

TAX GUIDE

Tips to Avoid Unnecessary APTC Repayment

TaxSlayer Quick Guide

TaxSlayer introduced questions on the premium tax credit. If you're not careful, you may accidentally charge your client an APTC repayment they do not owe!

TAXSLAYER : APTC (1095-A) QUESTIONS

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 2016? *

Yes

No

Are you required to repay all of the Excess APTC Received?

Yes

No

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

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

Yes

No

QUESTION APPEARS FOR ALL TAXPAYERS WITH APTC:

This question is really asking: *Is the taxpayer liable for unlimited APTC repayment?*

Answer NO in most cases.

Only answer YES if the tax return:

- Shows income over 400% FPL; OR
- Includes an undocumented immigrant who received APTC; OR
- Has a person who was eligible for the Trade Adjustment Assistance Health Care Tax Credit (HCTC)

SEE "EXCESSAPTC REPAYMENTQUESTION" FOR MORE INFO

QUESTION APPEARS ONLY IF TAXPAYER'S INCOME IS UNDER 100% FPL:

Answer YES in most cases. Answer YES if:

1. The marketplace awarded APTC; OR
2. The person is lawfully present but ineligible for Medicaid

Only answer NO if:

- Income is below 100% FPL, no APTC was received, and #2 from above does not apply

Note: TaxSlayer will default select NO for this question.

SEE "UNDER 100% FPL QUESTION" FOR MORE INFO

EXCESS APTC REPAYMENT QUESTION

APTC repayment is capped, by income, for most taxpayers. This question is really asking:

"Is the taxpayer liable for unlimited APTC repayment?"

The answer is almost always NO. The repayment cap applies to the vast majority of taxpayers.

Only answer YES if one of the following applies:

- **Tax return shows income over 400% FPL.** And, in fact, no matter how you answer this question, TaxSlayer will automatically force full repayment if the taxpayer is over-income.
- **Tax return includes an undocumented individual who received APTC.** This should be extremely rare since the Marketplace verifies immigration status at enrollment. Remember, you can't make an assumption that someone who has an ITIN is automatically ineligible for the credit. Some people with ITINs have valid, lawful immigration statuses and are eligible for the PTC. Also, an ineligible person may still claim the PTC for eligible family members. So on this question, if everyone who received PTC is lawfully present or a citizen, answer NO. If everyone who received PTC is undocumented, answer YES, and, when entering the amounts from Form 1095-A, leave the premium and SLCSP blank; only enter the APTC. If Form 1095-A shows coverage for both people who were undocumented and those who were lawfully present or citizens, consult IRS Publication 974 to determine the appropriate repayment limit. This cannot be done in TaxSlayer.
- **Tax return has a person who was eligible for the Trade Adjustment Assistance Health Care Tax Credit (HCTC),** which is out of scope for VITA.

Exceptions are outlined in the Form 8962 Instructions, Line 28

In all other cases, the answer to this question is NO. The repayment cap will apply when a person is ineligible for PTC due to an employer offer of coverage, has a filing status of married filing separately, or any other reason not listed above.

Are you required to repay all of the Excess APTC Received?

- Yes
 No

REPAYMENT LIMITS ON APTC (TY2023)

Income (% FPL)	SINGLE taxpayers	OTHER taxpayers
Under 200%	\$350	\$700
200% – 300%	\$900	\$1,800
300% – 400%	\$1,500	\$3,000
400% & above	None	None

For additional yearly thresholds, see [Yearly Thresholds Reference Guide](#)

BOTTOM LINE:

This question could easily lead to unnecessary repayment! You'll typically answer NO. As part of review, double check Form 8962, Line 28 and Form 1040, Line 46 (Excess APTC) to make sure the repayment cap is applied correctly.

UNDER 100% FPL QUESTION

This is a question from Form 8962.

The answer is almost always YES. If you answer NO, you will inappropriately charge your lowest-income taxpayers an extra \$350 or \$700 that they DO NOT OWE!

In general, a person is required to have income above 100% FPL to qualify for a PTC. However, there are two big exceptions. A person can claim PTC if their income is below 100% FPL and either of the following circumstances apply.

Answer YES if either of the following are true:

1. **The marketplace awarded APTC.** If the marketplace awarded APTC, the taxpayer can still claim the credit at tax-filing even if their income dipped below the poverty line. (This is the most common scenario!)
2. **The person is lawfully present but is ineligible for Medicaid.** The PTC covers nearly all lawfully-present immigrants, whereas Medicaid programs often have more limited rules. Rather than leave the lowest-income immigrants in a lurch when Medicaid is denied, PTC extends to people with income below 100% FPL. In most cases, people will have been awarded APTC so they'll look like the people in the first exception, above. Rarely, a person may not have received APTC and instead paid the full premium and now can claim the credit. To calculate their credit, ask their immigration status, confirm their immigration status against this list (www.healthcare.gov/immigrants/immigration-status), then look up their SLCSP here (www.healthcare.gov/tax-tool) or at your state-based marketplace website. Enter the premium from their Form 1095-A and the SLCSP you located and TaxSlayer will calculate the PTC. (This should be rare.)

Answer NO if: The taxpayer has income below 100% FPL, no APTC was received, and #2 above does not apply.

How can I identify this problem in review? Look at Form 8962. If the taxpayer has income under 100% FPL on Line 5, but there is a repayment amount of \$350 or \$700 on Line 29, this question is probably answered incorrectly.

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

BOTTOM LINE:

If the taxpayer received APTC, the answer to this question should always be YES! Even if no APTC was received, the answer should be YES if the person who received the credit is a lawfully-present immigrant.