

# **VITA/TCE Advanced Topic: Reconciling the Premium Tax Credit**

Current as of November 13, 2018

## **Webinar #1 – The Premium Tax Credit**

- Reconciling the premium tax credit
- Complex 1095-A issues
- Review tips

## **Webinar #2 – Exemptions**

- Minimum essential coverage
- Shared responsibility payment
- Exemptions



# PTC RULES & TAXSLAYER

---

# Eligibility Criteria for the Premium Tax Credit (PTC)

*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: \$12,060 - \$48,240

Family of four: \$24,600 - \$98,400

*\* **Exception:** People with income below 100% FPL can claim PTC if they received APTC under the belief that they would be income-eligible for the credit*

## 3. Have an eligible filing status

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

*\* **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)

Not 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*



# Who Must File Form 8962

---

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

---

## File Form 8962 if:

---

- Any member of the tax family received PTC in advance, or
- A member of the tax family purchased insurance in the Marketplace and did not receive PTC in advance but wishes to claim it now, or
- The taxpayer received advanced payment of PTC for someone they *thought* would be claimed as a dependent but *is not* claimed and no one else claims that individual's personal exemption.
  - *Example:* 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.



# Reconciliation

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

REPAYMENT LIMITS (2018)		
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%	\$775	\$1,550
At least 300% but less than 400%	\$1,300	\$2,600
400% and above	None: Full repayment	None: Full repayment



Form **1095-A**

Department of the Treasury  
Internal Revenue Service

## Health Insurance Marketplace Statement

☐ VOID

OMB No. 1545-2232

☐ CORRECTED

**2018**

► Do not attach to your tax return. Keep for your records.  
► Go to [www.irs.gov/Form1095A](http://www.irs.gov/Form1095A) for instructions and the latest information.

### Part I Recipient Information

1 Marketplace identifier

2 Marketplace-assigned policy number

3 Policy issuer's name

### Part II Covered Individuals

### Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January	\$1100	\$1041	\$925
22 February	This includes the actual premium paid plus the APTC (minus certain "extra" benefits, such as adult dental)	This is the benchmark plan that helps establish the PTC amount. It may be incorrect if: (1) no APTC was paid, or (2) a change in circumstance was not reported. Sometimes this is blank.	Advance payment of PTC
23 March			
24 April			
25 May			
26 June			

## What if the 1095-A is wrong?

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

**Note:** The Marketplace will not send an amended form to correct the second lowest cost silver plan (SLCSP).

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





## Health Insurance Questionnaire

Did you or your family have health insurance at any time in 2018?

☒ Yes

☐ No

## 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](#).

+ Add New Household Member

Name	SSN	Date of Birth
SUMMER GORDON	611-00-1111	3/11/1995
JOE GORDON	116-00-1112	3/3/1997

**Warning:** Do not add a person who is not on the tax return. If a person is listed on Form 1095-A, but not on the tax return, that's a "shared" policy and is out of scope.

# Enter Insured Months

## Months Insured

Was your entire household insured for all 12 months of 2018? \*

- ☐ Yes  
☒ No

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

Name	Months Insured
SUMMER GORDON	9 ▼

## Months Insured - SUMMER GORDON

Specify the 9 months that SUMMER GORDON had minimum essential coverage

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

## 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

☐ VOID

OMB No. 1545-2232

Department of the Treasury  
Internal Revenue Service

▶ Do not attach to your tax return. Keep for your records.  
▶ Go to [www.irs.gov/Form1095A](http://www.irs.gov/Form1095A) for instructions and the latest information.

☐ CORRECTED

**2018**

#### 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

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 credit
- People who are NOT eligible to claim the credit, such as people who are married filing separately or who have other health insurance coverage.

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

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

# Requirement to Repay *All* APTC

## Form 8962

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)
<b>11</b> Annual Totals	13000	12384	1883	10501	10501	11900
<b>24</b> Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here						<b>24</b> 10501
<b>25</b> Advance payment of PTC. Enter the amount from line 11(f) or add lines 12(f) through 23(f) and enter the total here						<b>25</b> 11900
<b>26</b> 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						<b>26</b>
<b>Part III Repayment of Excess Advance Payment of the Premium Tax Credit</b>						
<b>27</b> Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here						<b>27</b> 1399
<b>28</b> Repayment limitation (see instructions)						<b>28</b> <span style="border: 2px solid red; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span>
<b>29</b> 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						<b>29</b> 1399

- **Tip!** Line 28 should show a repayment cap when income is 400% FPL or below, even if the cap doesn't change the amount owed. If it doesn't, 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

- 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.

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)

\$ 6240

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

\$ 6240

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

\$ 5316

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	\$	\$	\$
February	\$	\$	\$

# Dependent MAGI

## Dependents' Modified AGI (if filing requirement)

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

\$

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

\$

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

\$

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

\$

**Note:** The higher dependent filing threshold will make dependent tax filings very rare.

### Tax Dependent Filing Requirement (2018)

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

Unearned income is more than:

\$1,050

Earned income is more than:

\$12,000

Taxable gross income is more than the larger of:

\$1,050

Earned income (up to \$11,650) + \$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.

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

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

## Safety valve

If 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, and ask if the domestic violence or abandonment exceptions apply
    - Abandonment might apply. Has she used due diligence to locate him?
    - Alma: He lives with his new girlfriend in 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


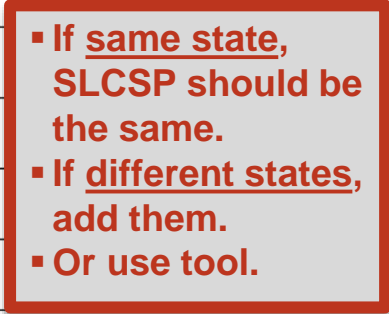

Monthly Calculation	(a) Monthly enrollment premiums (Form(s) 1095-A, lines 21–32, column A)	(b) Monthly applicable SLSP premium (Form (s) 1095-A, lines 21–32, column B)	(c) Monthly contribution amount (amount from line 8b or alternative marriage monthly contribution)	(d) Monthly maximum premium assistance (subtract (c) from (b), if zero or less, enter -0-)	(e) Monthly premium tax credit allowed (smaller of (a) or (d))	(f) Monthly advance payment of PTC (Form(s) 1095-A, lines 21–32, column C)
12 January						100
13 February						100
14 March						100

# Issue: Multiple Forms 1095-A

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

## 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>  </div>	<div>  </div>	<div>  </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 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 Forms 1095-A.

### Form 1095-A for Felicia and Murphy

<b>Part III Coverage Information</b>			
Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
<b>33 Annual Totals</b>	\$12,000	\$10,800	\$4,800

### Form 1095-A for Gwen

<b>Part III Coverage Information</b>			
Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
<b>33 Annual Totals</b>	\$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	\$525	\$525	\$450
22 February	\$525	\$525	\$450
23 March	\$525	\$525	\$450
24 April	\$525	\$525	\$450
25 May		\$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 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 \$75 so it will be less expensive to pay the insurer than to pay the IRS (\$450).

## Example: Failure to Pay Premiums

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

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	44	988	988	980
13 February	1032	1032	44	988	988	980
14 March	1032	1032	44	988	988	980
15 April	1032	1032	44	988	988	980
16 May		1032	44	988		980

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

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

Form 1095-A			
<b>Part III Coverage Information</b>			
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. No PTC will be awarded for those months.
- Determine eligibility for the credit for the 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](https://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 2016 and had her 2018 APTC canceled. She filed her 2016 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
<b>21</b> January	\$300		X
<b>22</b> February	\$300		
<b>23</b> March	\$300	\$300	\$200
<b>24</b> April	\$300	\$300	\$200
<b>25</b> 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.
- 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

The diagram shows a simplified representation of Form 1095-A. It consists of a header section with two horizontal lines, followed by a table with 5 columns and 1 row, and another horizontal line at the bottom.

## 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

The diagram shows a simplified representation of Form 1095-B. It consists of a header section with two horizontal lines, followed by a table with 5 columns and 1 row, and another horizontal line at the bottom.

## 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

The diagram shows a simplified representation of Form 1095-C. It consists of a header section with two horizontal lines, followed by a table with 5 columns and 1 row, and another horizontal line at the bottom.

## 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. (May be helpful to calculate the affordability exemption.)

# 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, for instance.)

## Medicaid Exception

---

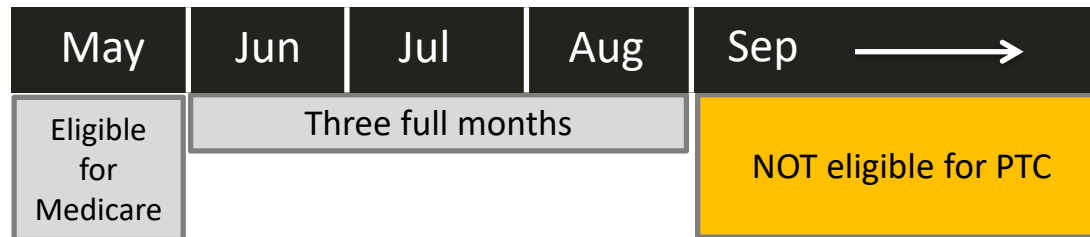
- If a person is enrolled in APTC but later determined eligible for Medicaid:
  - The taxpayer is generally eligible for PTC for the entire calendar year even if also enrolled in Medicaid for some of those months
  - PTC is allowed for months of retroactive Medicaid coverage



## Medicare Exception

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

*Example:* Freddie is enrolled in Marketplace coverage with APTC. His 65<sup>th</sup> 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.)

<b>Form 1095-C</b> Department of the Treasury Internal Revenue Service		<b>Employer-Provided Health Insurance Offer and Coverage</b> ▶ Do not attach to your tax return. Keep for your records. ▶ Go to <a href="http://www.irs.gov/Form1095C">www.irs.gov/Form1095C</a> for instructions and the latest information.										<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-2251 <b>2018</b>	
<b>Part II Employee Offer of Coverage</b>							<b>Plan Start Month</b> (Enter 2-digit number):								
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec		
<b>14</b> Offer of Coverage (enter required code)															
<b>15</b> Employee Required Contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>16</b> Section 4980H Safe Harbor and Other Relief (enter code, if applicable)															

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

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



# Review Tips

---

## Calculation Summary

\$26,000

AGI Amount  
N/A  
Refund Amount

\$2,846

Federal Refund

GO TO LAST CHECKPOINT

VIEW/PRINT RETURN

BACK

CONTINUE

Form 1040 page: 1 2 3

Prior Year Comparison

Summary View

Form <b>1040</b>	Department of the Treasury—Internal Revenue Service	(99)	<b>2018</b>	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 type="checkbox"/> Head of household <input type="checkbox"/> Qualifying widow(er)					
Your first name and initial		X	X	Last name	X
					Your social security number
Your standard deduction: <input type="checkbox"/> Someone can claim you as a dependent <input type="checkbox"/> You were born before January 2, 1954 <input type="checkbox"/> You are blind					

# Review the Return Carefully

<b>Form 8962</b> Department of the Treasury Internal Revenue Service	<b>Premium Tax Credit (PTC)</b> ▶ Attach to Form 1040 or Form 1040NR. ▶ Go to <a href="http://www.irs.gov/Form8962">www.irs.gov/Form8962</a> for instructions and the latest information.	OMB No. 1545-0074 <b>2018</b> Attachment Sequence No. <b>73</b>
Name shown on your return SUMMER GORDON		Your social security number 611-00-1111

<b>SCHEDULE 2</b> <b>(Form 1040)</b> Department of the Treasury Internal Revenue Service	<b>Tax</b> ▶ Attach to Form 1040. ▶ Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.	OMB No. 1545-0074 <b>2018</b> Attachment Sequence No. <b>02</b>
Name(s) shown on Form 1040 GORDON		Your social security number 611-00-1111
<b>Tax</b>	38-44 Reserved 45 Alternative minimum tax. Attach Form 6251. <b>46 Excess advance premium tax credit repayment. Attach Form 8962</b> 47 Add the amounts in the far right column. Enter here and include on Form 1040, line 11	38-44 45 <b>46 179</b> 47 179

<b>SCHEDULE 5</b> <b>(Form 1040)</b> Department of the Treasury Internal Revenue Service	<b>Other Payments and Refundable Credits</b> ▶ Attach to Form 1040. ▶ Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.	OMB No. 1545-0074 <b>2018</b> Attachment Sequence No. <b>05</b>
Name(s) shown on Form 1040		Your social security number
<b>Other Payments and Refundable Credits</b>	65 Reserved 66 2018 estimated tax payments and amount applied from 2017 return 67a Reserved b Reserved 68-69 Reserved <b>70 Net premium tax credit. Attach Form 8962</b> 71 Amount paid with request for extension to file (see instructions)	65 66 67a 67b 68-69 <b>70</b> 71



# Form 8962 Review

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

<b>Form 8962</b> Department of the Treasury Internal Revenue Service	<b>Premium Tax Credit (PTC)</b> ▶ Attach to Form 1040 or Form 1040NR. ▶ Go to <a href="http://www.irs.gov/Form8962">www.irs.gov/Form8962</a> for instructions and the latest information.	OMB No. 1545-0074 <b>2018</b> Attachment Sequence No. <b>73</b>
Name shown on your return SUMMER GORDON		Your social security number 611-00-1111
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 <span style="border: 2px solid red; padding: 2px;"><input checked="" type="checkbox"/></span>		
<b>Part I Annual and Monthly Contribution Amount</b>		
<b>1</b> Tax family size. Enter your tax family size (see instructions) . . . . .	<b>1</b>	<b>2</b>
<b>2a</b> Modified AGI. Enter your modified AGI (see instructions) . . . . .	<b>2a</b>	36000
<b>b</b> Enter the total of your dependents' modified AGI (see instructions) . . . . .	<b>2b</b>	
<b>3</b> Household income. Add the amounts on lines 2a and 2b (see instructions) . . . . .	<b>3</b>	36000
<b>4</b> 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. <b>a</b> <input type="checkbox"/> Alaska <b>b</b> <input type="checkbox"/> Hawaii <b>c</b> <input checked="" type="checkbox"/> Other 48 states and DC	<b>4</b>	16240
<b>5</b> Household income as a percentage of federal poverty line (see instructions) . . . . .	<b>5</b>	221 %
<b>6</b> Did you enter 401% on line 5? (See instructions if you entered less than 100%.)		

# Form 8962 Review

<b>Form 8962</b> Department of the Treasury Internal Revenue Service	<b>Premium Tax Credit (PTC)</b> ▶ Attach to Form 1040 or Form 1040NR. ▶ Go to <a href="http://www.irs.gov/Form8962">www.irs.gov/Form8962</a> for instructions and the latest information.	OMB No. 1545-0074 <b>2018</b> Attachment Sequence No. <b>73</b>
Name shown on your return SUMMER GORDON		Your social security number 611-00-1111
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"/>		
<b>Part I Annual and Monthly Contribution Amount</b>		
1 Tax family size. Enter your tax family size (see instructions) . . . . .		1 3
2a Modified AGI. Enter your modified AGI (see instructions) . . . . .	2a 26000	
b Enter the total of your dependents' modified AGI (see instructions) . . . . .	2b 7000	
3 Household income. Add the amounts on lines 2a and 2b (see instructions) . . . . .		3 33000
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 20420
5 Household income as a percentage of federal poverty line (see instructions) . . . . .		5 161 %

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

Tax Dependent Filing Requirement (2018)			
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:	
\$1,050	\$12,000	\$1,050	Earned income (up to \$11,650) + \$350

## Form 8962

<b>Part I Annual and Monthly Contribution Amount</b>			
<b>1</b>	Tax family size. Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d	<b>1</b>	<b>2</b>
<b>2a</b>	Modified AGI. Enter your modified AGI (see instructions)	<b>2a</b>	15000
<b>b</b>	Enter the total of your dependents' modified AGI (see instructions)	<b>2b</b>	
<b>3</b>	Household income. Add the amounts on lines 2a and 2b (see instructions)	<b>3</b>	15000
<b>4</b>	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. <b>a</b> <input type="checkbox"/> Alaska <b>b</b> <input type="checkbox"/> Hawaii <b>c</b> <input checked="" type="checkbox"/> Other 48 states and DC	<b>4</b>	15930
<b>5</b>	Household income as a percentage of federal poverty line (see instructions)	<b>5</b>	94 %
<b>6</b>	Did you enter 401% on line 5? (See instructions if you entered less than 100%.)		
<input type="checkbox"/> <b>No.</b> Continue to line 7. <input checked="" type="checkbox"/> <b>Yes.</b> 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, 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: TaxSlayer assumes there is no out-of-scope issue.
  - Double check that everyone on Form 1095-A is on the tax return (no shared policy allocation)
  - If the taxpayer must repay PTC, did he or she get married in 2018? If so, the person may qualify to use the alternative marriage calculation.

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

## 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						
13 February						
14 March						
15 April	520	520	44	476	476	443
16 May	520	520	44	476	476	443
17 June	520	520	44	476	476	443
18 July	520	520	44	476	476	443
19 August	520	520	44	476	476	443
20 September	520	520	44	476	476	443
21 October	520	520	44	476	476	443
22 November	520	520	44	476	476	443
23 December	520		44			443
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	3808
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	3987
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	
<b>Part III Repayment of Excess Advance Payment of the Premium Tax Credit</b>						
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	179
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), line 46, or Form 1040NR, line 44					29	179

# 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 2019, encourage them to report their most recent income/dependent information to improve the accuracy of the 2019 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
- 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](http://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](http://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





Tara Straw  
Center on Budget and Policy Priorities  
tstraw@cbpp.org

