

Affordable Care Act – Premium Tax Credit– §36B

Return Preparer Best Practices (Updated 01/23/2017)

Note: There are no special or specific due diligence requirements related to Affordable Care Act issues. This document represents best practices for practitioners to gather necessary information from their clients for use in preparing tax returns, which include health coverage information. General requirements on filing a complete and accurate tax return continue to apply.

Preparers are expected to resolve conflicting or contradictory statements from their clients during the return preparation process, as they do today.

1. Did your client receive Form 1095-A, Health Insurance Marketplace Statement, or other documentation, from the Marketplace?

- Review Form 1095-A to determine what months your client, and any other member of the client's tax family, which is the client and his or her spouse if filing a joint return and dependents, were enrolled in a qualified health plan through the Marketplace. If your client does not have Form 1095-A, or other documentation, refer the client to the Marketplace so that he or she may obtain either a Form 1095-A, or an account statement. Use this information to assist in the completion of Form 8962, Premium Tax Credit. Ask if the client received one or more Forms 1095-A.

2. Were advance payments of the premium tax credit made on behalf of any member of the tax family?

- Review Form(s) 1095-A to determine what months your client, and any other member of the client's tax family, had advance payments of the premium tax credit made on their behalf. Use this information to assist in the completion of Form 8962.

Note: If advance payments of the premium tax credit were made on behalf of any member of the tax family, the client must reconcile the advance credit payments **with the allowable premium tax credit** using Form 8962, which is attached to Form 1040 or 1040A – not 1040EZ.

3. For any months in which your client, and any member of the client's tax family, did not enroll in a qualified health plan through the Marketplace, was coverage provided by employer sponsored coverage, government sponsored coverage, or individual market insurance?

- If yes, what members of the tax family were covered by either employer sponsored coverage, government sponsored coverage, or individual market insurance and for which months? Review any Forms 1095-B and/or 1095-C your client may have received and use them in the completion of Form 8962.

NOTE: Due to extensions of the due date for furnishing the 2016 forms to individuals, your clients may not have these by the time they are ready to file their 2016 tax return. 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 2016 returns using other information about their health coverage. Individuals do not have to wait for their Form 1095-B or 1095-C in order to file.

- If no, your client may be liable for the shared responsibility payment for the months in which they, or any member of the tax household, were not covered. However, if your client meets certain criteria for the tax year, they may be [exempt](#) from the requirement to have minimum essential coverage, and will therefore not have to make a shared responsibility payment for any month they are exempt. Refer to Form 8965 and the associated instructions for further information on exemptions and the shared responsibility payment.

4. If your client experienced a divorce during the tax year, is there an allocation of the advance credit payments that needs to be considered?

- Complete Section Four of Form 8962, if applicable.

5. If your client married during the tax year, and excess advance credit payments were made for either the client or the client's spouse, can your client benefit from the use of the Alternative Calculation for Year of Marriage?

- Complete Section Five of Form 8962, if applicable.

Remember: Instruct your client to report any of the following **changes in circumstances** to the Marketplace when they occur so that the Marketplace can adjust the amount of the individual's advance credit payments .

- Changes in household income
- Divorce
- Marriage
- Birth or adoption of a child
- Increases or decreases in the number of dependents
- Eligibility for government sponsored or employee sponsored health care coverage
- Moving to another address
- Gaining or losing non-Marketplace health care coverage
- Changes in filing status

Remind clients that failure to report all changes may cause more advance credit payments to be paid than PTC allowed. If more advance credit payments are paid than PTC allowed, your client will have excess advance credit payments and must increase his or her tax liability by all or a portion of the excess advance credit payment amount. For more information, refer to Publication 5152 – PTC Changes in Circumstance.