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All early releases of draft forms, instructions, and publications are available at www.IRS.gov/draftforms. All information about forms, instructions, and publications is accessible from www.IRS.gov/formspubs.

If you have any comments on this draft, you can submit them to us on our IRS.gov page titled Comment on Forms and Publications, where you may make comments anonymously if you wish. You can also email us at taxforms@irs.gov. Please include the form or publication number in the subject. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each suggestion. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

2013

Instructions for Form 1099-H

Department of the Treasury
Internal Revenue Service

Health Coverage Tax Credit (HCTC) Advance Payments

DRAFT As of August 14, 2012

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1099–H and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/form1099h*.

What's New

Pilot program for truncating an individual's identifying number on paper payee statements has ended. Filers of Form 1099-H must show the recipient's complete identifying number on all copies of the form.

Reminders

General instructions. In addition to these specific instructions, you should also use the 2013 General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Backup withholding.
- Electronic reporting requirements.
- Penalties.
- Who must file (nominee/middleman).
- When and where to file.
- Taxpayer identification numbers.
- Statements to recipients.
- Corrected and void returns.
- Other general topics.

You can get the general instructions at IRS.gov/formspubs, or by calling 1-800-TAX-FORM (1-800-829-3676).

Copy 1. Form 1099-H includes Copy 1, which is provided to recipients by the IRS Health Coverage Tax Credit (HCTC) Transaction Center. Copy B must be provided to recipients by all other filers.

Specific Instructions

File Form 1099-H, Health Coverage Tax Credit (HCTC) Advance Payments, if you received any advance payments during the calendar year of qualified health insurance payments for the benefit of eligible trade adjustment assistance (TAA), Reemployment TAA, or Pension Benefit Guaranty Corporation (PBGC) pension recipients and their qualifying family members.

Who Must File

Section 6050T requires that if you are a provider of qualified health insurance coverage (defined in section 35(e)) and you receive advance payments from the Department of the Treasury on behalf of eligible recipients pursuant to section 7527, you must file Forms 1099-H to report those advance payments. You must also furnish a statement reporting that information to the eligible recipient.

However, Notice 2004-47, 2004-29 I.R.B. 48, available at *www.irs.gov/irb/2004-29_IRB/ar11.html*, provides that the HCTC Transaction Center, as an administrator of the Health Coverage Tax Credit (HCTC), will file the required returns and furnish statements to the recipients unless you elect to file and furnish information returns and statements on your own. Contact the HCTC Transaction Center for this purpose by calling 1-866-628-4282. Unless you notify the HCTC Transaction Center of your intent to file information returns and furnish statements, you will be considered to have elected to have the Transaction Center file Form 1099-H and furnish statements to recipients in satisfying section 6050T filing requirements.

Statements to Recipients

If you are required to file Form 1099-H, a statement must be furnished to the recipient. You or the Transaction Center, if elected, must furnish a copy of Form 1099-H or an acceptable substitute statement to each recipient. Also, see part M in the 2013 General Instructions for Certain Information Returns.

Penalties

Waiver of penalties. Section 6724(a) authorizes the IRS to waive any penalties under sections 6721 and 6722 for failure to comply with the reporting requirements of section 6050T if such failures resulted from reasonable cause and not willful neglect. The Transaction Center will furnish a copy of Form 1099-H or an acceptable substitute statement to each recipient on your behalf, unless you elect to file Form 1099-H and furnish the copy or substitute statement yourself. If you do not elect to allow the HCTC Transaction Center to file and furnish Forms 1099-H, the general rules for seeking a penalty waiver under section 6724(a) apply. See Regulations section 301.6724-1.

For more information on penalties, see part O in the 2013 General Instructions for Certain Information Returns.

Box 1—Amount of HCTC Advance Payments

Enter the total amount of advance payments of health insurance premiums received on behalf of the recipient for the period January 1, 2013, through December 31, 2013. The amount received in 2013 cannot exceed 72.5% of the total health insurance premium for the individual.

Box 2—No. of Months HCTC Payments Received

Enter the number of months payments were received on behalf of the recipient. This number cannot be more than 12.

Boxes 3 through 14—Amount of Advance Payment(s) Included in Box 1

Enter the amount of the advance payment received for each month in the applicable box. You may receive these payments prior to the month for which they are paid. Be sure to enter the amounts in the correct box.