



Affordable Care Act: Individuals & Families

Facts about the Premium Tax Credit

Health Insurance Marketplace

What is the Health Insurance Marketplace?

The Health Insurance Marketplace is where you can find health insurance coverage options and enroll in the coverage that fits your budget and meets your needs. Visit your Marketplace to find information about:

- Health insurance options
- How to purchase coverage
- How to get financial assistance with the cost of insurance

Visit HealthCare.gov to find out more about open enrollment periods, during which time you can purchase health coverage through the Marketplace. Outside of open enrollment periods, you can sign up for coverage only if you have certain life events that give you a special enrollment period.

If you or anyone in your family enroll in coverage through a Marketplace, you should receive a Form 1095-A, Health Insurance Marketplace Statement, at the beginning of the year. The information shown on Form 1095-A helps you complete Form 8962, Premium Tax Credit, to claim or reconcile the premium tax credit, when you file your federal individual income tax return.

Learn more about the Marketplace at HealthCare.gov.

The Marketplace helps people without health coverage find and enroll in a plan.

When you get health insurance coverage through the Marketplace, you may be able to lower your monthly premiums through advance payments of the premium tax credit.

Find out more about the premium tax credit at IRS.gov/aca.

Find out more about coverage options, financial assistance and the Marketplace at HealthCare.gov.

Need help paying for health insurance premiums?

If you or anyone in your family enroll in coverage through the Health Insurance Marketplace, you may be eligible for the premium tax credit.

Under the Affordable Care Act, the premium tax credit provides financial assistance options for health insurance coverage purchased through a Health Insurance Marketplace.

IRS.gov/aca HealthCare.gov

This Credit Can Make a Difference for You and Your Family

1. Facts about the Credit

What is the premium tax credit? How can it help me?

When you get your health insurance coverage through the Marketplace, you may be eligible for the premium tax credit.

The premium tax credit can help make paying for health insurance coverage more affordable for people with moderate incomes.

During the enrollment process, the Marketplace will determine if you are eligible for advance payments of the premium tax credit. If you choose advance payments, they are paid directly to your insurance company during the year to lower what you pay out-of-pocket for your monthly premiums.

You can choose to have:

- **ALL** of the advance credit payments for which you are eligible paid in advance to your insurance company.
- **SOME** of the advance credit payments for which you are eligible paid in advance and wait to receive any difference between your premium tax credit and your advance credit payments when you file your tax return.
- **NONE** of the advance credit payments for which you are eligible paid in advance and wait to get all of the benefit of the credit when you file your tax return.

2. Facts about Eligibility

Am I eligible for the credit?

You may be allowed the credit if:

- You or a family member enrolled in health insurance coverage through the Marketplace and were not eligible for non-Marketplace health insurance coverage
- The Marketplace health insurance premiums were paid by the due date of your tax return
- Your household income is within certain limits
- You do not file a married filing separately return¹
- You cannot be claimed as a dependent by another person

¹MFS permitted for domestic abuse victims. Learn more at [IRS.gov/aca](https://www.irs.gov/aca).

Report income and family size changes to the Marketplace as they happen.

It is important to report life changes to the Marketplace throughout the year. Reporting these changes when they happen will help you get the proper type and amount of financial assistance.

Reporting changes also will help you avoid large differences between the advance credit payments made on your behalf and the amount of the premium tax credit you are allowed when you file your tax return, which may affect your refund or balance due when you file your tax return.

Changes in circumstances that can affect the amount of your actual premium tax credit include:

- Increases or decreases in your household income, including lump sum payments like a lump sum payment of Social Security benefits
- Marriage or divorce
- Birth or adoption of a child
- Gaining or losing eligibility for government- or employer-sponsored coverage
- Gaining, losing or other changes to employment
- Moving to a different address

For more information on reporting changes in circumstances, visit [HealthCare.gov](https://www.healthcare.gov).

3. Facts about Claiming the Credit on your Tax Return

How will getting advance payments affect my federal tax return?

You must file a federal tax return if:

- Advance credit payments were made on your behalf, or
- You are claiming the premium tax credit

If you choose to have advance credit payments made on your behalf:

When you file your tax return, you will subtract your advance credit payments from the amount of the premium tax credit computed on your tax return.

If the premium tax credit computed on the tax return is more than the advance credit payments, the difference will lower the amount of tax you owe or increase your tax refund. If the advance credit payments are more than the premium tax credit, all or a portion of the difference will increase the amount of tax you owe and will result in either a smaller refund or a balance due.

If you choose not to have advance credit payments made on your behalf:

You can get all of the benefit of the premium tax credit you are allowed when you file your tax return. This will lower your tax balance due and could increase your refund.

You will file Form 8962, Premium Tax Credit, with your return to claim or reconcile the credit. Failing to file your tax return will prevent you from getting the benefit of advance credit payments in future years.