



Instructions for Form 8885

Health Coverage Tax Credit

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

General Instructions

What's New

Health Coverage Tax Credit (HCTC) extended. The HCTC, which expired at the end of 2013, has been reinstated retroactive to 2014. You can take the HCTC for 2015 if you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA (ATAA) recipient, reemployment TAA (RTAA) recipient, Pension Benefit Guaranty Corporation (PBGC) pension payee, or qualifying family member (see [Definitions and Special Rules](#) below).

Eligibility for the HCTC is generally the same as in 2013 with the following changes.

- Beginning in 2014, you must elect the HCTC. Once you make the election to take the HCTC for an eligible coverage month, you **cannot** take the premium tax credit (PTC) for the same coverage in that coverage month and for all subsequent eligible coverage months during your tax year in which you're eligible to take the HCTC. See [Election to take the HCTC](#) below.
- Beginning in 2014, you can take the HCTC for coverage under a non-group (individual) health insurance plan that you obtain after you leave your job. The prior 30-day requirement is eliminated.
- For 2014 and 2015 only, you can take the HCTC for a qualified health plan offered through a Health Insurance Marketplace (also known as an Exchange). This insurance coverage is also qualified coverage for the PTC taken on Form 8962, Premium Tax Credit (PTC). The HCTC and PTC are different tax credits that have different eligibility rules. See [Participants in a Health Insurance Marketplace](#), later, for special rules and instructions.

If you are eligible to take the HCTC for 2014, you can amend your 2014 tax return to take the HCTC. See [Amending Your 2014 Tax Return](#), later, for more information.

Advance payments of the HCTC. Monthly advance payments of the HCTC are planned to begin in July 2016. For more information on the advance payment program and the HCTC, go to www.irs.gov/HCTC.

Future Developments

For the latest information about developments related to Form 8885 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form8885.

Purpose of Form

Use Form 8885 to elect and figure the amount, if any, of your HCTC.

Self-Employed Health Insurance Deduction Worksheet. If you are completing the Self-Employed Health Insurance Deduction Worksheet in your tax return instructions and you were an eligible TAA recipient, ATAA recipient, RTAA recipient, or PBGC pension payee, you must complete Form 8885 before completing that worksheet. When figuring the amount to enter on line 1 of the worksheet do not include any amount you included on Form 8885, line 4.

Who Can Take This Credit

You can elect to take this credit only if (a) you were an eligible TAA recipient, ATAA recipient, RTAA recipient, or PBGC pension payee; or you were the qualifying family member of a TAA, ATAA, or RTAA recipient or PBGC pension payee who passed away or finalized a divorce with you, (b) you cannot be claimed as a dependent on someone else's tax return, and (c) you met all of the other conditions listed on line 1. If you cannot be claimed as a dependent on someone else's tax return, complete Form 8885, Part I, to see if you are eligible to take this credit.

Election to take the HCTC. You must elect the HCTC to take the HCTC. For 2015, make your election by checking the box on line 1 for the first eligible coverage month you are electing to take the HCTC. Once you elect to take the HCTC for a month in 2015, the election to take the HCTC applies to all subsequent eligible coverage months in 2015 for the same coverage. You must also check all boxes on line 1 for each coverage month after the election month for which you're eligible to take the HCTC. The election doesn't apply to any coverage month for which you are not eligible to take the HCTC.

Generally, for 2014 and 2015, the election must be made within 3 years after the due date of your tax return. You must make the election by the due date of your tax return (including extensions) for tax years beginning after June 28, 2015.

The election coordinates eligibility for the HCTC with eligibility for the PTC for taxpayers who enroll in insurance through a Health Insurance Marketplace. You cannot take the PTC for the coverage you elect for the HCTC for the coverage months checked on line 1. The election is required to take the HCTC, even for coverage not offered through a Health Insurance Marketplace. Once made, the election is irrevocable for the tax year. The election doesn't automatically carry forward to the next tax year.

You can take the PTC and the HCTC in the same month for different coverage. For example, if you elect the HCTC for self-only COBRA coverage in a month, you can take the PTC for Marketplace coverage of your family members for that same month if you and they are otherwise eligible to take the PTC.

Example. You were an eligible RTAA recipient between February 2015 and October 2015. You wish to take the HCTC starting in April. You would check the box on line 1 for April to elect the HCTC for your April coverage. You must then check every box on line 1 through and including October because you're eligible to take the HCTC for those coverage months. Your election applies to your April through October coverage months.

Definitions and Special Rules

TAA Recipient

You were an eligible TAA recipient on the first day of the month if, for any day in that month or the prior month, you:

- Received a trade readjustment allowance, or
- Would have been entitled to receive such an allowance except that you had not exhausted all rights to any unemployment insurance (except additional compensation that is funded by a state and is not reimbursed from any federal funds) to which you were entitled (or would be entitled if you applied).

Example. You received a trade readjustment allowance for January 2015. You were an eligible TAA recipient on the first day of January and February.

ATAA Recipient

You were an eligible ATAA recipient on the first day of the month if, for that month or the prior month, you received benefits under an alternative trade adjustment

assistance program for older workers established by the Department of Labor.

Example. You received benefits under an alternative trade adjustment assistance program for older workers for October 2015. The program was established by the Department of Labor. You were an eligible ATAA recipient on the first day of October and November.

RTAA Recipient

You were an eligible RTAA recipient on the first day of the month if, for that month or the prior month, you received benefits under a reemployment trade adjustment assistance program for older workers established by the Department of Labor.

Example. You received benefits under a reemployment trade adjustment assistance program for older workers for January 2015. The program was established by the Department of Labor. You were an eligible RTAA recipient on the first day of January and February.

PBGC Pension Payee

You were an eligible PBGC pension payee on the first day of the month if both of the following apply.

1. You were age 55 to 65 and not enrolled in Medicare on the first day of the month.
2. You received a benefit for that month that was paid by the PBGC under title IV of the Employee Retirement Income Security Act of 1974 (ERISA).

If you received a lump-sum payment from the PBGC after August 5, 2002, you meet item (2) above for any month that you would have received a PBGC benefit if you had not received the lump-sum payment.

Family Members in Certain Life Events

Qualifying family members (spouses and dependents) are considered recipients and are eligible to receive the HCTC in the event that the TAA, ATAA, or RTAA recipient or PBGC pension payee dies or finalizes a divorce with you. Qualifying family members can receive the tax credit for up to 24 months from the death or divorce, or until the coverage month begins in or after January 2020, whichever comes first.

Example. Your spouse was a PBGC pension payee and died on August 20, 2014. You are eligible to receive the HCTC for coverage for August 2014 through July 2016. For 2014, you will need to file an amended return to take the HCTC because the HCTC was not available at the time you filed your 2014 return. See [Amending Your 2014 Tax Return](#), later.

Qualified Health Insurance Plan

A qualified health insurance plan is any of the following.

1. Coverage under a group health plan available through the employment of your spouse, but see the instructions for line 1.
2. Coverage under a non-group (individual) health insurance plan. For 2014 and 2015, this includes a qualified health plan offered on [HealthCare.gov](#) or through a State Marketplace. See [Participants in a Health Insurance Marketplace](#), later, for special rules and instructions for completing Form 8885 and Form 8962.

Individual health insurance does not include any insurance connected with a group health plan or federal- or state-based health insurance coverage.

3. Coverage under a COBRA continuation provision (as defined in section 9832(d)(1)).
4. Coverage under a state-qualified health plan. State-qualified health plans include the following.
 - a. Continuation coverage provided by the state under a state law that requires such coverage.
 - b. A qualified state high risk pool (as defined in section 2744(c)(2) of the Public Health Service Act).
 - c. A health insurance program offered for state employees.
 - d. A state-based health insurance program that is comparable to the health insurance program offered for state employees.
 - e. An arrangement entered into by a state and (a) a group health plan (including such a plan which is a multiemployer plan as defined in section 3(37) of ERISA), (b) an issuer of health insurance coverage, (c) an administrator, or (d) an employer.
 - f. A state arrangement with a private sector health care coverage purchasing pool.
 - g. A state-operated health plan that does not receive any federal financial participation.

5. A health plan purchased through a Voluntary Employees' Beneficiary Association (VEBA) that was established through the bankruptcy of your former employer. For more information, see the [TIP](#) at the end of this section.

Exception. A qualified health insurance plan does not include any of the following.

- Any state-based coverage listed in items 4a through 4g above unless it also meets the requirements of section 35(e)(2).

- A flexible spending or similar arrangement.
- Any insurance if substantially all of its coverage is of excepted benefits described in section 9832(c). For example, if you purchase dental or vision benefits separately, these benefits are not part of a qualified health insurance plan for the HCTC. But, if you purchase dental or vision benefits as part of a comprehensive package and these benefits do not represent substantially all of its coverage, these benefits may be part of a qualified health insurance plan and the premiums paid may be eligible for the HCTC.



For more information about whether you have a qualified health insurance plan, go to [www.irs.gov/HCTC](#).

Qualifying Family Member

A qualifying family member is:

- Your spouse (but see [Married Persons Filing Separate Returns](#) below), or
- Anyone whom you can claim as a dependent (but see the exception for [Children of Divorced or Separated Parents](#) below).

For any month that you are eligible to take the HCTC, you can include premiums paid for a qualifying family member for that eligible coverage month if all of the following statements were true as of the first day of that eligible coverage month.

- The qualifying family member was covered by a qualified health insurance plan (defined earlier) for which you paid the premiums. You and your qualifying family member do not have to be covered by the same plan.
- The qualifying family member was not enrolled in Medicare Part A, B, or C.
- The qualifying family member was not enrolled in Medicaid or the Children's Health Insurance Program (CHIP).
- The qualifying family member was not enrolled in the Federal Employees Health Benefits Program (FEHBP) or eligible to receive benefits under the U.S. military health system (TRICARE).
- The qualifying family member was not covered by, or eligible for coverage under, any employer-sponsored health insurance plan (see the instructions for line 1).

If you are a TAA, ATAA, or RTAA recipient or PBGC pension payee who enrolled in Medicare, you might not be eligible for the HCTC but qualifying family members may be. You can receive the HCTC for the health plan premiums of your qualifying family member(s) for up to 24 months from the month you enrolled in Medicare, or until the coverage month begins in or after January 2020, whichever comes first. In order to receive the HCTC, your qualifying family members must meet all of the requirements described above.

Married Persons Filing Separate Returns

Your spouse is not treated as a qualifying family member if your filing status is married filing separately and either (1) or (2) below applies.

1. Your spouse also was an eligible TAA recipient, ATAA recipient, RTAA recipient, or PBGC pension payee in 2015.
2. All of the following apply.
 - a. You lived apart from your spouse during the last 6 months of 2015.
 - b. A qualifying family member (other than your spouse) lived in your home for more than half of 2015.
 - c. You provided over half of the cost of keeping up your home.

Children of Divorced or Separated Parents

Even if you cannot claim your child as a dependent, he or she is treated as your qualifying family member for the HCTC if both of the following apply.

- You were the child's custodial parent. Generally, the custodial parent is the parent with whom the child resided for the greater number of nights in 2015. If the counting nights rule applies, and the child resided with each parent for an equal number of nights in 2015, the custodial parent is the parent with the higher adjusted gross income for 2015.
- The child's other parent can claim the child as a dependent under the rules for children of divorced or separated parents (see the instructions for Form 1040, line 6c, or Pub. 501, Exemptions, Standard Deduction, and Filing Information, for details).

Conversely, if you can claim your child as a dependent under the special rule for a child of divorced or separated parents but you are not the child's custodial parent, the child is not your qualifying family member for purposes of the HCTC.



The child must also meet all of the other conditions of a qualifying family member defined earlier.

Participants in a Health Insurance Marketplace

For 2014 and 2015, you can take the HCTC for a qualified health plan offered on HealthCare.gov or a State Marketplace. This coverage is also qualified coverage for the PTC taken on Form 8962. However, this coverage will no longer be qualified coverage for the HCTC in tax years starting in or after 2016. It will only be qualified coverage for the PTC.

You **cannot** take the HCTC and PTC for the same coverage for the months checked on line 1. You can only take the PTC for coverage for which you do not elect the HCTC. File Form 8962 to claim the PTC.

You **must** file Form 8962 to reconcile advance payments of the premium tax credit (APTC) if APTC was made for you, your spouse, or a dependent during 2015. You may have an excess APTC repayment if you elect the HCTC. The Form 8962, line 28, repayment limit doesn't apply if you elect the HCTC for any month for the same coverage. Leave Form 8962, line 28, blank.

You don't have to file Form 8962 for coverage offered on HealthCare.gov or a State Marketplace if no APTC was made for you, your spouse, or a dependent and you are not taking the PTC for any coverage month during tax year 2015.

Complete Form 8962 before completing Form 8885.

Example 1. You enrolled in a non-group (individual) health plan on HealthCare.gov for all of 2015. APTC of \$5,000 was made for you during 2015. You're eligible to take the PTC as well as the HCTC for 2015. After comparing the HCTC and the PTC, you determine your total credits would be greater by taking the HCTC for all 12 months of coverage for 2015. Complete Form 8962 to report an excess APTC repayment of \$5,000. Complete Form 8885 to elect the HCTC for your January coverage on line 1. You must also check the remaining boxes because you're eligible for the HCTC for those coverage months. Figure your

HCTC for your coverage for January through December.

Example 2. If you instead determine your total credits would be greater by taking the HCTC only for October through December, complete Form 8962 to claim the PTC for January through September and report either a net premium tax credit or excess APTC repayment based on APTC of \$5,000. Complete Form 8885 to elect the HCTC for your October coverage by checking October on line 1. You must also check November and December because you're eligible for the HCTC for those coverage months. Figure your HCTC for your coverage for October through December.



Consider whether the HCTC you elect will be more than any PTC that you could take without the election.

Note. See [Marketplace coverage](#) under *Line 2*, later, for instructions on completing Form 8885, line 2.

Form 8962 and the HCTC. The chart, shown later, provides instructions on how to complete Form 8962 if all of the following apply.

- You or a family member enrolled in a non-group (individual) health plan through a Health Insurance Marketplace.
- You are eligible to take the HCTC for 2015 (see [Who Can Take This Credit](#), earlier).
- You are electing the HCTC for all Marketplace coverage for at least one eligible coverage month.



You cannot elect the alternative calculation for year of marriage on Form 8962, Part V, if you elect the HCTC for the same coverage.

IF you elect the HCTC and . . .	AND...	THEN complete Form 8962 as follows . . .
<p>You check all 12 coverage months* on Form 8885 so that the election applies to all coverage months.</p> <p><i>* Or, if your coverage was for fewer than 12 months, you are not taking the PTC for coverage month(s) not checked.</i></p>	No APTC was made	You do not complete Form 8962.
	APTC was made	<ul style="list-style-type: none"> • Enter a family size of -0- on line 1. • Complete lines 9 and 10 as instructed and complete Part IV if you are allocating APTC with another tax family. • Complete line 11, column (f), or lines 12 through 23, column (f) (see the instructions for line 10) for all months APTC was made. • Complete line 25 and enter this amount on lines 27 and 29. Leave line 28 blank.
<p>You check fewer than 12 coverage months on Form 8885 and are taking the PTC for coverage month(s) not checked.</p>	No APTC was made	Complete Form 8962 as provided in the instructions to figure your PTC for those coverage months not checked on Form 8885.
	APTC was made	<ul style="list-style-type: none"> • Complete Form 8962 as provided in the instructions to figure your PTC for those coverage months not checked on Form 8885. • Complete line 9 as instructed and complete Part IV if you are allocating APTC with another tax family. • Check <i>No</i> on line 10 and complete lines 12 through 23 as instructed. Complete column (f) of lines 12 through 23 for all months APTC was made, even those coverage months checked on Form 8885, line 1. • If you are instructed to complete Form 8962, Part III, enter the amount from line 27 on line 29. Leave line 28 blank.

Specific Instructions

Line 1

You must elect the HCTC to take the HCTC. Check the box for the first eligible coverage month you are electing to take the HCTC. All of the statements listed must be true on the first day of that month.

Employer-sponsored health insurance plan. You cannot take the HCTC for any month that, on the first day of the month, either (1) or (2) next apply.

1. You were covered under any employer-sponsored health insurance plan (including any employer-sponsored health insurance plan of your spouse) (except insurance substantially all of the coverage of which is of excepted benefits described in section 9832(c)) and the employer paid 50% or more of the cost of the coverage.

2. You were an ATAA or RTAA recipient and either of the following applies.

a. You were eligible for coverage under any qualified health insurance plan (including any employer-sponsored health insurance plan of your spouse) (other than the plans listed under item 3, 4a, or 4e in

the definition of [Qualified Health Insurance Plan](#)) where the employer would have paid 50% or more of the cost of the coverage.

b. You were covered under any qualified health insurance plan (including any employer-sponsored health insurance plan of your spouse) (other than the plans listed under item 3, 4a, or 4e in the definition of [Qualified Health Insurance Plan](#)) and the employer paid any part of the cost of the coverage.



Any amounts contributed to the cost of coverage by you or your spouse on a pre-tax basis are considered to have been paid by the employer.

Check the boxes on line 1 for each month that, on the first day of the month, neither (1) nor (2) above applies and you met all of the other conditions listed on line 1.

Example 1. On October 1, 2015, your only health insurance coverage was under an employer-sponsored health insurance plan. The plan is not one in which substantially all of the coverage is of excepted benefits described in section 9832(c). The employer paid 40% of the cost of the coverage. You paid 20% of the cost of the coverage through pre-tax

contributions. You cannot take the HCTC for the month of October because the employer is considered to have paid 60% of the cost of the coverage.

Example 2. Assume the same facts as in *Example 1* except that the employer paid only 25% of the cost of the coverage. The employer is considered to have paid 45% of the cost of the coverage (25% that was paid by the employer plus 20% that you paid through pre-tax contributions). If you were an eligible TAA recipient or PBGC pension payee, you can take the HCTC for the month of October if you met all the other conditions listed on line 1 on October 1, 2015. If you were an ATAA or RTAA recipient, you can take the HCTC for the month of October only if, on October 1, 2015, all of the following apply.

- You were not eligible for coverage under any qualified health insurance plan (including any employer-sponsored health insurance plan of your spouse) (other than the plans listed under item 3, 4a, or 4e in the definition of [Qualified Health Insurance Plan](#)) where the employer would have paid 50% or more of the cost of the coverage.
- The plan was a type of plan listed under item 3, 4a, or 4e in the definition of [Qualified Health Insurance Plan](#).

- You met all of the other conditions listed on line 1.

Line 2



If your qualified health insurance plan covers anyone other than you and your qualifying family members, see Pub. 502, *Medical and Dental Expenses*, before completing line 2.

Enter the total amount of insurance premiums paid for coverage for you and all qualifying family members under a [qualified health insurance plan](#) (defined earlier) for all months checked on line 1. But do not include any insurance premiums on coverage that was actually paid for with a National Emergency Grant.

Example. You checked January on line 1. You paid \$225 (\$200 for basic coverage and \$25 for dental benefits which are purchased separately) to your insurance company for coverage in January. The \$25 you paid for dental benefits is ineligible for the HCTC. You would include the \$200 you paid for your basic insurance on line 2.

Marketplace coverage. If you enrolled in a non-group (individual) health plan on [HealthCare.gov](#) or through a State Marketplace, you can take the HCTC as long as you **do not** take the PTC for the same month(s) for the same coverage. Enter on line 2 the amount you paid to your insurance provider for all eligible coverage months checked on line 1 plus the amount of the corresponding monthly advance payments of the premium tax credit (APTC) shown on Form 1095-A, lines 21–32, column C. For more information on Marketplace coverage, see [Participants in a Health Insurance Marketplace](#), earlier.



Only include on Form 8885, line 2, the APTC from Form 1095-A, lines 21–32, column C, for those eligible coverage months you take the HCTC.

Example 1. You enrolled in a non-group (individual) health plan on [HealthCare.gov](#) for all of 2015 for yourself only. You're eligible to take the PTC as well as the HCTC for 2015. Your share of the monthly premium was \$250 per month. APTC was made for you in the amount of \$200 per month, shown on Form 1095-A, lines 21–32, column C. You elect the HCTC for your January coverage and check all 12 coverage months on line 1. You would enter \$5,400 on line 2, figured as follows: \$3,000 (\$250 x 12 months) plus \$2,400 (\$200 APTC x 12 months). You **must** also file Form 8962 to report an excess APTC repayment of \$2,400.

Example 2. The facts are the same as *Example 1* except that you elect the HCTC for your July coverage. You would complete Form 8962 to figure your PTC, if any, for January through June and to reconcile the \$2,400 in APTC. You would then complete Form 8885 to figure your HCTC for July through December. You would check July through December on line 1 and enter \$2,700 on line 2, figured as follows: \$1,500 (\$250 x 6 months) plus \$1,200 (\$200 APTC x 6 months).

Allocated policy amounts. If you completed Form 8962, Part IV, to allocate policy amounts with another tax family, **only** include on Form 8885, line 2, the amounts allocated to you. See the *Example* below.

Example. You enrolled with your spouse in a non-group (individual) health plan on [HealthCare.gov](#) for all of 2015. On December 15th, you and your spouse divorce. You complete Form 8962, Part IV, to allocate 50% of the policy amounts on Form 1095-A with your ex-spouse. Your share of the monthly premium was \$250 per month. This is the amount you paid to your insurance provider.

APTC was made on your behalf in the amount of \$200 per month, shown on Form 1095-A, lines 21–32, column C. You complete Form 8962, Part IV, to allocate 50% of the APTC on Form 1095-A with your ex-spouse.

You are eligible for the HCTC for the entire year. You elect the HCTC for your January coverage and check all 12 coverage months on line 1. Because you are allocating 50% of the policy amounts with your ex-spouse, you would include on line 2, 50% of your share of the monthly premiums or \$125 per month (\$250 x 0.50) and 50% of the APTC or \$100 per month (\$200 x 0.50). You would enter \$2,700 on line 2, figured as follows: \$1,500 (\$125 x 12 months) plus \$1,200 (\$100 APTC x 12 months). You also report an excess APTC repayment of \$1,200 on Form 8962.

Required Documents

You must provide verifiable proof that your health insurance plan is qualified and that you paid the qualified health insurance premiums by attaching the documents listed below to your Form 8885.

All health plans. For all health plans you must include **all** of the following documents.

1. An official letter reflecting your eligibility for the months claimed in 2015:
 - For trade certified individuals demonstrating TAA, ATAA, or RTAA eligibility — a copy of the official letter from the Department of Labor, your state workforce agency, or employment office

stating you are eligible for trade adjustment benefits.

- For PBGC eligibility — a copy of the official letter or a copy of your 2015 Form 1099-R from the PBGC showing you received a benefit paid by the PBGC.

2. A copy of your health insurance bills or COBRA payment coupons.* The bills must have:
 - a. Your name (or name of the policy holder),
 - b. The name of your health plan,
 - c. Your monthly premium amount,
 - d. Dates of coverage, and
 - e. Your health plan identification number(s).

*If your qualified health plan does not provide members with an insurance bill or COBRA payment coupon, you must provide health plan enrollment documents or an official letter from your health plan that has the required information listed under items 2a through 2e earlier. If your monthly premium includes amounts that do not count towards the HCTC, such as dental or vision coverage or coverage for family members who are not eligible for the HCTC, your documentation must also specify those ineligible amounts.

3. Proof of payment such as:**
 - a. Canceled checks (copy of front and back),
 - b. Bank statements,
 - c. Credit card statements, or
 - d. Money orders.

**Your proof of payment must indicate the amount paid and to whom it was paid. If you do not have one of these types of proof of payment, contact your health plan for a record of your payment(s).

COBRA coverage. You must include the information under [All health plans](#) and **one** of the following documents.

1. A copy of your completed and signed COBRA Election Letter. It may also be called a COBRA Enrollment Form, Application Form, Enrollment Application for Continuing Coverage, or Election Agreement.
2. A letter from your former employer or COBRA administrator saying you have COBRA coverage. The letter must have:
 - a. The COBRA coverage start and end dates;
 - b. Name of the health plan;
 - c. Your home address; and
 - d. Covered family members, their dates of birth, their relationship to you, and their social security numbers.
3. A copy of "Notice of Rights to Continue Coverage."

Coverage through your spouse's employer. You must include the information under [All health plans](#) and the following documents.

- Copies of paycheck stubs showing the health coverage deductions for the qualified months.
- A letter or other statement from your spouse's employer that states the employer contributed less than 50% of the cost of the coverage.

E-filed return. If you *e-file*, you can attach a copy of any required documents to an electronically filed return as a PDF if your tax software supports it, or you must attach those documents to Form 8453, U.S. Individual Income Tax Transmittal for an IRS *e-file* Return, and mail them to the IRS according to the instructions for that form.

Example. You are eligible to take the HCTC for March and April. You paid \$500 of qualified health insurance premiums in each month for yourself and \$250 for your qualifying family members directly to your qualified health plan. The amount on Form 8885, line 2, is \$1,500 (\$750 each for March and April). You would enter \$1,087.50 (72.5% of your March and April premiums) on line 5. You must attach copies of your health insurance bills and proofs of payment for March and April for you and your qualifying family members totaling \$1,500 (\$750 for each month), along with any other required documents.

Amending Your 2014 Tax Return

You may be able to amend your 2014 tax return to elect the HCTC if you were an eligible TAA recipient, ATAA recipient, RTAA recipient, PBGC pension payee, or qualifying family member. Read the instructions earlier under [Who Can Take This Credit](#) and [Definitions and Special Rules](#) to see if you are eligible to take the HCTC for 2014.

Amend your 2014 tax return to take the HCTC if you are eligible. If you have not filed a tax return for 2014, you must first file your 2014 tax return without taking the HCTC, even if you have no other filing requirement.

To amend your 2014 tax return, you must file Form 1040X, Amended U.S. Individual Income Tax Return. See Form 1040X and its instructions for details. Complete and attach the 2013 Form 8885 for 2014 to elect the HCTC on your 2014 amended tax return. Be sure to cross out "2013" and write "2014" in large, bold numbers at the top of Form 8885. Use these instructions to help you complete the 2013 Form 8885 for 2014. If you filed Form 8962 for 2014, see [Form 8962](#) below for special rules and instructions.

By electing the HCTC for 2014, you may need to adjust other items on your 2014 tax return. For example, electing the HCTC can change your:

- Medical expense deduction on Schedule A (Form 1040);*
- Self-employed health insurance deduction on Form 1040, line 29, or Form 1040NR, line 29;**
- Net premium tax credit on Form 1040, line 69, Form 1040A, line 45, or Form 1040NR, line 65 (see [Form 8962](#) below);
- Excess advance premium tax credit repayment on Form 1040, line 46, Form 1040A, line 29, or Form 1040NR, line 44 (see [Form 8962](#) below);
- Alternative minimum tax on Form 1040, line 45, or Form 1040NR, line 43; and
- Nonrefundable credits.

* If you included health insurance premiums on line 1 of your 2014 Schedule A, you must reduce this amount by any health insurance premiums you are now including on Form 8885, line 4.

** If you included health insurance premiums on line 1 of your 2014 Self-Employed Health Insurance Deduction Worksheet in your tax return instructions, you must reduce this amount by any health insurance premiums you are now including on Form 8885, line 4.

Make the required election in Part III of Form 1040X when explaining why you are filing Form 1040X. For example, "I am taking the HCTC. I elect the HCTC starting in January." You must write "HCTC" in large, bold letters at the top of page 1 of Form 1040X.

Check www.irs.gov/HCTC for information about proof of coverage and eligibility. See the Instructions for Form 1040X for information on assembling and mailing your amended tax return.

Example. For 2012 and 2013, you were a PBGC pension payee and you qualified for the HCTC for coverage under a health plan purchased through a Voluntary Employees' Beneficiary Association (VEBA). You participated in the monthly HCTC program providing advance payments of the HCTC and paid your share of the premiums to "U.S. Treasury-HCTC" for 2012 and 2013. After the HCTC expired at the end of 2013, you paid the entire amount of premiums of \$7,000 to the same health care provider. You filed your tax return for 2014 and you included the \$7,000 in premiums you paid on line 1 of Schedule A, Itemized Deductions.

After reading these instructions, you determine that you are eligible to elect the HCTC for all coverage months in 2014 as a PBGC pension payee. To elect the HCTC for 2014, you must file an amended return. Complete the 2013 Form 8885 for 2014 after crossing out "2013" and writing

"2014" at the top of Form 8885. Your HCTC for 2014 is \$5,075 (\$7,000 x 0.725). You complete Form 1040X using those instructions. On Form 1040X, line 2, you must reduce your itemized deductions because you are now taking the HCTC for the \$7,000 in premiums. On line 15, Refundable credits, you check the box for 8885 and enter -0- in column A and your HCTC of \$5,075 in columns B and C. At the top of Form 1040X, you write "HCTC." In Part III of Form 1040X, you write "I am taking the HCTC. I elect the HCTC starting in January."

Form 8962. If you filed Form 8962 for 2014, you can file an amended tax return for 2014 to take the HCTC instead of the PTC. You cannot take the PTC for those coverage months for the same coverage you elect for the HCTC. You must correct the PTC you previously claimed on Form 8962 when you amend your return. Consider whether the HCTC you elect will be more than any PTC that you could take without the election.

When completing the 2013 Form 8885 for 2014, the cost of coverage used to figure the HCTC includes the amount you paid to the insurance provider for all the months subject to the HCTC election plus the amount of the monthly APTC shown on Form 1095-A, lines 21–32, column C, for the months subject to the HCTC election. If you completed Part 4 of Form 8962, include only the enrollment premiums and APTC allocated to you when completing the 2013 Form 8885 for 2014.

If APTC was made for you, your spouse, or a dependent who enrolled in coverage through a Health Insurance Marketplace in 2014, continue to report all APTC on Form 8962. However, leave Form 8962, line 28, blank for all coverage you elect the HCTC. The Form 8962, line 28, repayment limit does not apply to taxpayers who elect the HCTC for coverage for any month in the tax year. Do not complete Part 5 of Form 8962 for coverage you elect the HCTC. If you amend your return for 2014, see [Form 8962 and the HCTC](#) under *Participants in a Health Insurance Marketplace*, earlier, for instructions on completing Form 8962 to refigure your PTC and any excess APTC repayment.

See the examples starting below for more information on amending your tax return for 2014.

Example 1. You enrolled in a non-group (individual) health plan on HealthCare.gov for all of 2014. Your enrollment premiums were \$10,000 for the year and APTC in the amount of \$5,000 was made on your behalf. You filed your return for 2014 and completed Form 8962 which reported a net PTC of \$1,000 on Form 8962, line 26. After reading these

instructions, you are eligible to elect the HCTC for all of 2014 as an RTAA recipient. After comparing the HCTC and the PTC, you determine your total credits would be greater by taking the HCTC for all 12 months of coverage for 2015. You elect the HCTC for your January coverage. The election applies to your coverage for all of 2014. You figure your HCTC of \$7,250 as follows. Your share of the monthly premiums for all of 2014 is the \$5,000 you paid plus the APTC of \$5,000. You would enter \$10,000 on the 2013 Form 8885 for 2014, lines 2 and 4. Your HCTC of \$7,250 ($\$10,000 \times 0.725$) is entered on Form 8885, line 5.

You must refigure your 2014 PTC and repay the APTC because you are now electing the HCTC. You use the chart under [Participants in a Health Insurance Marketplace](#), earlier, for instructions on amending your 2014 Form 8962. Your amended 2014 Form 8962 shows no PTC and shows excess APTC of \$5,000. The line 28 limit does not apply because you are taking the HCTC. Your tax as reported on Form 1040X, line 6, column A, is \$5,000. You would enter \$5,000 in column B to reflect the excess APTC repayment and would enter \$10,000 in column C. Write "APTC repayment" in the space below line 6. On Form 1040X, line 15, you

check the boxes for Forms 8885 and 8962 and enter \$1,000 (net PTC as reported) in column A; \$6,250 ($\$7,250$ HCTC – \$1,000 net PTC) in column B; and \$7,250 in column C. At the top of Form 1040X, you write "HCTC." In Part III of Form 1040X, you write "I am taking the HCTC. I elect the HCTC starting in January."

Example 2. You enrolled in a non-group (individual) health plan on [HealthCare.gov](#) for all of 2014. Your enrollment premiums were \$9,000 for the year and APTC in the amount of \$4,800 was made on your behalf. You filed your return for 2014 and completed Form 8962 which reported a net PTC of \$600 on Form 8962, line 26. After reading these instructions, you are eligible to take the HCTC from July through December 2014 as an RTAA recipient. After comparing the HCTC and the PTC, you determine your total credits would be greater by taking the HCTC for July through December 2014. You elect the HCTC for your July coverage. The election applies to your coverage for the last 6 months of 2014. You figure your HCTC of \$3,263 as follows. Your share of the monthly premiums for July through December is the \$2,100 ($\350×6) you paid plus the APTC of \$2,400 ($\400×6). You would enter \$4,500 on the 2013 Form 8885 for

2014, lines 2 and 4. Your HCTC of \$3,263 ($\$4,500 \times 0.725$) is entered on line 5.

You must refigure your PTC and any excess APTC repayment because you are now electing the HCTC. You use the chart under [Participants in a Health Insurance Marketplace](#), earlier, for instructions on amending your 2014 Form 8962. Your refigured total PTC on line 24 is \$2,700 (January through June) and your advance payment of the PTC on line 25 remains the same at \$4,800. Even though you are taking the PTC for January through June, you must enter all the APTC for 2014 on your amended Form 8962. You no longer have a net PTC on line 26 but have excess APTC on line 27 of \$2,100. You leave line 28 blank and enter \$2,100 on line 29. Your tax as reported on Form 1040X, line 6, column A, is \$1,000. You would enter \$2,100 in column B to reflect the excess APTC repayment and would enter \$3,100 in column C. Write "APTC repayment" in the space below line 6. On Form 1040X, line 15, you check the boxes for Forms 8885 and 8962 and enter \$600 (net PTC as reported) in column A; \$2,663 ($\$3,263$ HCTC – \$600 net PTC) in column B; and \$3,263 in column C. At the top of Form 1040X, you write "HCTC." In Part III of Form 1040X, you write "I am taking the HCTC. I elect the HCTC starting in July."