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TaxFORUM

The Health Care Law and Taxes for Individuals and Families





Individual Shared Responsibility Provision

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TAX FORUM



**Report
Health
Care
Coverage**



**Claim
Exemption
from
Coverage**



**Make
Shared
Responsibility
Payment**





Reporting Coverage

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	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-				
	57	Self-employment tax. Attach Schedule SE				
Other Taxes	58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919				
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required				
	60a	Household employment taxes from Schedule H				
	60b	b First-time homebuyer credit repayment. Attach Form 5405 if required				
	61	Health care: individual responsibility (see instructions) Full-year coverage <input checked="" type="checkbox"/>				
	62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)				
	63	Add lines 56 through 62. This is your total tax				
Payments	64	Federal income tax withheld from Forms W-2 and 1099	64			

Check box and leave entry space blank if everyone on the return had coverage for the full year





Minimum Essential Coverage

- Offered by an employer, COBRA and retiree coverage
- Purchased through private insurance or Health Insurance Marketplace
- Provided by government-sponsored programs, including veteran's coverage, CHIP and most Medicare and Medicaid





Information Statements

- **Marketplace - Form 1095-A,
Health Insurance Marketplace Statement**
- **Insurers - Form 1095-B, Health Coverage**
- **Large Employers – Form 1095-C, Employer-
Provided Health Insurance Coverage and Offer**





Form 1095-A

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Form **1095-A** | **Health Insurance Marketplace Statement** | VOID | OMB No. 1545-2232
 Department of the Treasury | **► Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a.** | CORRECTED | **2016**
 Internal Revenue Service

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 Covered Individuals

	A. Covered individual name	B. Covered individual SSN	C. Covered individual date of birth	D. Coverage start date	E. Coverage termination date
16					
17					
18					
19					
20					

Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January			
22 February			



Form 1095-B

560116

Form **1095-B**

Department of the Treasury
Internal Revenue Service

Health Coverage

▶ Do not attach to your tax return. Keep for your records.

▶ Information about Form 1095-B and its separate instructions is at www.irs.gov/form1095b.

VOID

CORRECTED

OMB No. 1545-2252

2016

Part I Responsible Individual

1 Name of responsible individual		2 Social security number (SSN or other TIN)	3 Date of birth (if SSN or other TIN is not available)
4 Street address (including apartment no.)	5 City or town	6 State or province	7 Country and ZIP or foreign postal code
8 Enter letter identifying Origin of the Health Coverage (see instructions for codes):		9 Reserved	

Part II Information about Certain Employer-Sponsored Coverage (see instructions)

10 Employer name		11 Employer identification number (EIN)	
12 Street address (including room or suite no.)	13 City or town	14 State or province	15 Country and ZIP or foreign postal code

Part III Issuer or Other Coverage Provider (see instructions)

16 Name		17 Employer identification number (EIN)	18 Contact telephone number
19 Street address (including room or suite no.)	20 City or town	21 State or province	22 Country and ZIP or foreign postal code

Part IV Covered Individuals (Enter the information for each covered individual.)

	(a) Name of covered individual(s)	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage												
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
23				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Form 1095-C

601117

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

Do not attach to your tax return. Keep for your records.

Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c

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OMB No. 1545-2251

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Part I Employee

1 Name of employee			2 Social security number (SSN)			7 Name of employer			8 Employer identification number (EIN)			
3 Street address (including apartment no.)						9 Street address (including room or suite no.)			10 Contact telephone number			
4 City or town		5 State or province		6 Country and ZIP or foreign postal code		11 City or town		12 State or province		13 Country and ZIP or foreign postal code		

Applicable Large Employer Member (Employer)

Part II Employee Offer of Coverage

Plan Start Month (Enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Required Contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee.

(a) Name of covered individual(s)	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of Coverage												
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Form 8965

Health Coverage Exemptions

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Form 8965	Health Coverage Exemptions		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040, Form 1040A, or Form 1040EZ. ▶ Information about Form 8965 and its separate instructions is at www.irs.gov/form8965 .		2016 Attachment Sequence No. 75
Name as shown on return		Your social security number	
Complete this form if you have a Marketplace-granted coverage exemption or you are claiming a coverage exemption on your return.			
Part I Marketplace-Granted Coverage Exemptions for Individuals. If you and/or a member of your tax household have an exemption granted by the Marketplace, complete Part I.			
	(a) Name of Individual	(b) SSN	(c) Exemption Certificate Number
1			
2			



- Claim most exemptions at time of filing
- Report Marketplace granted exemptions



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Making an Individual Shared Responsibility Payment

- Taxpayers will owe an ISRP for anyone on the return who did not have:
 - MEC for every month of the year or
 - Coverage exemption for any month without MEC
- Use Form 8965, Health Coverage Exemptions, worksheet to calculate ISRP

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ISRP Common Errors

- Eligible for coverage exemption - did not claim
 - Income below filing threshold
 - Not lawfully present
 - Coverage gap
- Miscalculated SRP
- SRP on dependent returns





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





Premium Tax Credit

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- Refundable tax credit
- Buy Marketplace coverage
- Have Form 1095-A from Marketplace to file
- File Form 8962 to
 - reconcile any advance payments and
 - claim the PTC





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





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 with Form 8962 to reconcile





Report Changes in Circumstances to Marketplace

- Report to the Marketplace when they happen
- Examples of changes include:
 - Family size or filing status
 - Increase/decrease in household income
 - Gain/loss of health care coverage or eligibility
 - Moving to another address





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How to Reconcile Advance Payments or Claim PTC

- Based on actual annual household income and family size reported on the tax return
- Claimed on tax return using Form 8962
 - Need Form 1095-A from Marketplace
 - Reconciles APTC
 - Results in either a refundable credit or repayment of excess advance payments

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Form 8962 – Premium Tax Credit

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Form **8962**

Premium Tax Credit (PTC)

OMB No. 1545-0074

2016
Attachment
Sequence No. **73**

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040, 1040A, or 1040NR.
▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962.

Name shown on your return

Your social security number

You cannot claim the PTC if your filing status is married filing separately unless you qualify for an exception (see instructions). If you qualify, check the box.

File Form 8962 with tax return to :

- claim the premium tax credit and
- reconcile APTC





Form 8962, Part I

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Part I Annual and Monthly Contribution Amount

1	Tax 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 the 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 line amount from Table 1-1, 1-2, or 1-3 (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 (see instructions)	5	%
6	Did you enter 401% on line 5? (See instructions if you entered less than 100%.) <input type="checkbox"/> No. Continue to line 7. <input type="checkbox"/> Yes. You are not eligible to take the PTC. If advance payment of the PTC was made, 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 amount. Multiply line 3 by line 7. Round to nearest whole dollar amount	8a	
b	Monthly contribution amount. Divide line 8a by 12. Round to nearest whole dollar amount	8b	





Form 8962, Part II

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Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit

- 9** Are you allocating policy amounts with another taxpayer or do you want to use the alternative calculation for year of marriage (see instructions)?
 Yes. Skip to Part IV, Allocation of Policy Amounts, or Part V, Alternative Calculation for Year of Marriage. **No.** Continue to line 10.
- 10** See the instructions to determine if you can use line 11 or must complete lines 12 through 23.
 Yes. Continue to line 11. Compute your annual PTC. Then 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) Annual enrollment premiums (Form(s) 1095-A, line 33A)	(b) Annual applicable SLCSP premium (Form(s) 1095-A, line 33B)	(c) Annual contribution amount (line 8a)	(d) Annual maximum premium assistance (subtract (c) from (b), if zero or less, enter -0-)	(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 enrollment premiums (Form(s) 1095-A, lines 21–32, column A)	(b) Monthly applicable SLCSP premium (Form (s) 1095-A, lines 21–32, column B)	(c) Monthly contribution amount (amount from line 8b or alternative marriage monthly calculation)	(d) Monthly maximum premium assistance (subtract (c) from (b), if zero or less, enter -0-)	(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						
18 July						
19 August						
20 September						
21 October						
22 November						
23 December						

24 Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here	24
25 Advance payment of PTC. Enter the amount from line 11(f) or add lines 12(f) through 23(f) 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 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



Form 8962 – Part III

Part III 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 (see instructions)	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	

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 37784Z

Form 8962 (2016)





Form 8962 – Part IV

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Form 8962 (2016)

Page **2**

Part IV Allocation of Policy Amounts

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

Allocation 1

30	(a) Policy Number (Form 1095-A, line 2)	(b) SSN of other taxpayer	(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

Allocation 2

31	(a) Policy Number (Form 1095-A, line 2)	(b) SSN of other taxpayer	(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

Allocation 3

32	(a) Policy Number (Form 1095-A, line 2)	(b) SSN of other taxpayer	(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

Allocation 4

33	(a) Policy Number (Form 1095-A, line 2)	(b) SSN of other taxpayer	(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

34 Have you completed all policy amount allocations?

Yes. Multiply the amounts on Form 1095-A by the allocation percentages entered by policy. Add all allocated policy amounts and non-allocated policy amounts from Forms 1095-A, if any, to compute a combined total for each month. Enter the combined total for each month on lines 12–23, columns (a), (b), and (f). Compute the amounts for lines 12–23, columns (c)–(e), and continue to line 24.

No. See the instructions to report additional policy amount allocations.





Form 8962 – Part V

Part V 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 V.

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

Form **8962** (2016)





PTC Common Errors

- Did not reconcile APTC
- Claimed PTC but failed to attach Form 8962
- Form 1095-A data not correctly reported
- Transposed digits
- Miscalculated Monthly PTC Allowed
- Miscalculated Repayment Amount of Excess APTC





Best Practices

- Use Form 1095-A, B or C to verify
 - coverage months and
 - who is covered
- Determine eligibility for exemption
 - Marketplace ECN
 - Income below return filing threshold or
 - IRS coverage exemptions





Best Practices

- 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





Resources

- [IRS.gov/aca](https://www.irs.gov/aca)
- [IRS.gov/TaxPros](https://www.irs.gov/TaxPros)
- Publication 974 – Premium Tax Credit
- Instructions and Form 8962, Premium Tax Credit
- Instructions and Form 8965, Health Coverage Exemptions
- Interactive Tax Assistant

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Reminder from the IRS

If your clients need health coverage, direct them to [HealthCare.gov](https://www.healthcare.gov) to learn about health insurance options that are available, how to purchase health insurance, and how to qualify to get financial assistance with the cost of insurance.

