

## Individual Shared Responsibility Payment Hardship Exemption that May Be Claimed on a Federal Income Tax Return Without Obtaining a Hardship Exemption Certification from the Marketplace

Notice 2017-14

### PURPOSE

This notice supplements Notice 2014-76, 2014-50 I.R.B. 946, by identifying an additional hardship exemption from the individual shared responsibility payment under § 5000A of the Internal Revenue Code that a taxpayer may claim on a Federal income tax return without obtaining a hardship exemption certification from the Health Insurance Marketplace (Marketplace).

### BACKGROUND

For each month beginning after December 31, 2013, § 5000A requires individuals to have minimum essential health coverage for themselves and any nonexempt family member whom the taxpayer may claim as a dependent, to qualify for an exemption, or to include an individual shared responsibility payment with their Federal income tax return.

Section 5000A(e)(5) and § 1.5000A-3(h) of the Income Tax Regulations provide that, in general, an individual is exempt from § 5000A for a month if he or she has in effect a hardship exemption certification issued by the Marketplace certifying that the individual has suffered a hardship (as that term is defined in 45 CFR 155.605(d)) affecting the individual's capability to obtain minimum essential coverage in that month. Section 1.5000A-3(h)(3) provides that an individual may claim a hardship exemption on

the individual's Federal income tax return without obtaining a hardship exemption certification from the Marketplace if the individual is eligible for a hardship exemption described in guidance released by the Department of Health and Human Services (HHS) and the exemption is allowed to be claimed on the individual's Federal income tax return without obtaining a hardship exemption certification from the Marketplace pursuant to guidance published by the Treasury Department and the Internal Revenue Service. Notice 2014-76 provides a list of hardship exemptions that may be claimed on a Federal income tax return without obtaining a hardship exemption certification. See also 45 CFR 155.605(e) (providing a partial list of hardship exemptions that may be claimed on a tax return without obtaining an exemption certification). This notice expands that list by providing an additional hardship exemption that may be claimed on a Federal income tax return without obtaining a hardship exemption certification.

## DISCUSSION

This notice recognizes the following hardship identified by HHS and allows a qualifying individual (or the taxpayer who may claim a qualifying individual as a dependent) to claim a hardship exemption on a Federal income tax return without obtaining a hardship exemption certification from the Marketplace. Accordingly, the Discussion section of Notice 2014-76 is supplemented by adding the following paragraph:

G. Individuals eligible for the Health Coverage Tax Credit (HCTC) but not enrolled in HCTC-qualifying health coverage. In guidance released on August 12, 2016, HHS provides that any individual who is not enrolled in HCTC-qualifying health insurance coverage for one or more months between July 2016 and December 2016,

but who would have been eligible for the HCTC under § 35 if enrolled, is entitled to a hardship exemption for the months during that period when he or she was HCTC-eligible. This exemption applies to eligible individuals (within the meaning of §35(c)) and qualifying family members (within the meaning of §35(d)). See HHS Centers for Medicare & Medicaid Services, Guidance on Health Coverage Tax Credit Hardship Exemption (Aug. 12, 2016) (available at <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Final-Guidance-for-5000A-HCTC.pdf>). An individual meeting the requirements described above may claim a hardship exemption on a 2016 Federal income tax return without obtaining a hardship exemption certification for any month or months between July 2016 and December 2016 for which that individual (or qualifying family member) would have been eligible for the HCTC if he or she enrolled in HCTC-qualifying coverage.

Individuals seeking a hardship exemption that is not described in this notice or listed in Notice 2014-76 can apply for an exemption through the Marketplace.

#### EFFECT ON OTHER DOCUMENTS

Notice 2014-76 is supplemented.

#### EFFECTIVE DATE

This notice applies to taxable years ending after June 30, 2016.

#### DRAFTING INFORMATION

The principal author of this notice is James Beatty of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice contact Mr. Beatty at (202) 317-7006 (not a toll-free call).