

AFFORDABLE CARE ACT SURVIVAL KIT

This tool was developed to help VITA/TCE volunteers understand the ACA-related tax provisions and how to complete a return in TaxWise for Tax Year 2014.

Approaching the ACA

Ask each person on the return.

1	Did anyone on the tax return have coverage all year? If YES: In ACA Worksheet, check "Full" for each person with full-year coverage. <i>If "Full" is checked for every person on the return, TaxWise will check the box on Form 1040, Line 61.</i>
2	Is anyone on the tax return with no coverage for a month eligible for an exemption for that month? If YES: In ACA Worksheet, check "Exm" and complete Form 8965.
3	Does anyone on the tax return have no coverage AND no exemption for any month during the year? If YES: In ACA Worksheet, check each month with no coverage AND no exemption. A shared responsibility payment will be calculated for that person for that month. <i>If any person has no coverage AND no exemption in EVERY month of the year, check "None."</i>
4	Did anyone on the tax return purchase coverage in the Marketplace and qualify for a premium tax credit? If YES: In ACA Worksheet, check "Mkt" and complete Form 8962.
!	Remember <ul style="list-style-type: none">• Each person on the tax return should be screened individually to determine his or her months insured and exemption eligibility.• A tax return claiming zero personal exemptions (a dependent filing his or her own return) should not complete the ACA Worksheet. The dependent's coverage exemption or premium tax credit will be reported on the return of the taxpayer who properly claims him or her.

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TaxWise ACA Worksheet

TaxWise Tip

ACA Worksheet must be completed unless the return is being filed by a dependent.

TaxWise ACA Worksheet

	Full	None	Mkt	Exm	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
JOHN SMITH Under age 18 at beginning of month	<input type="radio"/>	<input type="radio"/>	<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"/>	<input type="checkbox"/>
JANE SMITH Under age 18 at beginning of month	<input type="checkbox"/>	<input type="checkbox"/>	<input 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"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KATIE SMITH Under age 18 at beginning of month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Check to indicate that the individual had coverage all year.

Check to indicate that the individual had no coverage **AND** no exemption for all 12 months.

- Do not select "None" for a person who was born or died during the year. The coverage requirement applies only to FULL months alive.
- Do not select "None" if a person had either coverage or an exemption for any month.

Check to indicate that the individual had coverage in the Marketplace for at least one month.
Also complete Form 8962 using Form 1095-A

Check to indicate that the individual qualifies for an exemption for at least one month.
Also complete Form 8965

Tricky! Check only the months where the person had no coverage **AND** no exemption. These are the shared responsibility payment months.

TaxWise will check these boxes (based on date of birth) to indicate people under age 18, which affects the shared responsibility payment computation.

Minimum Essential Coverage

What is minimum essential coverage?

Minimum essential coverage (MEC) is health coverage that satisfies the individual shared responsibility requirement. Most health insurance is MEC.

No proof of coverage is needed. Oral statement from the client is acceptable, unless normal due diligence leads you to believe the client's statement is incorrect.

Who needs MEC?

Everyone on the tax return needs MEC or an exemption. The taxpayer is responsible for the insurance, exemption or individual shared responsibility payment (penalty) of each person on the return.

How many months do I need to have MEC?

Everyone needs MEC for every month.

- A person is considered covered for the whole month if they had coverage for at least one day
- A person who was born or died during the year is required to have coverage for every full month alive (For example, a baby born on July 2 has a coverage requirement August - December. Treat the baby as covered for months prior to birth, January through July.)

TaxWise Tip

If everyone on the tax return had coverage all year, check "Full" for each person on the ACA Worksheet.

Types of Minimum Essential Coverage

Employer-sponsored coverage:

- Group health insurance coverage for employees under—
 - A governmental plan, such as the Federal Employees Health Benefit program
 - A plan or coverage offered in the small or large group market within a state
 - A grandfathered health plan offered in a group market
- A self-insured health plan for employees
- COBRA coverage
- Retiree coverage

Individual health coverage:

- Health insurance purchased directly from an insurance company
- Health insurance purchased through the health insurance Marketplace
- Health insurance provided through a student health plan
- Health coverage provided through a student health plan that is self-funded by a university*

Coverage under government-sponsored programs:

- Medicare Part A coverage
- Medicare Advantage plans
- Most Medicaid coverage¹
- Children's Health Insurance Program (CHIP)
- Most types of TRICARE coverage¹
- Comprehensive health care programs offered by the Department of Veteran Affairs
- State high-risk health insurance pools²
- Health coverage provided to Peace Corps volunteers
- Department of Defense Nonappropriated Fund Health Benefits Program
- Refugee Medical Assistance

What is "limited benefit" Medicaid or TRICARE?

Some Medicaid and TRICARE only cover special benefits.

If you come across a person with very limited benefits that excludes hospital, doctor or other basic services, that coverage is not MEC. However, that person is eligible for an exemption for the months when that was their only coverage. (Form 8965, Part III, Code H)

In future years, people with Medicaid will receive Form 1095-B from their state Medicaid agency stating what kind of coverage someone has. For now, the vast majority of people with Medicaid or TRICARE have MEC!

Other coverage:

- Certain foreign coverage (if recognized as MEC by HHS)
- Certain coverage for business owners

¹ Medicaid and TRICARE programs that provide limited benefits generally do not qualify as MEC, but for 2014 an exemption is available to people who have only this coverage.

² This type of health coverage will not qualify as MEC for plan years beginning after 2014 unless HHS recognizes it as minimum essential coverage under its own regulations.

SOURCE: www.irs.gov/pub/irs-pdf/p4491x.pdf

Exemptions: Overview

See Form 8965 Instructions

What is a health coverage exemption?

A health coverage exemption is a reason for not having health insurance that avoids payment of the individual shared responsibility payment.

Who needs a health coverage exemption?

Anyone without insurance coverage for any month should be screened for exemption eligibility.

Exemptions: Where do I start?

STEP 1 **Does anyone on the tax return already have an exemption in hand from the Marketplace?**
Marketplace exemptions require an *application*. If a person applied for an exemption for 2014 (or if they were granted an exemption automatically because they were denied Medicaid coverage in a state that did not expand Medicaid), they should have received an Exemption Certificate Number (ECN) from the Marketplace. It is a 6 or 7 digit alphanumeric code.

STEP 2 **Is household or gross income under the filing threshold?**
If YES, check box 7a or 7b on Form 8965, Part II. Everyone on the tax return is exempt from the coverage requirement, and there is no need to consider additional exemptions. (See page 6 for more information.)

STEP 3 **If the family does not qualify for an exemption under Step 2, does any individual qualify for an exemption that can be claimed directly on the tax return?**
If YES, enter the exemption code on Form 8965, Part III. (See page 7 for more information.)

STEP 4 **For any uninsured individual that does not qualify under Step 2 or 3, does any individual on the tax return qualify for an exemption from the Marketplace?**
If YES, help the person apply for the exemption or refer them to additional help. Enter "pending" on Form 8965, Part I, after the exemption application has been mailed. A tax return with a "pending" exemption can still be e-filed.

Form 8965 in TaxWise

Part I: Marketplace-Granted Coverage Exemptions for Individuals
If you and / or a member of your tax household have an exemption granted by the Marketplace, complete Part I. Please note that the lines below marked with * are for e-filing only and will not be included on the printed form.

	a Name of individual	b SSN	c Exemption certificate number
1			
2			
3			
4			
5			
6			
*			
*			

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

Filing threshold 20300
 Household income from ACA worksheet 20668
 Estimated gross income entered in this return 20668

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

Part III: Coverage Exemptions for Individuals Claimed on Your Return
If you and / or a member of your tax household are claiming an exemption on your return, complete Part III. Please note that the lines below marked with * are for e-filing only and will not be included on the printed form.

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

Part I: Enter information in Part I only if the taxpayer has an exemption from the Marketplace or is applying for one.

Part II and Part III: Most exemptions will be entered in Parts II and III.

TaxWise Tip
Form 8965, Part III: If a person is eligible for multiple exemptions covering different months, enter their name on multiple lines. Multiple exemptions cannot be indicated on a single line.

Exemptions: Form 8965, Part I

Exemptions that Require Marketplace Approval

These are exemptions that people received in advance. A person could have received an exemption in two ways:
(1) they submitted an application for exemption to the Marketplace, or
(2) they applied for and were denied Medicaid because they live in a state that did not expand Medicaid coverage.

What is an exemption certificate number (ECN)?

The ECN is a six or seven digit alphanumeric code that indicates an approved exemption. It may specify certain approved months. If no months are specified, the exemption is good all year. Enter this code in Part I of Form 8965, column C.

Where can I find the ECN?

A person should have received a letter in response to an application to the Marketplace.

Sample Exemption Certificate Letter from the Marketplace

You recently submitted an application to the Health Insurance Marketplace for an exemption from the "shared responsibility payment" that some individuals may owe if they aren't enrolled in health coverage starting in 2014.

What are the results of my application?

Review the table below for your results.

Family Member(s)	Exemption Type	Eligibility Results	Timeframe for Exemption	Next Steps
[REDACTED]	Exemption for members of a recognized religious sect	<ul style="list-style-type: none">Qualify for an exemptionYour exemption certificate number (ECN) is: L##LL#	Effective beginning Jan of 2014	<ul style="list-style-type: none">Save this notice and note your exemption certificate number (ECN). You will need to provide this on your federal income tax return.

What if the taxpayer lost his or her ECN?

Call the Marketplace Call Center at 1-800-318-2596 (TTY: 1-855-889-4325). *Connecticut residents must call 1-855-805-4325.*

What if the taxpayer did not apply for a Marketplace exemption but appears eligible for one?

First, check to see if the taxpayer is eligible for an exemption directly on the tax return. If not, determine if they are eligible for an exemption for one of the following reasons.

Hardship Exemptions Granted by the Marketplace

- Homelessness
- Eviction in the last 6 months or facing eviction or foreclosure
- Utility shut-off notice
- Domestic violence
- Recent death of a close family member
- Disaster that resulted in significant property damage
- Bankruptcy in the last 6 months
- Debt from medical expense in the last 24 months
- High expense caring for ill, disabled or aging relative
- Failure of another party to comply with a medical support order for a dependent child who is determined ineligible for Medicaid or CHIP
- Through an appeals process, determined eligible for a Marketplace QHP, PTC, or CSR but was not enrolled
- Determined ineligible for Medicaid because the state did not expand coverage
- Individual health insurance plan was cancelled and you believe Marketplace plans are considered unaffordable
- Other hardship in obtaining coverage (including for people in AmeriCorps, VISTA, and NCCC who are enrolled limited duration or self-funded coverage)

How does someone apply for a hardship exemption?

For all states except Connecticut, download the application here: marketplace.cms.gov/applications-and-forms/hardship-exemption.pdf
Complete the application and attach documentation if required.

Write "pending" in Part I, column C, on Form 8965 to indicate an exemption application has been submitted but is not yet approved. If the application is denied, the taxpayer should amend their return.

(CT residents application: accesshealthct.com/AHCT/jsp/frontend/feiam/IndividualExemptionApplication.pdf)

Exemptions: Form 8965, Part II

Exemptions for Income Below Filing Threshold

Exemption Type	Details														
Household income below filing threshold (Form 8965, Line 7a)	<p>Household income is modified adjusted gross income (MAGI) of each individual on the tax return with a tax filing requirement. Include dependent income ONLY IF the dependent has a tax filing requirement (see below).</p> <div style="text-align: center;"> <table border="1"> <tr> <td style="background-color: #4CAF50; color: white; padding: 5px;">MAGI</td> <td style="padding: 0 10px;">=</td> <td style="background-color: #4CAF50; color: white; padding: 5px;">Adjusted Gross Income (AGI)</td> <td style="padding: 0 10px;">+</td> <td style="background-color: #4CAF50; color: white; padding: 5px;">Tax-Exempt Interest</td> <td style="padding: 0 10px;">+</td> <td style="background-color: #4CAF50; color: white; padding: 5px;">Excluded Foreign Income</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center; font-size: small;">Form 1040, Line 37</td> <td></td> <td style="text-align: center; font-size: small;">Form 1040, Line 8b</td> <td></td> <td style="text-align: center; font-size: small;">Form 2555, Lines 45, 50</td> </tr> </table> </div>	MAGI	=	Adjusted Gross Income (AGI)	+	Tax-Exempt Interest	+	Excluded Foreign Income			Form 1040, Line 37		Form 1040, Line 8b		Form 2555, Lines 45, 50
MAGI	=	Adjusted Gross Income (AGI)	+	Tax-Exempt Interest	+	Excluded Foreign Income									
		Form 1040, Line 37		Form 1040, Line 8b		Form 2555, Lines 45, 50									
Gross income below filing threshold (Form 8965, Line 7b)	<p>Gross income means all income received in the form of money, goods, property, and services that is not exempt from tax, including any income sources outside the United States or from the sale of your main home (even if you can exclude part or all of it)</p> <ul style="list-style-type: none"> • Include taxable portion of social security benefits • Include income/gains from Schedules C, D, and F but not deductions/losses on those schedules • Do not include income of any dependents 														

If this exemption applies, **stop**.
There is no need to consider other exemptions for members of the household.

2014 TAX FILING THRESHOLD	Single	Head of Household	Married Filing Jointly	Married Filing Separately	Qualifying Widow(er)
	\$10,150	\$13,050	\$20,300	\$3,950	\$16,350

Note: Some taxpayers may have a requirement to file at a lower income level (e.g. self-employment income of \$400 or more). That does not create a lower tax filing threshold for this exemption. Use the filing thresholds above.

When is a dependent required to file a tax return?				
NOTE: Consult IRS Publication 4012, A-2 for dependents that are married, blind, or over age 65				
IF marital status is:	AND at the end of 2014 was:	THEN required to file a return if		
		Unearned income ¹ was over:	Earned income ² was over:	Gross income ³ was more than the larger of:
Single	Under age 65 AND not blind	\$1,000	\$6,200	\$1,000 OR earned income (up to \$5,850) plus \$350

¹ Unearned income includes investment-type income such as taxable interest, ordinary dividends, and capital gains distributions. It also includes unemployment compensation, taxable social security benefits, pensions, and annuities.

² Earned income includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants.

³ Gross income is the sum of earned and unearned income.

Exemptions: Form 8965, Part III

Exemptions for Individuals Claimed on the Tax Return

Exemption Type	Details	Code																																				
Individuals in a state that did not expand Medicaid	<ul style="list-style-type: none"> Individuals with income under 138% of the federal poverty line who at any time in 2014 resided in a state that did not expand Medicaid and would have been eligible for Medicaid had their state expanded <table border="1"> <thead> <tr> <th colspan="6">Income by Household Size for 2014</th> </tr> </thead> <tbody> <tr> <td colspan="6">Household Income (MAGI): adjusted gross income (AGI) + non-taxable social security benefits + tax-exempt interest + excluded foreign income</td> </tr> <tr> <td colspan="6"><i>NOTE: If any dependent has a tax filing requirement, include his or her MAGI in household income.</i></td> </tr> <tr> <th>Household Size</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> <tr> <td>138% FPL</td> <td>\$15,856</td> <td>\$21,404</td> <td>\$26,951</td> <td>\$32,499</td> <td>\$38,047</td> </tr> <tr> <td colspan="6"><i>2013 poverty guidelines for 48 states and the District of Columbia (excluding Alaska and Hawaii)</i></td> </tr> </tbody> </table> <p>NOTE: In 2015 and beyond, individuals must receive this exemption through the Marketplace. Individuals must apply for Medicaid during the tax year and be denied coverage to qualify. If an individual applies through healthcare.gov, and if coverage is denied because of a state decision to not expand Medicaid, then the individual will receive an exemption certificate number from the Marketplace automatically. An individual who applies directly through his or her state Medicaid agency will need to apply for this exemption through the Marketplace.</p>	Income by Household Size for 2014						Household Income (MAGI): adjusted gross income (AGI) + non-taxable social security benefits + tax-exempt interest + excluded foreign income						<i>NOTE: If any dependent has a tax filing requirement, include his or her MAGI in household income.</i>						Household Size	1	2	3	4	5	138% FPL	\$15,856	\$21,404	\$26,951	\$32,499	\$38,047	<i>2013 poverty guidelines for 48 states and the District of Columbia (excluding Alaska and Hawaii)</i>						G
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<i>2013 poverty guidelines for 48 states and the District of Columbia (excluding Alaska and Hawaii)</i>																																						
Certain noncitizens and U.S. citizens living abroad	<ul style="list-style-type: none"> Individuals who are <u>not</u> U.S. citizens, U.S. nationals, or lawfully present as defined by the ACA. People eligible for this exemption include: undocumented individuals, people with Deferred Action for Childhood Arrivals (DACA, or "Dreamers"), and certain other immigrants. 1040NR / 1040NR-EZ filers Residents of U.S. territories U.S. citizens or residents who are absent for at least 330 full days within a 12 month period U.S. citizens who are bona fide residents of another country for the entire tax year 	C																																				
Federally-recognized Indian tribe or eligible for services through the Indian Health Service	<ul style="list-style-type: none"> Members of Federally-recognized Indian tribe An American Indian, Alaska Native, spouse or dependent of those who are eligible for services through the Indian Health Service 	E																																				
Member of health care sharing ministry	<ul style="list-style-type: none"> Members of health care sharing ministry recognized by the Marketplace. A health care sharing ministry is an organization whose members share a common set of ethical and religious beliefs and share medical expenses among themselves in accordance with these beliefs. 	D																																				
Limited benefit Medicaid and TRICARE <i>(only available in 2014)</i>	<p>Exemptions available for:</p> <ul style="list-style-type: none"> Family planning services Medicaid Pregnancy-related services Medicaid Tuberculosis-related Medicaid Emergency medical condition Medicaid Section 1115 Medicaid Limited-benefit TRICARE coverage for space-available care Limited-benefit TRICARE coverage for line-of-duty care 	H																																				
Incarceration	<ul style="list-style-type: none"> Can be claimed for any months someone on the tax return was incarcerated for at least one day of the month 	F																																				
Insurance is unaffordable	<ul style="list-style-type: none"> The cost of coverage exceeds 8% of household income <i>(see page 8 for more details)</i> 	A																																				
Aggregate cost of employer insurance is unaffordable	<ul style="list-style-type: none"> Combined cost of individual offers of employer coverage exceeds 8% of household income and no family coverage is offered for less than 8% of household income <i>(see page 8 for more details)</i> 	G																																				
Short coverage gap (less than three months)	<ul style="list-style-type: none"> Gap in coverage must be only one or two months long If the coverage gap is three months or longer, none of the months in the gap qualify for an exemption If there are multiple short gaps, only the first gap qualifies 	B																																				
Coverage gap prior to obtaining MEC by May 1, 2014 <i>(only available in 2014)</i>	<ul style="list-style-type: none"> For a person who enrolls in Marketplace coverage, Medicaid or CHIP, or other individual or group insurance with effective date on or before May 1, 2014; OR For people in line to enroll in Marketplace coverage by March 31. 	G																																				
Non-calendar year employer-sponsored plan <i>(only available in 2014)</i>	<ul style="list-style-type: none"> If the person was eligible for, but did not enroll in, coverage offered by an employer AND the coverage began in 2013 and ended in 2014 	H																																				

Exemptions: Form 8965, Part III

Insurance is Unaffordable, Code A or G

Coverage is unaffordable if it costs more than 8% of household income. To calculate eligibility for this exemption, the preparer must determine **household income** and **plan cost**.

Household Income:

$$\text{MAGI} = \left(\begin{array}{l} \text{Adjusted Gross Income (AGI)} \\ \text{Form 1040, Line 37} \end{array} + \begin{array}{l} \text{Tax-Exempt Interest} \\ \text{Form 1040, Line 8b} \end{array} + \begin{array}{l} \text{Excluded Foreign Income} \\ \text{Form 2555, Lines 45, 50} \end{array} \right) + \begin{array}{l} \text{The amount that wages were} \\ \text{reduced to pay for employer-} \\ \text{sponsored coverage (if applicable)} \end{array}$$

NOTE: If any dependent has a tax filing requirement, include his or her MAGI in household income.

Plan Cost:

Does the person have an offer of coverage through an employer?

YES

Is the offer as an employee?	IF YES, does the <u>lowest-cost self-only plan</u> offered by the employer cost more than 8% of income?	THEN enter Code A for each applicable month
Is the offer as a member of the employee's family?	IF YES, does the <u>lowest-cost plan that covers everyone on the tax return</u> who is eligible for coverage and is not otherwise exempt cost more than 8% of income?	THEN enter Code A for each applicable month
Do two or more members of the family have offers of employer coverage?	IF YES, are all of the following true: (1) individual offers of coverage are affordable, BUT (2) <u>their combined cost</u> is greater than 8% of household income, AND (3) no family coverage is offered for less than 8% of household income?	THEN enter Code G for the entire year

NO

Look at the affordability of Marketplace coverage. Use the Affordability Worksheet in the instructions for Form 8965.

Affordability Worksheet, Form 8965 Instructions

CAUTION Do not complete this worksheet unless you were instructed to do so in the Affordability Worksheet.

- 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. To find the lowest cost bronze plan go to the Marketplace for your area
- Enter your household income (see [Household Income](#))
- Enter the total of all nontaxable social security benefits received by you, your spouse, and each claimed dependent who must file a tax return*
- Add lines 2 and 3
- Enter the federal poverty line for the number of individuals in your tax household less any dependents not claimed. See the instructions for Form 8962, line 4
- Divide line 4 by line 5. If the result (without rounding) is less than 1.0 or more than 4.0, skip lines 7 through 10 and enter -0- on line 11.
- Multiply line 6 by 100 and round to the nearest whole number. Enter the applicable figure for the result from the table in the instructions for Form 8962, line 7
- Multiply line 4 by line 7
- Divide line 8 by 12.0
- 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. To find the second lowest cost silver plan go to the Marketplace for your area
- Subtract line 9 from line 10
- Subtract line 11 from line 1. If zero or less, enter -0-. This is the individual's required contribution for the month
- Is the individual eligible for this coverage for every month of the year?
 - Yes.** Multiply line 12 by 12.0. This is the annualized premium. Enter this amount in the space for every month on the [Affordability Worksheet](#)
 - No.** Use the Annualized Premium Worksheet to determine what the annualized premium would be for each month the individual was eligible for the coverage being tested. Enter the annualized premium in the space for the appropriate months on the [Affordability Worksheet](#)

*If the individual filed Form 1040, figure the nontaxable social security benefits received by that individual by subtracting Form 1040, line 20b from Form 1040, line 20a. If the individual filed Form 1040A, figure the nontaxable social security benefits received by that individual by subtracting Form 1040A, line 14b from Form 1040A, line 14a. If the individual filed Form 1040EZ, he or she should have received a Form SSA-1099 or Form RRB-1099 showing the social security benefits received by that individual, all of which were nontaxable.

Lowest cost bronze plan (LCBP): Go to the taxpayer's Marketplace. For states using Healthcare.gov, go to: healthcare.gov/taxes/tools/bronze.
NOTE: The look up tool asks about tobacco use. Tobacco use is the 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 and older).

TIP
If the LCBP costs less than 8% of income (above), there is an affordable offer of coverage. No Code A exemption is available.

Second lowest cost silver plan (SLCSP): Go to the taxpayer's Marketplace. For states using Healthcare.gov, go to: healthcare.gov/taxes/tools/silver.

Compare this amount to household income.
If health insurance costs less than 8% of income, no exemption applies.
If health insurance costs more than 8% of income, Code A applies.

Shared Responsibility Payment

The taxpayer will pay a shared responsibility payment for any month that someone on the tax return is not covered **AND** not exempt.

! Important! On the ACA Worksheet, only check the months the individual had no coverage **and** no exemption. These are the shared responsibility payment months.
Only check "None" to calculate a payment for all 12 months.

The Individual Shared Responsibility Payment

If your client owes a shared responsibility payment in 2014, explain the payment and remind the client that the payment increases next year.

Year	Full-year payment is greater of:	
2014	1% of household income above tax filing threshold (up to cap ¹)	OR \$95 per adult, \$47.50 per child (up to cap of \$285)
2015	2% of household income above tax filing threshold (up to cap ¹)	OR \$325 per adult, \$162.50 per child (up to cap of \$975)
2016	2.5% of household income above tax filing threshold (up to cap ¹)	OR \$695 per adult, \$347.50 per child (up to cap of \$2,085)
2017 and beyond	Values increased by a cost-of-living adjustment	

¹ Capped at national average premium of a bronze level plan purchased through a Marketplace. For 2014, the cap is \$2,448 per individual (\$204 per month per individual), with a maximum of \$12,240 for a family with five or more members (\$1,020 per month for a family with five or more members).

How do I avoid paying a shared responsibility payment next year?

Talk to a health care assister to learn about opportunities for coverage.

Find local in-person help at: localhelp.healthcare.gov

Or go online at: healthcare.gov/get-coverage

By phone: Marketplace Call Center: 1-800-318-2596 (TTY: 1-855-889-4325)

Enroll in **Medicaid** at any time during the year, if eligible.

Enroll in **Marketplace coverage** through February 15, 2015, or later in the year if you qualify for a special enrollment period (SEP).

More information on SEP eligibility:

healthcare.gov/coverage-outside-open-enrollment/special-enrollment-period

Premium Tax Credits: Overview

See Form 8962 Instructions

What is a premium tax credit?

A premium tax credit (PTC) lowers the cost of health insurance coverage purchased in the Marketplace.

Premium tax credits can be either:

- Taken in advance (payment forwarded directly to the insurer monthly to reduce premiums), OR
- Taken on tax return (payment is claimed as a lump sum at the end of the year).

Anyone who receives advance payment of PTC for themselves, their dependents, or a person they helped enroll under the belief they would be a dependent must file a tax return and must reconcile the PTC on Form 8962.

Premium Tax Credits: Where do I start?

STEP 1 Did the taxpayer or dependent purchase coverage in the Marketplace?

If YES, complete Form 8962 and go to Step 2.
If NO, do not complete Form 8962 and stop.

STEP 2 Did the taxpayer receive Form 1095-A?

If YES, use this to complete Form 8962. All members of a household in a single policy will be on one 1095-A. If family members enroll in different policies or made mid-year changes, there will be multiple 1095-A's.
If NO, call the Marketplace call center and/or check taxpayer's online account.

Marketplace call center:
1-800-318-2596 (TTY: 1-855-889-4325)
For states not using Healthcare.gov,
look up state Marketplace at
healthcare.gov

Form 1095-A

Form 1095-A		Health Insurance Marketplace Statement		OMB No. 1545-2232
Department of the Treasury Internal Revenue Service		Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a .		2014
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 Coverage Household				
A. Covered Individual Name	B. Covered Individual SSN	C. Covered Individual Date of Birth	D. Covered Individual Start Date	E. Covered Individual Termination Date
16				
17				
18				
19				
20				
Part III Household Information				
Month	A. Monthly Premium Amount	B. Monthly Premium Amount of Second Lowest Cost Silver Plan (SLCSP)	C. Monthly Advance Payment of Premium Tax Credit	
21 January				
22 February				
23 March				
24 April				
25 May				
26 June				
27 July				
28 August				
29 September				
30 October				
31 November				
32 December				
33 Annual Totals				

Monthly Premium (column A): This is usually the total unsubsidized cost of the taxpayer's insurance. This amount may be lower than the taxpayer's cost if the plan includes "extra" benefits (like adult dental) or if the taxpayer or a dependent uses tobacco.

SLCSP (column B): If this column is blank, use the SLCSP tool to find the SLCSP that covers all the members of the family in the plan. In some cases, the state will send a table with the information.

SLCSP tool for states using Healthcare.gov:
healthcare.gov/taxes/tools/silver/
If your state does not use Healthcare.gov, go to your state's Marketplace

Tips

If someone received premium tax credits in advance, you cannot prepare the return without the 1095-A

To obtain a 1095-A:

- The taxpayer can log into his or her online account, in most cases, or
- Call the call center for your Marketplace

If the 1095-A is incorrect, call the Marketplace and request a corrected 1095-A

Premium Tax Credits: Form 8962

Form 8962 in TaxWise

TaxWise Tip

In most cases, enter the state and the information from the 1095-A and TaxWise will do the rest.

US 8962 Premium Tax Credit 2014

Name: [REDACTED] SSN: [REDACTED]

Check here if applying for relief (see instructions)

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.

Part 1: Annual and Monthly Contribution Amount

1 Family size

2a Modified AGI

b Enter total of your dependents' modified AGI

3 Household income

4 Federal poverty line - check the appropriate box for the state you resided in. If you moved during 2014 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

5 Household income as a percentage of Federal poverty line

6 Is the result on line 5 less than or equal to 400%? See instructions if result is less than 100%.
 Yes. Continue to line 7.
 No. You are not eligible to receive the PTC. If you received advance payment of PTC, skip lines 7 and 8 and go to line 9. If you did not receive any advance payment of PTC, stop here.
 If the percentage on line 5 is less than 100%, did the taxpayer qualify for the PTC under the requirements in the instructions? Yes. No.

7 Applicable figure from the table in the instructions

8a Annual contribution for health care - multiply line 3 by line 7

b Monthly contribution for health care - divide line 8a by 12

Part 2: Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit

9 Did you share a policy with another taxpayer or get married during the year and want to use the alternative calculation? (see instructions)
 Yes. Skip to Part 4, Shared Policy Allocation, or Part 5, Alternative Calculation for Year of Marriage
 No. Continue to line 10.

10 Do all Forms 1095-A for your tax household include coverage for January through December with no changes in monthly amounts shown in lines 21 - 23, columns A and B?

Annual Calculation						
	A Premium amount Form 1095-A line 33A	B Annual premium amount of SLCSF Form 1095-A line 33B	C Annual contribution amount Line 8A	D Annual maximum premium assistance	E Annual premium tax credit allowed	F Annual advance payment of PTC Form 1095-A line 33C
11 Annual totals	0	0	0	0	0	0

Monthly Calculation						
	A Monthly premium amount Form 1095-A lines 21 - 32, column A	B Monthly premium amount of SLCSF 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	0	0	0	0	0	0
13 February	0	0	0	0	0	0
14 March	0	0	0	0	0	0
15 April	0	0	0	0	0	0
16 May	0	0	0	0	0	0
17 June	0	0	0	0	0	0
18 July	0	0	0	0	0	0
19 August	0	0	0	0	0	0
20 Sept	0	0	0	0	0	0
21 October	0	0	0	0	0	0
22 Nov	0	0	0	0	0	0
23 Dec	0	0	0	0	0	0

24 Total premium tax credit

25 Advance payment of PTC

26 Net premium tax credit

Part 3: Repayment of Advance Payment of the Premium Tax Credit

27 Excess advance payment of PTC

28 Repayment limitation

29 Excess advance payment premium tax credit repayment

Check here if taxpayer is Married Filing Separately but experienced domestic violence or spousal abandonment in the last year

If a person is Married Filing Separately and is not eligible for relief, they must repay any advance payments of the credit they received during the year

Line 2b: Only include dependent income if the dependent has a tax filing requirement

Line 6: Even if income is below 100% FPL, check YES if:
 (1) Marketplace estimated income above 100% FPL at application and PTC was received in advance based on this estimate —OR—
 (2) A lawfully present individual is ineligible for Medicaid due to immigration status and receives premium tax credits instead

Line 9: Check yes if:

- A person who received APTC married during the year
- The 1095-A lists a covered person who is not on this tax return
- A person on the tax return was in Marketplace coverage but was enrolled with someone who is not on the tax return
- The taxpayer separated or divorced during the year and someone on the taxpayer's return is in a policy with someone on the spouse's separate return

Line 11-23: Complete either line 11 OR lines 12-23, not both. Use 1095-A to complete.

Line 26: The additional premium tax credit a taxpayer will receive as a refund

Line 27: The amount of overpayment the taxpayer received during the year that needs to be repaid up to a repayment cap

Repayment Caps on APTC (for tax year 2014)		
Income (as % of FPL)	SINGLE Taxpayers Repayment Cap:	OTHER Taxpayers Repayment Cap:
Under 200%	\$300	\$600
At least 200% but less than 300%	\$750	\$1,500
At least 300% but less than 400%	\$1,250	\$2,500
400% and above	Full repayment	Full repayment