2015;
- b** Your enrollment premium was the same for every month of 2015. Your enrollment premium is reported in Part III, column A, lines 21 through 32, of Form 1095-A;
- c** Your SLCSP premium is the same for every month of 2015. Your SLCSP premium is reported in Part III, column B, lines 21 through 32, of Form 1095-A. (See missing or incorrect SLCSP premium on Form 1095-A in the instructions).
- Yes.** Continue to line 11. Compute your annual PTC. 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 10 is expanded to help make a determination about whether to compute annual PTC in Line 11 or monthly PTC in Lines 12-23.

Example 7

Monthly Calculation

		A Monthly enrollment premiums Form 1095-A lines 21 - 32 column a	B Monthly applicable SLCSP premium Form 1095-A lines 21 - 32 column b	C Monthly contribution amount Line 8b or alternative marriage contribution	D Monthly maximum premium assistance	E Monthly premium tax credit allowed	F Monthly advance payment of PTC Form 1095-A lines 21 - 32 column c
12	January	480	446	320	126	126	60
13	February	480	446	320	126	126	60
14	March	480	446	320	126	126	60
15	April	560	560	320	240	240	240
16	May	560	560	320	240	240	240
17	June	560	560	320	240	240	240
18	July	560	560	320	240	240	240
19	August	560	560	320	240	240	240
20	Sept	560	560	320	240	240	240
21	October	560	560	320	240	240	240
22	Nov	560	560	320	240	240	240
23	Dec	560	560	320	240	240	240
24	Total premium tax credit						2538
25	Advance payment of PTC						2340
26	Net premium tax credit						198

Tara Straw

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For more information and resources, please visit:

www.healthreformbeyondthebasics.org/for-tax-preparers

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