



The Health Coverage Tax Credit (HCTC) makes health insurance affordable for your clients. The HCTC is a federal tax credit that pays 72.5% of qualified health insurance premiums for individuals and their families. The legislation that authorized the Health Coverage Tax Credit (HCTC) expired January 1, 2014, and the tax credit is no longer available for tax years after 2013. As a tax professional, you can help eligible individuals understand how to claim the HCTC.

HCTC Candidate Requirements

The HCTC pays 72.5% of qualified health insurance premiums for certain trade affected workers, retirees, and their qualified family members. To determine if your clients are candidates for the HCTC, start by asking if they, were during any part of the tax year, one of the following:

- Pension Benefit Guaranty Corporation (PBGC) payees and are 55 years old or older.
- A Trade Adjustment Assistance (TAA), Alternative TAA (ATAA), or Reemployment TAA (RTAA) recipient.
- Qualified family members of an individual who fell under one of the categories listed above when they enrolled in Medicare, passed away or finalized a divorce.

HCTC Health Plan Requirements

Finally, find out if they have, during any part of the tax year, health coverage from one of five types of HCTC qualified health plans:

1. A COBRA plan where the individual or their spouse pays more than 50% of the total cost of coverage.*
2. State-qualified health plans, which are specially designated as qualified for the HCTC.
3. Coverage through their spouse's job where the individual pays more than 50% of the total monthly premium with after-tax dollars.
4. Non-group/individual health plans that took effect at least 30 days before their last paid day of work.
5. VEBAs (Voluntary Employee Beneficiary Association) that are qualified for the HCTC.

* Individuals cannot receive the HCTC for any month in which they receive the 65% COBRA Premium Reduction.

How To Claim the HCTC

Individuals can claim the Yearly HCTC for the months in which they met all HCTC eligibility requirements and paid their premiums directly to their qualified health plan by filing Form 8885, *Health Coverage Tax Credit*, with their federal income tax return. Once the IRS processes your tax return, the credit will be applied against any outstanding balances due. If the credit is greater than any balance owed, you will receive a refund for the difference.

To learn about eligibility and health plan requirements for the HCTC, visit the "HCTC: Eligibility Requirements and How to Receive the HCTC" page on www.irs.gov/hctc. If you have questions, please call the HCTC Customer Contact Center at 1-866-628-HCTC (4282). For those with a hearing impairment, call 1-866-626-4282 (TTY). The Customer Contact Center is open from 8:00am - 5:00pm Central time, Monday through Friday. After February 28, 2014, please visit www.irs.gov/hctc for information about the HCTC.