Note: The draft you are looking for begins on the next page.

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Almost every form and publication has a page on IRS.gov with a friendly shortcut. For example, the Form 1040 page is at IRS.gov/Form1040; the Pub. 501 page is at IRS.gov/Pub501; the Form W-4 page is at IRS.gov/W4; and the Schedule A (Form 1040/SR) page is at IRS.gov/ScheduleA. If typing in a link above instead of clicking on it, be sure to type the link into the address bar of your browser, not a Search box.

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December 22, 2021

DRAFT AS OF
Publication 535 Draft Worksheet

New for 2021

Publication 535 Draft Worksheet

This draft worksheet from Publication 535, Business Expenses, for tax year 2021, is only available on the Internet. Since it is a draft, it is subject to change. If this worksheet is revised, it will be reposted only if there is a change in the computation. When the final version of Publication 535 becomes available, this draft will be removed.

Generally, you can use Worksheet 6-A to figure your self-employed health insurance deduction.

Comments. You can send us comments through IRS.gov/FormComments. Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

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Worksheet 6-A. Self-Employed Health Insurance Deduction Worksheet

**Caution.** You may have to use the worksheets in Pub. 974 instead of this worksheet if the insurance plan established, or considered to be established, under your business was obtained through the Health Insurance Marketplace and you are claiming the premium tax credit. See Pub. 974 for details.

**Note.** Use a separate worksheet for each trade or business under which an insurance plan is established.

1. Enter the total amount paid in 2021 for health insurance coverage established under your business (or the S corporation in which you were a more-than-2% shareholder) for 2021 for you, your spouse, and your dependents. Your insurance can also cover your child who was under age 27 at the end of 2021, even if the child was not your dependent. But don't include the following:
   - Amounts for any month you were eligible to participate in a health plan subsidized by your employer or your spouse's employer or the employer of either your dependent or your child who was under the age of 27 at the end of 2021.
   - Any amounts paid from retirement plan distributions that were nontaxable because you are a retired public safety officer.
   - Any qualified health insurance coverage payments that you included on Form 8885, line 4, to claim the HCTC or on Form 1099-H to receive a reimbursement of the HCTC during the year.
   - Any advance monthly payments of the HCTC that your health plan administrator received from the IRS, as shown on Form 1099-H.
   - Any qualified health insurance coverage payments you paid for eligible coverage months for which you received the benefit of the HCTC monthly advance payment program.
   - Any payments for qualified long-term care insurance (see line 2) ................................. 1.

2. For coverage under a qualified long-term care insurance contract, enter for each person covered the smaller of the following amounts.
   a) Total payments made for that person during the year.
   b) The amount shown below. Use the person's age at the end of the tax year.

   - $450— if that person is age 40 or younger
   - $850— if age 41 to 50
   - $1,690— if age 51 to 60
   - $4,520— if age 61 to 70
   - $5,640— if age 71 or older

   Don't include payments for any month you were eligible to participate in a long-term care insurance plan subsidized by your or your spouse's employer or the employer of either your dependent or your child who was under the age of 27 at the end of 2021. If more than one person is covered, figure separately the amount to enter for each person. Then enter the total of those amounts ................................................................. 2.

3. Add lines 1 and 2 ........................................................................................................... 3.

4. Enter your net profit* and any other earned income** from the trade or business under which the insurance plan is established. Don't include Conservation Reserve Program payments exempt from self-employment tax. If the business is an S corporation, skip to line 11 ................................. 4.

5. Enter the total of all net profits* from Schedule C (Form 1040), line 31; Schedule F (Form 1040), line 34; or Schedule K-1 (Form 1065), box 14, code A, plus any other income allocable to the profitable businesses. Don't include Conservation Reserve Program payments exempt from self-employment tax. See the instructions for Schedule SE (Form 1040). Don't include any net losses shown on these schedules ................................................................. 5.

6. Divide line 4 by line 5 .................................................................................................. 6.

7. Multiply Schedule 1 (Form 1040), line 15, by the percentage on line 6 ............................... 7.

8. Subtract line 7 from line 4 ............................................................................................ 8.

9. Enter the amount, if any, from Schedule 1 (Form 1040), line 16, attributable to the same trade or business in which the insurance plan is established ........................................................................ 9.

10. Subtract line 9 from line 8 .......................................................................................... 10.

11. Enter your Medicare wages (box 5 of Form W-2) from an S corporation in which you are a more-than-2% shareholder and in which the insurance plan is established ........................................... 11.

12. Enter any amount from Form 2553, line 45, attributable to the amount entered on line 4 or 11 above .............................................................................................................................................. 12.

13. Subtract line 12 from line 10 or 11, whichever applies .................................................... 13.

14. Enter the smaller of line 3 or line 13 here and on Schedule 1 (Form 1040), line 17. Don't include this amount when figuring any medical expense deduction on Schedule A (Form 1040) ................................. 14.

* If you used either optional method to figure your net earnings from self-employment from any business, don't enter your net profit from the business. Instead, enter the amount attributable to that business from Schedule SE (Form 1040), Part I, line 4b.

** Earned income includes net earnings and gains from the sale, transfer, or licensing of property you created. However, it doesn't include capital gain income.
To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

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Self-Employed Health Insurance Deduction Worksheet 2