

IRS Fact Sheet

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2015 Tax Changes Include: Key Benefits Renewed; A New Way to Save for Retirement; New Accounts for People With Disabilities; Health Care Updates

FS-2016-8, February 2016

A Few More Days to File

Most taxpayers will have until Monday, April 18, to file their 2015 returns and pay any taxes due. That's because Emancipation Day, a holiday observed in the District of Columbia, falls this year on Friday, April 15. By law, D.C. holidays impact tax deadlines in the same way federal holidays do.

In addition, because of the Patriots' Day holiday observed on Monday, April 18, in Maine and Massachusetts, residents of those states will have until Tuesday, April 19, to file. Regardless of where they live, taxpayers requesting an extension will have until Monday, Oct. 17, 2016, to file.

Key Tax Benefits Renewed

The Protecting Americans from Tax Hikes (PATH) Act, enacted in December 2015, extended or made permanent a number of tax benefits that had expired at the end of 2014. This means that, as before, eligible taxpayers can claim these benefits on their 2015 returns. Renewed benefits include:

- Deduction for state and local sales taxes claimed by taxpayers who itemize their deductions on [Schedule A](#) and choose to deduct sales taxes instead of state and local income taxes.
- Nonbusiness energy property credit claimed on [Form 5695](#) by homeowners who install energy-efficient windows, doors, furnaces, insulation and other qualifying home improvements.
- Educator expense deduction claimed on Form 1040 Line 23 or Form 1040A Line 16 by teachers and other eligible elementary and secondary educators who pay for various classroom expenses.
- Tuition and fees deduction claimed on [Form 8917](#) by eligible parents and college students.
- Qualified charitable distributions, reported on Form 1040 Lines 15a and 15b, by IRA owners, age 70½ or older, who transfer tax-free up to \$100,000 to qualified charities during 2015.

The tax instructions have more information about these and other renewed benefits.

New ABLE Accounts for Some People with Disabilities

States can now offer specially designed, tax-favored [ABLE accounts](#) to people with disabilities who became disabled before age 26. Recognizing the special financial burdens faced by families raising children with disabilities, ABLE accounts are designed to enable people with disabilities and their families to save for and pay for disability-related expenses.

Contributions totaling up to the annual gift tax exclusion amount -- \$14,000, in both 2015 and 2016 -- can generally be made to an ABLE account each year. Though contributions are not deductible, distributions are tax-free if used to pay qualified disability expenses. See the [Tax Benefit for Disability](#) page for more information.

Standard Mileage Rates Revised

The standard mileage rates for the use of a car, van, pickup or panel truck are:

- 57.5 cents per mile for business miles driven in 2015, up from 56 cents in 2014. For those planning ahead, the 2016 rate, for use on a 2016 return filed next year, is 54 cents per mile.
- 23 cents per mile driven for medical or moving purposes in 2015, down from 23.5 cents in 2014. The 2016 rate is 19 cents.
- 14 cents per mile driven in service of charitable organizations. This rate is set by law and is unchanged.

The tax instructions have details on taking advantage of each of these provisions.

Tax ID Number Required to Claim Three Key Tax Benefits

Taxpayers, along with any of their qualifying children, must have a taxpayer identification number (TIN) to claim any of three key tax benefits. For most people, a TIN is a Social Security number (SSN). Furthermore, to get these benefits on a 2015 return, the taxpayer must receive the number before the due date for filing a 2015 return (either April 18 or April 19, or for those who get an extension, Oct. 17).

This requirement applies to the Earned Income Tax Credit for low- and moderate-income workers and working families, the Child Tax Credit claimed by many families, and the American Opportunity Tax Credit—the popular tax benefit that helps parents and students pay for college. See [What's New?](#) in the instructions for Form 1040.

New Starter Retirement Account Available

Taxpayers can now take advantage of a new starter retirement account available free from the Treasury Department. Through the myRA program, eligible taxpayers can choose to fund a starter retirement account through payroll deductions, electronic

transfers from a savings or checking account or by choosing direct deposit for their federal income tax refund. For further details and to open a myRA account online, visit www.myRA.gov.

One-Rollover-Per-Year Limit for IRA Owners

Beginning in 2015, an IRA owner can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs he or she owns. The limit applies by aggregating all of an individual's IRAs, including SEP and SIMPLE IRAs as well as traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. But the IRA owner can continue to make unlimited trustee-to-trustee transfers between IRAs. Before 2015, the one-per-year limit applied only on an IRA-by-IRA basis, that is, only to rollovers involving the same IRAs.

There is a 2015 transition rule that ignores some 2014 distributions. An IRA distribution rolled over to another (or the same) IRA in 2014 does not prevent a 2015 distribution (within the one-year period) from being rolled over provided the 2015 distribution is from an IRA that is different from any IRA involved in the 2014 rollover. More information, including examples, can be found in the [Can You Move Retirement Plan Assets?](#) Section in Publication 590-A.

Health Care Changes

This winter, many taxpayers will receive new year-end forms providing them with information about health coverage they had or were offered. The new forms include [Form 1095-B](#) and [Form 1095-C](#). While the information on these forms may assist in preparing a return, they are not required. Like last year, taxpayers can prepare and file their returns using other information about their health insurance. To find out more about these year-end forms, see these [questions and answers](#) on IRS.gov.

The individual shared responsibility payment has increased from last year and will apply to taxpayers who did not have qualifying coverage or an exemption for each month during 2015. To determine whether an exemption is available or the payment applies, check out the special [interactive tool](#) available on IRS.gov.

Health Care Reminders

Once again this year, taxpayers who are reporting coverage, claiming a health coverage exemption, making an individual shared responsibility payment, or claiming the premium tax credit should consider filing their tax return electronically. [E-filing](#) a tax return is the simplest way to file a complete and accurate tax return as it guides individuals through the process and does all the math for them.

Like last year, most taxpayers will simply need to check a box on their tax return to indicate they had health coverage for all of 2015.

Health Care Basics

The Affordable Care Act requires that a taxpayer and each member of their family:

- have [qualifying health coverage](#) for each month of the year,
- qualify for [an exemption](#) or
- make an [individual shared responsibility payment](#) when filing their return.

Some moderate-income taxpayers may also qualify for financial assistance to help cover the cost of health insurance purchased through the Health Insurance Marketplace. Taxpayers will fall into one or more of the following categories:

- Check the box. Most taxpayers will simply check a box on their tax return to indicate that each member of their family had qualifying health coverage for the whole year. No further action is required. [Qualifying health coverage](#) includes coverage under most, but not all, types of health care coverage plans. Taxpayers can use a [chart](#) on IRS.gov to find out if their coverage counts as qualifying coverage.
- Exemptions. Taxpayers may be eligible to claim an [exemption](#) from the requirement to have coverage. Eligible taxpayers need to complete IRS [Form 8965, Health Coverage Exemptions](#), and attach it to their return. Taxpayers must apply for some exemptions through the [Health Insurance Marketplace](#). However, most of the exemptions are easily obtained from the IRS when filing a return.
- Individual Shared Responsibility Payment. Taxpayers who do not have qualifying coverage or an exemption for each month of the year will need to make an individual shared responsibility payment with their return for choosing not to purchase coverage. Examples and information about figuring the payment are available on the IRS [Calculating the Payment](#) page.
- Premium Tax Credit. Taxpayers who bought coverage through the Health Insurance Marketplace should receive [Form 1095-A, Health Insurance Marketplace Statement](#), from the Marketplace by early February. This form should be saved because it has [important information](#) needed to complete a tax return.

If the Form 1095-A is not received by early February, [contact the Marketplace](#) where coverage was purchased rather than the IRS. The IRS does not have this information.

Taxpayers who benefited from advance payments of the [premium tax credit](#) must file a federal income tax return. These taxpayers need to reconcile those advance payments with the amount of premium tax credit they're entitled to based on their actual income. Failure to do so may make them ineligible to receive future advance payments. Use IRS [Form 8962, Premium Tax Credit \(PTC\)](#), to calculate the premium tax credit and reconcile the credit with any advance payments.

For more information about the Affordable Care Act and filing the 2015 income tax return visit IRS.gov/aca.

