



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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The Honorable Cory Gardner
United States Senator
801 8th Street, Suite 140A
Greeley, CO 80631

Attention:

Dear Senator Gardner:

I am responding to your inquiry dated August 25, 2015, on behalf of your constituent, . You asked for our review and response to issues with the shared responsibility payment computation. Specifically, needed clarification on how shared responsibility payment are calculated.

explained that, in tax year 2014, and one of were covered under an individual market health plan that did not provide minimum essential coverage under section 5000A of the Internal Revenue Code (Code). and had minimum essential coverage for all months of 2014. understood that was liable for the shared responsibility payment because did not have minimum essential coverage for and . However, did not agree that should be required to base the amount of shared responsibility payment not only on own income but also that of the other family members who had minimum essential coverage.

Under section 5000A of the Code, for each month beginning in January 2014, an individual must have qualifying health care coverage (known as minimum essential coverage), have an exemption, or make a shared responsibility payment with the individual's federal income tax return. For any tax year, the amount of the shared responsibility payment depends, in part, on the taxpayer's household income. Under the applicable law, the household income is the sum of the taxpayer's (and, if the taxpayer files a joint return with the spouse, the spouse's) modified adjusted gross income and the modified adjusted gross income of every individual whom the taxpayer

properly claims as a dependent and who is required to file his or her own federal income tax return. A dependent's income is not included, if the dependent is not required to file a tax return but does so for other reasons such as to claim a refund.

If _____ files a joint return _____ for 2014, _____ household income must include their modified adjusted gross income. In addition, _____ household income must include the modified adjusted gross income of any dependent required to file _____ own tax return. Household income includes the modified adjusted gross income of all these individuals, regardless of whether they have minimum essential coverage. Legislation would be necessary to change this requirement. The IRS does not have authority to change the statutory requirement.

The applicable law provides exemptions for certain individuals without minimum essential coverage from the shared responsibility payment liability. We list and explain these exemptions, including the exemption for individuals for whom minimum essential coverage is considered unaffordable, on our website at www.irs.gov/Affordable-Care-Act/Individuals-and-Families/ACA-Individual-Shared-Responsibility-Provision-Exemptions. We encourage _____ to review the information on the webpage and in the instructions for Form 8965, Health Coverage Exemptions, available at www.irs.gov, and consider whether _____ and _____ are eligible for any of the exemptions.

I hope this information is helpful. If you have questions, please contact me or _____ (Identification Number _____) at _____.

Sincerely,

William A. Jackson
Chief, Branch 5
Office of Associate Chief Counsel
(Income Tax and Accounting)