

VITA/TCE Advanced Topic: Premium Tax Credits

Current as of November 21, 2017

Webinar #1 – Basic Certification Topics

- Minimum essential coverage
- Shared responsibility payment
- Exemptions

Webinar #2 – Advanced Certification Topics

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



- If a taxpayer used the short coverage gap exemption in December 2016, can he use it again in January 2017?
 - Maybe.
 - If he was uninsured in December 2016 and January 2017 only, January qualifies as a short coverage gap month because the total gap is less than 3 months.
 - If he was uninsured in November and December 2016 and January 2017, January does not qualify as a short gap month because the total period is 3 months or more.
 - If he had received a *different type* of exemption in November and December 2016, the 2016 exemption period would be treated as ‘coverage’ and the short gap may apply for January.



- If you're measuring the affordability of employer-sponsored coverage to determine eligibility for Code A, does an offer of COBRA or retiree coverage count?
 - No. COBRA or retiree coverage does not count as an employee offer for this purpose, unless the eligible person or family member actually enrolled in the coverage.
 - For example:
 - A person is offered COBRA and does not enroll. He was uninsured.
 - In testing eligibility for the affordability exemption, he wouldn't be considered eligible for an employer offer. (And he was not eligible for coverage under another family member's employer coverage.)
 - His exemption eligibility will be determined by the affordability of marketplace coverage, after taking into account the PTC.



PTC REFRESHER

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: \$11,770 - \$47,080 Family of four: \$24,250 - \$97,000
 - *Exception for people with income below 100% FPL can claim PTC if they received APTC under the belief that they would be income-eligible for the credit.
3. **Have an eligible filing status**
 - PTC cannot be claimed by a person who is Married Filing Separately
 - *Exceptions for abused or abandoned spouses
 - PTC cannot be claimed on a dependent return (whoever claims an individual's personal exemption can claim their PTC)
4. **Not eligible for (or enrolled in) other minimum essential coverage (MEC)**
 - Not eligible for Medicare or most Medicaid/CHIP or affordable employer-sponsored coverage (regardless of whether the person is actually enrolled)
 - *Many exceptions allow a person who received APTC to claim the credit despite eligibility for other coverage



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 and no one claims his personal exemption, 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 (2017)		
Income (as % of FPL)	SINGLE taxpayers will pay back no more than ...	OTHER taxpayers will pay back no more than....
Under 200%	\$300	\$600
At least 200% but less than 300%	\$750	\$1,500
At least 300% but less than 400%	\$1,275	\$2,550
400% and above	None: Full repayment	None: Full repayment



Form 1095-A Department of the Treasury Internal Revenue Service	Health Insurance Marketplace Statement ▶ Do not attach to your tax return. Keep for your records. ▶ Go to www.irs.gov/Form1095A for instructions and the latest information.	<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	OMB No. 1545-2232 <div style="font-size: 2em; font-weight: bold;">2017</div>
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	This includes the actual premium paid plus the APTC (minus certain "extra" benefits, such as adult dental)	This is the benchmark plan that helps establish the PTC amount. It may be incorrect if: (1) no APTC was paid, or (2) a change in circumstance was not reported.	Advance payment of PTC
22 February			

What if the 1095-A is wrong?

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

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

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



Enter Insurance Status

Health Insurance Questionnaire

Did you or your family have health insurance at any time in 2017?

☒ Yes

☐ No

Health Insurance Questionnaire

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

☒ Yes

☐ No

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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

[+ Add New Household Member](#)

- “Add New Household Member” will add a person to the tax return for ACA coverage and penalty purposes.
- Warning: Do not add a person who is on Form 1095-A but not on the tax return (shared policy). That’s not an accurate way to reconcile APTC.



Enter Insured Months

Months Insured

Was your entire household insured for all 12 months of 2017? *

☐ Yes

☒ No

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

Name	Months Insured
SUMMER GORDON	9
JOE GORDON	9

Specify the 9 months that SUMMER GORDON had minimum essential coverage

☐ January

☐ February

☐ March

☒ April

☒ May

☒ June

☒ July

☒ August

☒ September

☒ October

☒ November

☒ 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 2017? *

☒ Yes

☐ No



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

Who needs to repay ALL APTC? (Answer Yes)

- People who are not lawfully present and received a credit only for themselves (if a citizen also received the credit, 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

Who does NOT need to repay all APTC? (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.



Requirement to Repay *All* APTC

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	800	700	91	609	609	700	
13 February	800	700	91	609	609	700	
14 March	800	700	91	609	609	700	
15 April	800	700	91	609	609	700	
16 May	800		91			700	
17 June							
18 July							
19 August							
20 September							
21 October							
22 November							
23 December							
24 Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here						24	2436
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	3500
26 Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 69; Form 1040A, line 45; or Form 1040NR, line 65. If line 24 equals line 25, enter -0-. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27						26	
Part III Repayment of Excess Advance Payment of the Premium Tax Credit							
27 Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here						27	1064
28 Repayment limitation (see instructions)						28	
29 Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Form 1040, line 46; Form 1040A, line 29; or Form 1040NR, line 44						29	1064
For Paperwork Reduction Act Notice, see your tax return instructions.						Form 8962 (2017)	

- Line 28 should always show the repayment cap, even if the repayment cap is higher than the amount owed.
- If it doesn't show a repayment cap, and income is under 400% FPL, check 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.

TaxSlayer defaults to No. Consequences of answering No:

- For someone with income 100-400% FPL, answering No is fine. (In most cases, the program will skip this question.)
- For someone with income below 100% FPL, answering No will trigger repayment.

Answer Yes: If a taxpayer has income below 100% FPL but is eligible to claim the credit.



- In some cases, you may not even be asked the question about whether you can claim PTC with income under 100% FPL.

3	Household income. Add the amounts on lines 2a and 2b (see instructions)	3	13000
4	Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3 (see instructions). Check the appropriate box for the federal poverty table used. a <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input checked="" type="checkbox"/> Other 48 states and DC	4	15930
5	Household income as a percentage of federal poverty line (see instructions)	5	81 %
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.		
7	Applicable Figure. Using your line 5 percentage, locate your "applicable figure" on the table in the instructions	7	
8a	Annual contribution amount. Multiply line 3 by line 7. Round to nearest whole dollar amount	8a	
	b Monthly contribution amount. Divide line 8a by 12. Round to nearest whole dollar amount	8b	
Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit			
9	Are you allocating policy amounts with another taxpayer or do you want to use the alternative calculation for year of marriage (see instructions)? <input type="checkbox"/> Yes. Skip to Part IV, Allocation of Policy Amounts, or Part V, Alternative Calculation for Year of Marriage. <input checked="" type="checkbox"/> No. Continue to line 10.		
10	See the instructions to determine if you can use line 11 or must complete lines 12 through 23. <input type="checkbox"/> Yes. Continue to line 11. Compute your annual PTC. Then skip lines 12-23 <input checked="" type="checkbox"/> No. Continue to lines 12-23. Compute your monthly PTC and continue to line 24.		
Annual Calculation	(a) Annual enrollment premiums (Form(s) 1095-A, line 33A)	(b) Annual applicable SLCSPP premium (Form(s) 1095-A, line 33B)	(c) Annual contribution amount (line 8a)
Monthly Calculation	(a) Monthly enrollment premiums (Form(s) 1095-A, lines 21-32, column A)	(b) Monthly applicable SLCSPP premium (Form(s) 1095-A, lines 21-32, column B)	(c) Monthly contribution amount (amount from line 8b or alternative marriage monthly calculation)
			(d) Annual maximum premium assistance (subtract (c) from (b), if zero or less, enter -0-)
			(e) Annual premium tax credit allowed (smaller of (a) or (d))
			(f) Annual advance payment of PTC (Form(s) 1095-A, line 33C)
11	Annual Totals		
12	January		700
13	February		700
14	March		700
15	April		700
16	May		
17	June		
18	July		
19	August		
20	September		
21	October		
22	November		
23	December		
24	Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here	24	
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	2800
26	Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 69; Form 1040A, line 45; or Form 1040NR, line 65. If line 24 equals line 25, enter -0-. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27	26	
Part III Repayment of Excess Advance Payment of the Premium Tax Credit			
27	Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here	27	2800
28	Repayment limitation (see instructions)	28	300
29	Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Form 1040, line 46; Form 1040A, line 29; or Form 1040NR, line 44	29	300



Entering Form 1095-A

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

- ☒ Yes
☐ No

Please enter your annual Advance Premium Tax Credit information

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

\$ 2000

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

\$ 2400

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

\$ 1600



Dependent MAGI

Dependents' Modified AGI (if filing requirement)

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

\$

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

\$

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

\$

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

\$

- Dependent income is rarely needed because few dependents are required to file taxes.
- The income of a dependent with a tax filing requirement is included in the calculation of household income for:
 - PTC
 - Income-based exemptions: income below filing threshold, Medicaid coverage gap, and affordability (but not gross income below filing threshold)
 - Shared responsibility payment

Complex 1095-A Issues

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

- In general, a taxpayer cannot claim PTC if Married Filing Separately.
- **Two exceptions:**
 - Domestic abuse: The taxpayer lives apart from the spouse *and* is unable to file a joint return because of domestic abuse
 - Abandoned spouse: The taxpayer lives apart from the spouse *and* is unable to locate spouse after using due diligence.

Note: Each exception can be used for a maximum of three consecutive years

- The taxpayer does not have to produce proof to the tax preparer, but, as with other claims on a tax return, the IRS could ask for verifying documents later.

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



Example: MFS with APTC

- Alma hasn't seen her husband in over a year. When she applied for health coverage, she said she was single. She was awarded APTC.
-
- At tax filing, 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 SLCPSP 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	Add the premiums together	▪ If <u>same state</u> , SLCSP should be the same. ▪ If <u>different states</u> , add them. ▪ Or use tool.	Add the APTC together
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 in the same “policy.” They get separate Forms 1095-A.

Form 1095-A for Felicia and Murphy

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

Form 1095-A for Gwen

Part III Coverage Information			
Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
33 Annual Totals	\$3,600	\$10,800	\$1,200

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

☒ Yes ☐ No

Please enter your annual Advance Premium Tax Credit information

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

\$ 15,600 $\$12,000 + \$3,600$

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

\$ 10,800

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

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

Issue: Failure to Pay Premiums

Form 1095-A

Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January	\$400	\$300	\$200
22 February	\$400	\$300	\$200
23 March	\$400	\$300	\$200
24 April	\$400	\$300	\$200
25 May		\$300	\$200

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

Example: Failure to Pay Premiums

- Greg had an unexpected car repair in April and could not afford to make his \$200 May premium for his marketplace insurance. He made no other payments and his coverage was canceled, retroactive to the end of May.

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 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	400	300	76	224	224	200
13 February	400	300	76	224	224	200
14 March	400	300	76	224	224	200
15 April	400	300	76	224	224	200
16 May		300	76	224		200

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

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

Form 1095-A			
Part III Coverage Information			
Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January	\$300	\$300	\$200
22 February	\$300	\$300	\$200
23 March	\$300	\$300	\$200
24 April	\$300		
25 May	\$300		

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

Instead:

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



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

- Carolina failed to reconcile her APTC for 2015 and had her 2017 APTC canceled. She filed her 2015 tax return and APTC was reinstated starting in March.

Form 1095-A

Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January	\$300		
22 February	\$300		
23 March	\$300	\$300	\$200
24 April	\$300	\$300	\$200
25 May	\$300	\$300	\$200

- Even though she didn't receive APTC in January and February, she meets all of the eligibility criteria for PTC.
- In TaxSlayer, enter the SLCSP for January and February. (If you're not sure of the SLCSP, look it up.)
- Leave the APTC column BLANK for January and February

Forms 1095-A, B, and C

Form 1095-A

The diagram shows a simplified layout of Form 1095-A. It includes a header section with two horizontal lines, followed by a table with 5 columns and 1 row, and another header section with two horizontal lines 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 layout of Form 1095-B. It includes a header section with two horizontal lines, followed by a table with 5 columns and 1 row, and another header section with two horizontal lines 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 layout of Form 1095-C. It includes a header section with two horizontal lines, followed by a table with 5 columns and 1 row, and another header section with two horizontal lines 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).

- **Many exceptions!**

- **For any coverage conflict:**

- People who are eligible for PTC on the first day of the month are considered eligible for the full month (even if they become eligible for other coverage later that month, for instance.)

- **If a person is enrolled in APTC but later determined eligible Medicaid:**

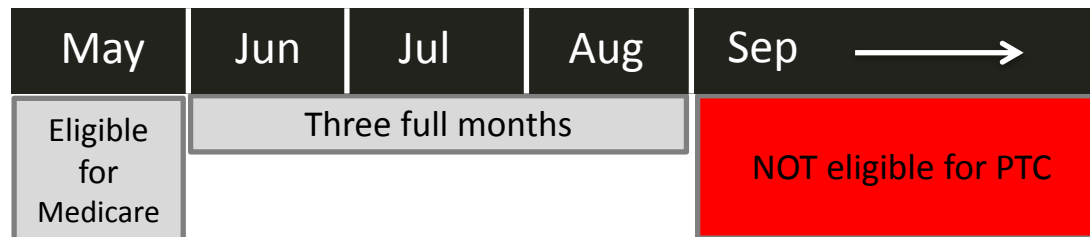
- PTC is allowed for months of retroactive Medicaid coverage
- The person is generally eligible for PTC for the entire calendar year even if also enrolled in Medicaid for some of those months.



More exceptions!

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

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



If he continues in the marketplace the APTC all year:

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



Overlapping Coverage

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

Form 1095-C Department of the Treasury Internal Revenue Service		Employer-Provided Health Insurance Offer and Coverage ▶ Do not attach to your tax return. Keep for your records. ▶ Go to www.irs.gov/Form1095C for instructions and the latest information.										<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-2251 2017	
Part II Employee Offer of Coverage							Plan Start Month (Enter 2-digit number):								
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec		
14 Offer of Coverage (enter required code)															
15 Employee Required Contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)															

- It's an affordable offer if:
 - Line 14 says 1A, or
 - Line 14 says 1B, 1C, 1D, or 1E and the cost on line 15 is less 9.69% of income
- This only tells you the cost of self-only coverage; family coverage may still be unaffordable.

More exceptions!

- **SAFE HARBOR:** If the taxpayer informed the marketplace of the cost of employer-sponsored coverage and they awarded APTC anyway, the taxpayer can claim PTC.
- **Ask:** Did you provide accurate information about the cost of employer-sponsored coverage? If so, and the person received APTC, disregard the offer of coverage – they are eligible for PTC (if all other requirements are met).



Review Tips

check any
box on line
39a or 39b or
who can be
claimed as a
dependent,
see
instructions

Other Taxes

Payments

If you have a qualifying child, attach Schedule EIC.

Calculation Summary

\$1,023

Federal Amount Due

N/A

Refund Amount

[Go To Last Checkpoint](#)

[View/Print Return](#)

REASONS FOR NO EARNED INCOME CREDIT (EIC)



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[Summary View](#)

Form 1040 page:

1

2

Form	1040	Department of the Treasury—Internal Revenue Service	(99)	2016	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2016, or other tax year beginning				, 2016, ending	, 20	See separate instructions.
Your first name and initial		Last name		Your social security number		
SUMMER		GORDON		611 00 1111		

Form 8962 Review

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

Form 8962 Department of the Treasury Internal Revenue Service	Premium Tax Credit (PTC) ▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Go to www.irs.gov/Form8962 for instructions and the latest information.	OMB No. 1545-0074 2017 Attachment Sequence No. 73
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 checked="" type="checkbox"/>		
Part I Annual and Monthly Contribution Amount		
1 Tax family size. Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d	1	2
2a Modified AGI. Enter your modified AGI (see instructions)	2a	23500
2b Enter the total of your dependents' modified AGI (see instructions)	2b	

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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 checked="" type="checkbox"/>		
Part I Annual and Monthly Contribution Amount		
1 Tax family size. Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d	1	2
2a Modified AGI. Enter your modified AGI (see instructions)	2a	23500
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	30500

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

Part I Annual and Monthly Contribution Amount		
1	Tax family size. Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d	1 2
2a	Modified AGI. Enter your modified AGI (see instructions)	2a 15000
b	Enter the total of your dependents' modified AGI (see instructions)	2b
3	Household income. Add the amounts on lines 2a and 2b (see instructions)	3 15000
4	Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3 (see instructions). Check the appropriate box for the federal poverty table used. a <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input checked="" type="checkbox"/> Other 48 states and DC	4 15930
5	Household income as a percentage of federal poverty line (see instructions)	5 94 %
6	Did you enter 401% on line 5? (See instructions if you entered less than 100%.) <input type="checkbox"/> No. Continue to line 7. <input checked="" type="checkbox"/> Yes. You are not eligible to take the PTC. If advance payment of the PTC was made, see the instructions for how to report your excess advance PTC repayment amount.	

- Line 6: If YES is checked, it's probably wrong. A taxpayer can claim the PTC with income below 100% FPL if they received APTC or are a lawfully present alien who is not eligible for Medicaid.
- 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, contributing to a health savings account, taking the tuition and fees deduction instead of an education credit?

Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit

- 9** Are you allocating policy amounts with another taxpayer or do you want to use the alternative calculation for year of marriage (see instructions)?
☐ **Yes.** Skip to Part IV, Shared Policy Allocation, or Part V, Alternative Calculation for Year of Marriage. ☒ **No.** Continue to line 10.
- 10** See the instructions to determine if you can use line 11 or must complete lines 12 through 23.
☒ **Yes.** Continue to line 11. Compute your annual PTC. Then skip lines 12–23 and continue to line 24. ☐ **No.** Continue to lines 12–23. Compute your monthly PTC and continue to line 24.

- Line 9: TaxSlayer assumes that there is no out-of-scope issue.
 - Double check that everyone on Form 1095-A is on the tax return (no shared policy allocation)
 - If the taxpayer must repay PTC, did he or she get married in 2017? If so, the person may qualify to use the alternative marriage calculation.

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 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	800	700	25	675	675	700
13 February	800	700	25	675	675	700
14 March	800	700	25	675	675	700
15 April	800	700	25	675	675	700
16 May	800		25			700
17 June						
18 July						
19 August						
20 September						
21 October						
22 November						
23 December						
24 Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here					24	2700
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	3500
26 Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 69; Form 1040A, line 45; or Form 1040NR, line 65. If line 24 equals line 25, enter -0-. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27					26	
Part III Repayment of Excess Advance Payment of the Premium Tax Credit						
27 Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here					27	800
28 Repayment limitation (see instructions)					28	
29 Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Form 1040, line 46; Form 1040A, line 29; or Form 1040NR, line 44					29	800

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

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 2018, encourage them to report their most recent income/dependent information to improve the accuracy of the 2018 income and household projection.

Failure to Reconcile

Delays in Return Processing

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

Failure to File and Reconcile APTC for TY2016

- People who did not file for 2016 may lose their APTC for 2018
- Consider preparing the prior-year return early in the season, even if those returns would normally be delayed until a less-busy time. It may affect a person's ability to get or keep health insurance.



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