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ABC's of the Premium Tax Credit



Agenda

- Background
- Basics of the premium tax credit
- Eligibility
- How to file
- Reconciling advance payments
- Common errors
- Resources



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Health Insurance Marketplace

- Provides information at HealthCare.gov or state Marketplace website
- Enrolls individuals in health coverage
- Offers financial assistance
- Issues Form 1095-A, Health Insurance Marketplace Statement



Basics of the PTC

- Refundable tax credit
- Must buy Marketplace coverage
- Must file Form 8962 to claim the PTC and reconcile any advance payments



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PTC Eligibility



Must meet all of the following requirements:

- Income between 100-400% of Federal Poverty Line
 - Taxpayer, spouse, or dependent must enroll in Marketplace coverage for a month that the enrollee is not eligible for coverage through employer or government plan
 - Cannot be claimed as a dependent by another person
 - Not file as Married Filing Separately
- Note: Some exceptions apply*

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2015 Income Limits are based on 2014 FPL

One Individual:

\$11,490 (100% FPL) - \$45,960 (400% FPL)

Family of Two:

\$15,510 (100% FPL) - \$62,040 (400% FPL)

Family of Four:

\$23,550 (100% FPL) - \$94,200 (400% FPL)

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Advance Payments of PTC (APTC)

- Determined by Marketplace based on estimated household income and family size
- Paid directly to insurance company on the taxpayer's behalf
- MUST file tax return to reconcile

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Reporting Changes in Circumstances



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Examples:

- Family size or filing status
(family = personal exemptions)
- Increase/decrease in household income
- Gain/loss of health care coverage or eligibility
- Moving to another address

Important: Report changes to the Marketplace when they happen



How to claim the PTC

- Based on actual annual household income and family size reported on the tax return
- Claimed on tax return using Form 8962
 - Reconciles APTC
 - Results in either a refundable credit or repayment of excess advance payments



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Forms needed to claim PTC



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- Form 1095-A from Marketplace
- Form 8962 to claim and reconcile PTC/APTC
- File Form 8962 with 1040, 1040A or 1040NR



Form 1095-A, Health Insurance Marketplace Statement

- Issued by the Marketplace
- Must be used to complete Form 8962
- Reports monthly household coverage information:
 - Plan premium
 - Applicable second lowest cost silver plan premium
 - APTC



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Form **1095-A****Health Insurance Marketplace Statement**

OMB No. 1545-2282

Department of the Treasury
Internal Revenue Service▶ Information about Form 1095-A and its separate instructions
is at www.irs.gov/form1095a. CORRECTED**2014****Part I Recipient Information**

1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name		
4 Recipient's name	5 Recipient's SSN	6 Recipient's date of birth		
7 Recipient's spouse's name	8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth		
10 Policy start date	11 Policy termination date	12 Street address (including apartment no.)		
13 City or town	14 State or province	15 Country and ZIP or foreign postal code		

Part II Coverage Household

	A. Covered Individual Name	B. Covered Individual SSN	C. Covered Individual Date of Birth	D. Covered Individual Start Date	E. Covered Individual Termination Date
16					
17					
18					
19					
20					

Part III Household Information

Month	A. Monthly Premium Amount	B. Monthly Premium Amount of Second Lowest Cost Silver Plan (SLCSP)	C. Monthly Advance Payment of Premium Tax Credit
21 January			
22 February			
23 March			
24 April			
25 May			
26 June			
27 July			
28 August			
29 September			
30 October			
31 November			
32 December			
33 Annual Totals			

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60703G

Form **1095-A** (2014)

Form 1095-A (2014)

Page **2****Instructions for Recipient**

You received this Form 1095-A because you or a family member enrolled in health insurance coverage through the Health Insurance Marketplace. This Form 1095-A provides information you need to complete Form 8962, Premium Tax Credit (PTC). You must complete Form 8962 and file it with your tax return if you received premium assistance through advance credit payments (whether or not you otherwise are required to file a tax return) or if you want to claim the premium tax credit when you file your return. The Marketplace has also reported the information on this form to the IRS. If you or your family members enrolled at the Marketplace in more than one qualified health plan policy, you will receive a Form 1095-A for each policy. Check the information on this form carefully. Please contact your Marketplace if you have questions concerning its accuracy.

Part I. Recipient Information, lines 1-15. Part I reports information about you, the insurance company that issued your policy, and the Marketplace where you enrolled in the coverage.

Line 1. This line identifies the state where you enrolled in coverage through the Marketplace.

Line 2. This line is the policy number assigned by the Marketplace to identify the policy in which you enrolled. If you are completing Part 4 of Form 8962, enter this number on line 30, 31, 32, or 33, box a.

Line 3. This is the name of the insurance company that issued your policy.

Line 4. You are the recipient because you are the person the Marketplace identified at enrollment who is expected to file a tax return and who, if qualified, would claim the premium tax credit for the year of coverage.

Line 5. This is your social security number. For your protection, this form may show only the last four digits. However, the Marketplace has reported your complete social security number to the IRS.

Line 6. A date of birth will be entered if there is no social security number on line 5.

Lines 7, 8, and 9. Information about your spouse will be entered only if advance credit payments were made for your coverage. The date of birth will be entered on line 9 only if line 8 is blank.

Lines 10 and 11. These are the starting and ending dates of the policy.

Lines 12 through 15. Your address is entered on these lines.

Part II. Coverage Household, lines 16-20. Part II reports information about each individual who is covered under your

policy. This information includes the name, social security number, date of birth (only if no social security number is entered in column B), and starting and ending dates of coverage for each covered individual.

If you attested to the Marketplace at enrollment that one or more of the individuals who enrolled in the plan are not individuals for whom you intend to claim a personal exemption deduction on your tax return, and advance credit payments were made, then the information reported on Form 1095-A applies only to the individuals for whom you attested the intention to claim a personal exemption deduction (yourself, spouse, and dependents). For example, if you indicated to the Marketplace at enrollment that an individual enrolling in the policy is your adult child for whom you will not claim a personal exemption deduction, that child will receive a separate Form 1095-A and will not be listed in Part II on your Form 1095-A.

Part II also tells the IRS the months that the individuals identified are covered by health insurance and therefore have satisfied the individual shared responsibility provision.

If there are more than 5 individuals covered by a policy you will receive one or more additional Forms 1095-A that continue Part II.

Part III. Household Information, lines 21-33. Part III reports information about your insurance coverage that you will need to complete Form 8962 to reconcile advance credit payments or to claim the premium tax credit when you file your return.

Column A. This column is the monthly premium amount for the policy in which you enrolled.

Column B. This column is the monthly premium amount for the second lowest cost silver plan (SLCSP) that the Marketplace has determined applies to members of your family enrolled in the coverage. The premium for the applicable SLCSP is used to compute your monthly advance credit payments and the premium tax credit you claim on your return. See the instructions for Form 8962, Part 2, Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit for instructions on how to use the information in this column or, if there is no information entered.

Column C. This column is the monthly amount of advance credit payments that were made to your insurance company on your behalf to pay for all or part of the premiums for your coverage. No information will be entered in this column if no advance credit payments were made.

Lines 21-33. The Marketplace will report the amounts in columns A, B, and C on lines 21-32 for each month and enter the totals on line 33. Use this information to complete Form 8962, line 11 or lines 12-23.

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Form **1095-A****Health Insurance Marketplace Statement**

OMB No. 1545-2232

Department of the Treasury
Internal Revenue Service▶ Information about Form 1095-A and its separate instructions
is at www.irs.gov/form1095a. CORRECTED**2014****Part I** Recipient Information

1 Marketplace Identifier	2 Marketplace-assigned policy number	3 Policy issuer's name		
4 Recipient's name		5 Recipient's SSN	6 Recipient's date of birth	
7 Recipient's spouse's name		8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth	
10 Policy start date	11 Policy termination date	12 Street address (including apartment no.)		
13 City or town	14 State or province	15 Country and ZIP or foreign postal code		

Part II Coverage Household

	A. Covered Individual Name	B. Covered Individual SSN	C. Covered Individual Date of Birth	D. Covered Individual Start Date	E. Covered Individual Termination Date
16					
17					
18					
19					
20					

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**Part III Household Information**

Month	A. Monthly Premium Amount	B. Monthly Premium Amount of Second Lowest Cost Silver Plan (SLCSP)	C. Monthly Advance Payment of Premium Tax Credit
21 January			
22 February			
23 March			
24 April			
25 May			
26 June			
27 July			
28 August			
29 September			
30 October			
31 November			
32 December			
33 Annual Totals			

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60703Q

Form **1095-A** (2014)

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Form 8962 - Premium Tax Credit



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Form 8962	Premium Tax Credit (PTC)		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	<p>▶ Attach to Form 1040, 1040A, or 1040NR.</p> <p>▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962.</p>		<p>2014 Attachment Sequence No. 73</p>
Name shown on your return	Your social security number	Relief (see instructions) <input type="checkbox"/>	
Part 1: Annual and Monthly Contribution Amount			
1	Family Size: Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d .	1	

File Form 8962 with tax return to

- claim the premium tax credit and
- reconcile APTC



Completing Part 1 of Form 8962



Form **8962**
 Department of the Treasury
 Internal Revenue Service

Premium Tax Credit (PTC)

▶ Attach to Form 1040, 1040A, or 1040NR.

▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962.

OMB No. 1545-0074

2014
 Attachment
 Sequence No. 73

Part 1: Annual and Monthly Contribution Amount

1	Family Size: Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d	1	
2a	Modified AGI: Enter your modified AGI (see instructions)	2a	
b	Enter total of your dependents' modified AGI (see instructions)	2b	
3	Household Income: Add the amounts on lines 2a and 2b	3	
4	Federal Poverty Line: Enter the federal poverty amount as determined by the family size on line 1 and the federal poverty table for your state of residence during the tax year (see instructions). Check the appropriate box for the federal poverty table used. a <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input type="checkbox"/> Other 48 states and DC	4	
5	Household Income as a Percentage of Federal Poverty Line: Divide line 3 by line 4. Enter the result rounded to a whole percentage. (For example, for 1.542 enter the result as 154, for 1.549 enter as 155.) (See instructions for special rules.)	5	
6	Is the result entered on line 5 less than or equal to 400%? (See instructions if the result is less than 100%.) <input type="checkbox"/> Yes. Continue to line 7. <input type="checkbox"/> No. You are not eligible to receive PTC. If you received advance payment of PTC, see the instructions for how to report your Excess Advance PTC Repayment amount.		
7	Applicable Figure: Using your line 5 percentage, locate your "applicable figure" on the table in the instructions	7	
8a	Annual Contribution for Health Care: Multiply line 3 by line 7	8a	
b	Monthly Contribution for Health Care: Divide line 8a by 12. Round to whole dollar amount	8b	

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Completing Part 2 of Form 8962



Form 8962 Department of the Treasury Internal Revenue Service	Premium Tax Credit (PTC) ▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962 .	OMB No. 1545-0074
		2014 Attachment Sequence No. 73

Part 2: Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit

- 9** Did you share a policy with another taxpayer or get married during the year and want to use the alternative calculation? (see instructions)
 Yes. Skip to Part 4, Shared Policy Allocation, or Part 5, Alternative Calculation for Year of Marriage. **No. Continue to line 10.**
- 10** Do all Forms 1095-A for your tax household include coverage for January through December with no changes in monthly amounts shown on lines 21-32, columns A and B?
 Yes. Continue to line 11. Compute your annual PTC. Skip lines 12-23 and continue to line 24.
 No. Continue to lines 12-23. Compute your monthly PTC and continue to line 24.

Annual Calculation	A. Premium Amount (Form(s) 1095-A, line 33A)	B. Annual Premium Amount of SLCSP (Form(s) 1095-A, line 33B)	C. Annual Contribution Amount (Line 8a)	D. Annual Maximum Premium Assistance (Subtract C from B)	E. Annual Premium Tax Credit Allowed (Smaller of A or D)	F. Annual Advance Payment of PTC (Form(s) 1095-A, line 33C)
11 Annual Totals						
Monthly Calculation	A. Monthly Premium Amount (Form(s) 1095-A, lines 21-32, column A)	B. Monthly Premium Amount of SLCSP (Form(s) 1095-A, lines 21-32, column B)	C. Monthly Contribution Amount (Amount from line 8b or alternative marriage monthly contribution)	D. Monthly Maximum Premium Assistance (Subtract C from B)	E. Monthly Premium Tax Credit Allowed (Smaller of A or D)	F. Monthly Advance Payment of PTC (Form(s) 1095-A, lines 21-32, column C)
12 January						
13 February						
14 March						
15 April						
16 May						
17 June						

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24	Total Premium Tax Credit: Enter the amount from line 11E or add lines 12E through 23E and enter the total here .	24	
25	Advance Payment of PTC: Enter the amount from line 11F or add lines 12F through 23F and enter the total here .	25	
26	Net Premium Tax Credit: If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 69; Form 1040A, line 45; or Form 1040NR, line 65. If you elected the alternative calculation for marriage, enter zero. If line 24 equals line 25, enter zero. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27 .	26	

24	Total Premium Tax Credit: Enter the amount from line 11E or add lines 12E through 23E and enter the total here .	24	
25	Advance Payment of PTC: Enter the amount from line 11F or add lines 12F through 23F and enter the total here .	25	
26	Net Premium Tax Credit: If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 69; Form 1040A, line 45; or Form 1040NR, line 65. If you elected the alternative calculation for marriage, enter zero. If line 24 equals line 25, enter zero. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27 .	26	



Completing Part 3 of Form 8962



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Form 8962	Premium Tax Credit (PTC)	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	<p>▶ Attach to Form 1040, 1040A, or 1040NR.</p> <p>▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962.</p>	2014 Attachment Sequence No. 73
Name shown on your return	Your social security number	Relief (see instructions) <input type="checkbox"/>

Part 3: Repayment of Excess Advance Payment of the Premium Tax Credit		
27	Excess Advance Payment of PTC: If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here	27
28	Repayment Limitation: Using the percentage on line 5 and your filing status, locate the repayment limitation amount in the instructions. Enter the amount here	28
29	Excess Advance Premium Tax Credit Repayment: Enter the smaller of line 27 or line 28 here and on Form 1040, line 46; Form 1040A, line 29; or Form 1040NR, line 44	29



Completing Part 4 of Form 8962



Form 8962 Department of the Treasury Internal Revenue Service	Premium Tax Credit (PTC)			OMB No. 1545-0074
	▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962 .			2014 Attachment Sequence No. 73

Form 8962 (2014)

Page **2**

Part 4: Shared Policy Allocation

Complete the following information for up to four shared policy allocations. See instructions for allocation details.

Shared Policy Allocation 1

30	a Policy Number (Form 1095-A, line 2)	b SSN of taxpayer sharing allocation	c Allocation start month	d Allocation stop month
	Allocation percentage applied to monthly amounts	e. Premium Percentage	f. SLCSPP Percentage	g. Advance Payment of the PTC Percentage

Shared Policy Allocation 2

31	a Policy Number (Form 1095-A, line 2)	b SSN of taxpayer sharing allocation	c Allocation start month	d Allocation stop month
	Allocation percentage applied to monthly amounts	e. Premium Percentage	f. SLCSPP Percentage	g. Advance Payment of the PTC Percentage

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Completing Part 5 of Form 8962



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Form 8962 Department of the Treasury Internal Revenue Service	Premium Tax Credit (PTC) ▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962 .		OMB No. 1545-0074
			2014 Attachment Sequence No. 73
Name shown on your return	Your social security number	Relief <input type="checkbox"/> (see instructions)	

Part 5: Alternative Calculation for Year of Marriage

Complete line(s) 35 and/or 36 to elect the alternative calculation for year of marriage. For eligibility to make the election, see the instructions for line 9. To complete line(s) 35 and/or 36 and compute the amounts for lines 12–23, see the instructions for this Part 5.

	a	b	c	d
35 Alternative entries for your SSN	Alternative family size	Monthly contribution	Alternative start month	Alternative stop month
36 Alternative entries for your spouse's SSN	Alternative family size	Monthly contribution	Alternative start month	Alternative stop month



Return Preparer Interview Best Practices



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- Did your client receive Form 1095-A from Marketplace?
 - APTC
 - Verify coverage months and who is covered
 - Multiple policies issued
- Were there changes in circumstances during the year?
 - Married/divorced
 - Eligible for government or employer sponsored coverage
 - Months without coverage



2014 Filing Season Recap



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- Reconciling APTC
 - Penalty relief for 2014
- Reporting changes in circumstances
- Corrected Forms 1095-A



Common Errors



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- Claimed PTC but failed to attach Form 8962
- Did not reconcile APTC
 - Form 8962, Part 2, Lines 11 or 12-23 (Column F)
- Form 1095-A data not correctly reported
 - Form 8962, Part 2, Lines 11 or 12-23 (Columns A and B)
- Transposed digits



Common Errors

- Miscalculated Monthly PTC Allowed
 - Form 8962, Part 2, Lines 11 or 12-23 (Column E)

- Miscalculated Repayment Amount of Excess APTC
 - Form 8962, Part 3, Lines 28 & 29

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2015: What You Need to Know

- Forms 1095-A and 8962
- Report changes in circumstance to the Marketplace if receiving APTC
- 2016 Marketplace enrollment
 - Nov 1, 2015 to January 31, 2016
 - Special Enrollment Periods



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Resources

- [IRS.gov/aca](https://www.irs.gov/aca)
- [IRS.gov/taxpros](https://www.irs.gov/taxpros)
- [HealthCare.gov](https://www.healthcare.gov)
- Publication 974 – Premium Tax Credit
- Instructions and Form 8962, Premium Tax Credit



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