The Health Care Law and Taxes for Individuals and Families

(edited transcript)

My name is Don Dill, Senior Tax Analyst with the Wage & Investment division. I have the pleasure today to talk to you about a topic that I'm sure each and every one of you have talked a lot about over the last couple years, the Affordable Care Act. And, I look forward to doing that with you today. In this session, I'm basically gonna work through the ACA provisions from A to Z.

We'll start with minimum essential coverage, and we'll work our way through the individual shared responsibility payment for those who don't have coverage. And in between, I'll talk about the premium tax credit, the information reporting requirements, 1095As, B, and C. Just a plethora of hopefully good information.

So getting started right off the bat with, uh, what we call our infographic that we've been using for the last couple years that basically defines the Affordable Care Act as it pertains to the tax code.

And now it is that every person on a tax return must either have qualifying healthcare coverage, which is also called minimum essential coverage, or MEC, or claim an exemption from that coverage requirement, or make an individual share responsibility payment. So I'm hoping that the majority of you have found in the first two years of ACA that the vast majority of your clients simply need to check the box there that you see on the screen on, on line 61 to report that they've had coverage for the entire year.

And so for those taxpayers, if they can click that box for full coverage, that is basically the beginning and the end of their ACA requirement. So hopefully, uh, box 61 is a familiar sight to you. Now, if a taxpayer can be claimed as a dependent on another return, please remember that you do not check the box on their dependent return. You leave that blank – that space empty because the person who claims as a dependent is the one who's required to do that.

So a couple of administrative reminders that probably cropped up for you over the time. That if you do have a client that's come to you, and they have failed to check the box in a prior year, and everyone on the return had full coverage, there is no need to amend that return to indicate full coverage in 2015 or prior years. We'll talk a little bit more about that moving forward in '16 and beyond.

And if a client checked the box incorrectly, again, do not amend the return. . We'll send you a letter. And just respond to that letter. And that will take care of it. So up next we're gonna talk about minimum essential coverage in internal revenue code. Section 5000A, uh, subparagraph F, spells out what type of coverage qualifies as minimum essential coverage. And the good news is, again, the data that we have shows the vast majority, uh, have full coverage for the full year that is considered minimum essential coverage.

Just quickly a couple examples of minimum essential coverage. And this is not, uh, the total list. But health insurance coverage provided by an employer, including Cobra plans and retiree coverage. This category would include, uh, most growth, uh, group health plans, both insured and self insured, provided by employers to the benefit of their employees.

It also includes health insurance purchased through the Health Insurance Marketplace. We'll talk more about that. Which is the one-stop, online, uh, health where a taxpayer may qualify not only for coverage but for financial assistance known as the premium tax credit. It also includes coverage under a government sponsor program such as Medicare parts A and C, most Medicaid coverage, the Children's Health, uh, Insurance program, or CHIP, and healthcare programs for veteran and active military personnel and their families.

And it also includes, finally, health insurance purchased directly by an individual from a private insurance company. Now, on the other hand, minimum essential coverage does not include coverage that provides only limited benefits, such as standalone vision or dental, uh, insurance, workman's comp type of insurance, accident or disability insurance, and certain Medicaid plans that provide limited coverage, –

such as those for only family planning services or for the treatment of emergency medical conditions. Please also recall that U.S. citizens who are residents of a foreign country for an entire year and residents of U.S. terries are, are considered to have minimum essential coverage for the year. So if a taxpayer has insurance coverage shown on this slide, then they have no other requirements in order to satisfy the shared responsibility provision of the ACA, uh, tax law.

For those individuals who do not have coverage or valid exemptions, please refer them to the Health Insurance Marketplace at http://www.healthcare.gov website, to ass– to assist them with finding coverage and providing them the opportunity to, to receive health, uh, coverage financial assistance. So let me move into some of the information reporting statements, uh, for 2016 that your clients will be receiving early in 2017 in January.

And this information returns will include information for all months of the year for the taxpayer, their spouse, and their dependents. Now, the forms 1099 will include co– information about coverage, about how was covered, and which months they were covered. But please note that taxpayers may receive one or more of these forms for the tax year, depending on who provides their health coverage or if they have more than one provider during the year or potentially the taxpayer, the spouse, or their dependents have different insurers.

So let me review these very quickly, the three different types that I hope you've become familiar with. First is the form 1095A, quite frankly the most important of these documents, which is issued by the Marketplace to individuals who have enrolled in health insurance coverage through the Marketplace.

The deadline for the Marketplace to provide individuals with the form 1095A is February 1st. And our recommendation is if a taxpayer, someone who is gonna file a tax return enrolled in coverage through the Marketplace, they should wait until they've received their 1095A in order to file the tax return just to ensure that the processing goes without any hitches. Uh, please note for taxpayers that most taxpayers have the ability to access their account on the Marketplace and receive those forms electronically if for some reason they don't get 'em in the mail.

Then 1095Bs, as you see there, will be issued by health insurance providers to individuals that they cover. And finally, the form 1095C will be issued by certain large employers to employees showing the coverage that was offered to the employees. Uh, employers that provide health insurance that we would refer to as self-insured coverage would provide that information on a 1095C.

Now, while I've recommended that you wait until you get a 1095A in order to file a return for one of your clients, the information on the 1095B and the 1095C will certainly assist you in preparing a return, but they are not required to complete a return, nor are they required to be filed with the IRS. So therefore, it's obviously not necessary to wait on them in order to file. And just the general reminder, as you know I like to give, that the IRS does not issue any of the 1095A, B, or C.

So we can't help you with a copy, and we cannot help you if corrections are needed. So let me tunnel down a little bit more into the 1095 information. There you see it on your screen, the Health Insurance Marketplace statement. And this is, as I mentioned, is the – given to, uh, taxpayers who receive coverage, uh, through the Health Insurance Marketplace.

And again, will be received early in 2016. No, uh, extensions are anticipated this year. And again, as I mentioned, taxpayers should wait till they get this form to file. Um, if a taxpayer elects to file – – do let them know that there is a, a high likelihood that their refund might be delayed if the information is not match up to the 1095A information we receive and input into our system. So all taxpayers who receive health insurance through the Marketplace, uh, need this form to file. And again, I want to make a reminder to you those that, that an individual who receives a 1095A, which we're – which indicates that they've received health insurance coverage, and if it indicates they have advance payments or the, uh, APTC, they must file a tax return and include the form 8962 – to reconcile those advance payments with the actual premium tax credit they're entitled to, even in the case that they have no other filing requirement. So again, please let you know – your clients know that the failure to do this will obviously result in questions from the IRS but will also deny them the ability to, access the Marketplace in future years.

So moving through the form up is 1095B. And again, this is health coverage, uh, provided by insurance companies and carriers. And it will be provided to anybody that they insure during a year. Again, no anticipation in delays in this form being provided to your clients as there have been in the past. And again, it will include information not only on the taxpayer but again on all their family members that are covered by that plan.

Just a note to you that maybe you get a question from your clients that the, uh, health insurance providers under the Affordable Care Act are entitled to ask the taxpayer for the Social Security number of all the individuals that are covered under that policy. Uh. So if a taxpayer is asked for that, um, please let them know that they do need to comply with that and provide the Social Security number, again, to avoid a delay in processing of the return.

So next up is the 1095C. And this is the employer provided health insurance offering coverage form issued by applicable large employers. And for this code section, that means an employer that has on the average more than 50 full-time employees during the year. And the form is issued to all employees and provides insurance information about not only the coverage that was offered but also the coverage that they elected to enroll in.

Again, for those of you – I know many of you work with small employers. They are not required to do this, uh, form, the 1095C, if they have less than 50 full-time employees. Now, again, just a reminder. Very high likelihood that a taxpayer who receives a 1095C will also get a 1095B because most, as you know, most health insurance by employers are provided through a third party. Again, I c– want to recommend that you make sure that, uh, your clients make sure the information on these forms are correct. And if they're not, to reach out to the issuer of these forms as soon as possible.

So moving away from the information ret– forms, I'm gonna jump quickly into the, uh, form 8965, which is – deals with the healthcare, uh, coverage exemptions. Again, if a taxpayer or anyone on their returns qualifies for a coverage exemption or the Marketplace has granted them an exception, they would neither claim or report the exemptions on their return –by filing the form 8965. Now, the good news is taxpayers can claim most exemptions when they file the return. But there are a few I will cover that they do have to go to the Marketplace to receive those exemptions. A couple that they can get through the tax return would be the ones where they're exempt due to the fact that the minimum amount they must pay for the annual premiums is more than 8*:1*3 percent of their household income.

Another common one, they had a gap in coverage for less than three months and they qualify for an exemption, uh, for other reasons, including, uh, hardship. I'd like to emphasize to you – and we'll talk more about this about the difference between HHS and the IRS when we talk about Affordable Care Act. But the IRS does not accept requests for exemptions from coverage by phone or by mail or in our offices and our taxpayer assistance centers.

They're only done on the form 8965. So I think it will save you and your clients time if they just use that form. But as I mentioned, there are exemptions that are granted by the Marketplace. And unfortunately, they do need to be done in advance. Examples of those would be members of, uh – or taxpayers who are members of recognized religious sects that are conscientiously opposed to in– uh, accepting insurance benefits and other certain hardship benefits as defined by HHS.

Now, Marketplace exemption applications are available online and, I can't emphasize enough, should be submitted as soon as possible. Because individuals who are granted an exemption by the Marketplace will then receive an exemption certificate number, or ECN. And they must u– and they must report that certificate number on the form 8965 when they file.

So again, uh, uh, thinking about taxpayers and the requirements on filing, taxpayers who are not required to file an income tax return because their income belows – falls below the filing threshold are exempt from the ISRP, or the individual share responsibility payment. So those taxpayers do not need to file a return solely to report healthcare coverage or to claim an exemption. Now, I know many of your clients want to file anyway. If they do, uh, elect to file when they have no filing requirement, then they need to complete the 8965 and claim the exemption they are entitled to.

And a, a good note to remember, only one form 8965 is required for a family. That form will be re– used to claim the, the exemptions, uh, for all of the individuals on that return. there is an interactive tool that the IRS has, uh, created called Am I Eligible for a Coverage Exemption or Required to Make an Individual Share Responsibility?

And it will help the taxpayer determine the answer to those questions. And you can access that through http://www.irs.gov and search "ITA." So let me move forward into the individual share responsibility payment and talk a little bit more about that.

So the question is when would be – an individual be required to make an individual share responsibility payment? And the answer is simple. If for any month a taxpayer or any of their dependents they claim on the return does not have minimum essential coverage or qualify for a cover exemption, they will be required to make a share responsibility payment when they file their return. The share responsibility payment amount is due – that is due would then be reported on form, uh, 1040, line 61, in the other taxes section of the return.

So now let me talk very briefly about how you would calculate that amount. If you recall from earlier this afternoon, the annual payment amount is one of those great ones in, uh, tax law. It is the greater of – not the lesser of – the greater of a percentage of the client's household income or a flat dollar amount. For 2016 and beyond, uh, the percentage will be 2.5 percent, as I mentioned earlier. That's up from two percent. And for 2016, the flat dollar amount is $695*:0*0 with a limit of $2085*:0*0 for a family. If it's a child under the age of 18, they only have to pay half of that amount for any months they do not have coverage.

So let me just start right here and talk about a few of our findings from the initial seasons of the Affordable Care Act. The good news, as I mentioned on the onset, is that the vast majority of taxpayers are simply able to bo– to click the box on line 61, report full coverage, and their work is done. A smaller amount of very – smaller number of taxpayers are able to claim and have claimed exemptions on for 8965.

And the great majority of those exemptions were claimed through the IRS on form 8965 using parts two and three. Another, smaller subsection did claim exemptions through the Marketplace in box one. But that was a very small percentage. And that leaves us with another small percentage of individual taxpayers who were required to report a share responsibility payment when they had no coverage or no exemption.

As with any new tax law, certainly one as, uh, as complicated as the Affordable Care Act, we did observe a few errors in the first couple seasons.

So let me give you a little, uh, background on those. And hopefully if they impact you, you can make corrections moving forward. First and, and foremost, we did see a number of taxpayers who were eligible for various exemptions not claim those exemptions and unfortunately make a share responsibility payment, uh, suggesting that they did owe additional tax. Uh, most of those taxpayers were eligible for exemptions for one of the two things. Either they had a gross or household income below the filing threshold or they had a coverage gap of, of up to two months. So again, please be aware to make sure when somebody tells you they don't have health insurance coverage to look for the opportunity for them to claim an exemption. And then we also had, uh, as you would anticipate, we had some miscalculations when it comes to the share responsibility payment.

One of them what I would call a very technical issue, that, uh, diligent practitioners were trying to add in a dependent's, uh, uh, income or MAGI, if you recall, the Modified Adjusted Gross Income related to, uh, the Affordable Care Act. And they were trying to add that when it's not required. And the rule of thumb is the dependents must have income above the filing threshold in order for their income to have to be included in the parent's income for this calculation.

We also noted in many cases where the individuals were not limiting the shared responsibility payment either the national average bronze plan limit or not utilizing the correct income percentages or not using the flat dollar amount. Certainly we will be corresponding with those taxpayers. But I think like you, to avoid, uh, more work and, uh, more questions coming into your office, if we could correct those up front that would be great.

Uh, additionally, dependents who did not claim their own exemption who should not, as I mentioned, report in an SRP, or share responsibility payment, were doing it in many cases, uh, even though they were not required to. And then last but not least, and I know this won't shock you, there were many returns, uh, that were silent in terms of their coverage requirements and in reality may owe a share responsibility payment. Uh, the IRS, as you can imagine, will, uh, continue if we haven't started yet to correspond with these taxpayers who did not report coverage or did not report an exemption or did not make an individual share responsibility payment, uh, for either the 2014 or 2015 tax years.

Now, I wanted to make a special note here. Moving forward, uh, IRS leadership has started talks with, uh, with our partners and stakeholders about what is going to happen in 2016 and beyond for those returns that are silent, again, that didn't claim coverage or have an exemption or make a share responsibility payment.

And starting in 2016, we are just not gonna be as gracious as we have been in the past. And we're not gonna process returns that are silent as regard to their ACA requirements. So the new business rules related to this will be published later this summer. And, uh, more information will be available on http://www.irs.gov/ACA later this year. So please take that into account when you're talking to your clients.

Now, before I talk a little bit more about the premium tax credit, I do want to briefly discuss the Health Insurance Marketplace. And as I mentioned, HHS, the Department of Health and Human Services, is responsible for the Marketplace and for determining if individuals are eligible for coverage or financial assistance. And we at the IRS just take care of the tax portion.

So I hope you all know that you can visit the http://www.healthcare.gov website to help your clients determine, uh, if they are eligible for coverage or if they can get assistance. And I highly recommend you, uh, working with them as soon as possible on that. Just a reminder that open season for, uh, 2017 coverage will begin on November 1st. But this will be the shortest year. It will end on January 31st of 2017. And again, no extensions are anticipated.

So let me move on to the premium tax credit. And, uh, let me talk about how one would be eligible, uh, for that. And the general rule of thumb – and of course, I know as tax practitioners, you know for every general rule of thumb in the Internal Revenue Code there is an exception, but I'm gonna talk generally – to be eligible, taxpayers must, uh, have household income between 100 percent and 400 percent of the federal poverty line.

The premium tax credit reduces the out of pocket expenses, uh, incurred by – for your clients as they pay for insurance. The premium tax credit obviously is, is based on a sliding scale, with bigger credit amounts available to those with lower incomes. And obviously a, a multitude of factors impact the credit amount, including the family size, what kind of coverage they elect, where they live. But again, visit http://www.healthcare.gov for more information.

Now, when we talk about the premium tax credit, the taxpayers do have an option of whether to s– receive advance premium tax credit payments. And I don't think you'll be surprised; the vast majority of taxpayers do take that opportunity rather than paying the credits on their own. But those who chose not to will have the opportunity, obviously, at the end when they file their tax return to get, uh, the premium tax credits they're entitled to. And that is a refundable credit. So they will get all of that information.

Now, the most important part about the premium tax credit that I want to, uh, discuss with you today is the fact that the advance premium tax credit is an estimate, uh, based on the information provided by the taxpayer at the time they apply for it. And then at the end of the filing – or at the end of the year when they file their tax return, for better – for lack of better words, that's when we, we true up the amounts. And we take the estimates and, and compare them to the, uh, actuals.

And as you would expect, in the great majority of cases, those numbers do not equal. And so there will be an opportunity, uh, for taxpayers either to pay us back some of the premium tax credit they, uh, owe, or in a – in certain cases to get a refund. But the key issue I want to in, uh, impart with you today is that it is critical for all of your clients to get information to the Marketplace –

If during the year any of their estimate – estimated information changes in a dramatic fashion. For example, if they get a new job or if they get married. Uh, those type of, uh, changes to their, uh, situation will cause a dramatic impact on the final calculation. And I think, like you, I think most taxpayers would like to avoid a large potential bill at the end of the season. So again, it's not an IRS thing.

It's a Marketplace. They should call or click onto that http://www.healthcare.gov site to provide information, uh, to the Marketplace to make sure they get that done. And again, just we'll talk about the form 8962, is where that, uh, reconciliation would take place. Again, here's more information on the premium tax credit eligibility. Um, I want to add besides the 100 to 400 percent of poverty level, some of the other general rules. They cannot file, uh, married filing separately. They cannot be claimed as a dependent. And they must pay their premiums by the due date of the return in order to be eligible for the premium tax credit when they file the return.

So let's review these advance payments as I talked about.
As part of the enrollment process, the Marketplace will make the determination of what the taxpayer is eligible for in terms of a premium tax credit and then will give your client the option, uh, to claim the benefit in advance. And again, as I noted, the majority of the clients of taxpayers are electing to get those payments in advance. So those advance payments will then be made directly to the insurance company. And of course, as I mentioned, they're based on an estimate.

And so at the end of the year when we reconcile those against, uh, the actuals, we'll make a determination whether more are owed or not. So the other thing, again – and I remind you – is that when a taxpayer gets an advance premium tax credit, they must file a return at the end of the year, even if their estimates haven't changed or, or if they have no filing requirement. They must file in order to reconcile that advance premium tax credit. So again, here is another, uh, opportunity, obviously. This has been one of the, uh, areas of major concern for taxpayers, the, the, those who have faced large repayments of advance premium tax credit. So we really want to, uh, make sure taxpayers know that the way to avoid that is by getting back to the Marketplace with major changes in their life, including filing status, including income, uh, changes and possibility.

The other benefit of, of reaching out to the Marketplace, in some of these instances of these major life changes, it will also provide an opportunity for the taxpayers to have an open enrollment, uh, period for a certain amount of time and get coverage that they might not have had during the, during the year. So again, please emphasize to your clients the need to do this as soon as possible. So now let me talk about, uh, about the actual reconciliation process. And again, you know it was based on a, on an estimate. And at the tax return time we're gonna true it up against the actual information. So if a taxpayer or anyone claimed as a personal exemption on his or her return, uh, you know, claimed insurance through the Marketplace, we're gonna get the 1095A information statement. And that is gonna be information they use as the basis for making this determination.

So I'm going to take a little bit of time here and go through the form 8962. I'm sure everyone in this room has seen it before. But I want to let you know the 2016 version is already available if you want to go look at that site I mentioned, uh, http://www.irs.gov/draftforms. You can look at this form, too. So there it is, the form 8962, that'll be used to reconcile the premium. And so at the end of – at the end of this form, we're gonna use two lines on the 1040 to, uh, correct or to put the information that, that is the final result. And line 69 on the 1040 will be where you will claim the net premium tax credit, meaning that the taxpayer's, uh, entitled to more. Or line 46, the more, the more frequent one, is where you will report the repayment of excess advance, uh, premium tax credit payments that were received by your client during the tax year.

So moving forward through the form 8962, here's part one, which is used to determine the household income. And as I mentioned, uh, for ACA purposes, we do have a different definition of adjusted gross income. I know you would expect that – expect nothing less. Uh, and that is called the, uh, MAGI, or Modified Adjusted Gross Income. And again, that will be for the taxpayer and their spouse and for those dependents who actually have a income above the filing threshold.

Now, when the – we look at that taxpayer's income here relative to the, the federal poverty levels – and again, as I mentioned, only taxpayers with household income below 400 percent will actually qualify for the premium tax credit. So again you can see where there's potential that a taxpayer had income below 400 percent when they filed with the Marketplace. And then due to what I would consider good circumstances, their income went above that threshold. They would now be in need of, mentioning to the Marketplace that they need to change their estimates.

So moving forward, uh, to, uh, part two of the form, the little bit more, if you will, the complicated and, and messy part of, of the form, for 8962. And this is the f– part of the form used to compute the amount of the c– credit, compare it to the advance credit payments, and then determine if there's either a net premium tax credit or excess advance credit payments.

Now, line 11 is used to compute the credit and compare it to advance payment credits. If the family members were enrolled in the Marketplace coverage for all 12 months, and that fortunately would be pretty simple. And there's no month-to-month changes, uh, in the information that it was reported on the 1095A.
Lines 12 through 23 are a little bit more complicated. And those are used to compute the credit and compare it to the advanced credit payments when the taxpayers had coverage for less than 12 months or in the situations there was a month-to-month change in the amounts reported, whether that was due to a change in insurer or changes in their situation with regard to, uh, other tax requirements. So again, and a critical part – we'll talk more about that in some of the, uh, situations where we are finding some errors.

So moving on to, uh, part three of the form 8962, which is used to determine the amount, again, of the excessive – excess payments. So line 28 there of the form use– notes that there are statutory caps on the repayment limits. And this is something I'll hope you are aware of and taking into account.

Those cap limits often help clients whose – have a big number due but will be limited due to these caps. And those numbers change on a yearly basis. So again, I, uh, send you over to http://www.irs.gov/ACA for more information on these, uh, cap limits. And then, of course, for those, uh, taxpayers in the situation having to repay, uh, part of their advance premium tax credits, that information there is on line 29. And it would be entered on line 46 of the 1040.

So now, uh, moving on to parts four and five of the form 8962. this is, uh, used when situations are not clear cut. these are the ones why you guys get paid the big bucks. Um. Part four of form 8962 is known as the shared policy allocation section. And this is used when policy amounts must be allocated between two or more taxpayers. And the most common scenario of this situation is where one individual is rolled in the healthcare policy with members of family one, and they received a 1095A for that coverage. But they are claimed as a personal exemption by family two, who needs the information from their 1095A in order to properly, uh, claim and reconcile the credit.

So again, one I'm sure many of you have seen. A, a situation that can be very complex when there's, uh, multiple, uh, custodial parent issues with certain returns. And then the last part of the form 8962, uh, is titled the Alternative Calculation for the Year of Marriage. And obviously this would be used, uh, to calculate the excess payments, again, or, uh, the, uh, additional premium tax credits that are due and would be used when a taxpayer, uh, has married during the year and are now gonna file a joint return or had in the year of marriage advance credit payments for one or more pre-marriage months. And for this purposes, the month of marriage is considered a pre-month – uh, pre-marriage month. So again, uh, that is the form 8962. .

So now let me move away from the actual form 8962. And let me talk to you a minute about some of the, uh, more common premium tax credit errors that we are noting, uh, through the first couple of years of implementation of the Affordable Care Act. First, of course, as I mentioned, would be those taxpayers who just simply fail to reconcile the advance premium tax credit by completing the form 8962. And again, I don't think I have to remind you.

Those taxpayers who've received advance premium tax credits must reconcile that, whether they have a filing requirement or not. And taxpayers who are required to, uh, reconcile, uh, these advance payments – I'm sure many of you have already seen that little lovely letter called the 12C letter, uh, that's been floating around and will continue to come out. Uh, again, please urge your clients to, to heed that letter, to respond to it because, uh, it's not gonna go away.

And just a reminder, sort of as I mentioned with the check boxes, for those of your clients receiving that letter, there is not a need to file an amended return to respond to that letter. They should simply respond to that letter. And after the IRS has received and reviewed the information, we will use that information to process their return. So again, no filing of amended returns.

The second error on that list is where the premium tax credit, again, uh, where somebody has claimed – I'm sorry – the premium tax credit, uh, on the front page or the back page, page two of the 1040 but didn't include the form 8962 to show how they computed that credit that they were, uh, claim they were entitled to. So again, as I – as you know, uh, to get a premium tax credit and to make the computation, you must complete and file the form 8962.

So the rest of the errors, uh, on the form are what I would call errors, uh, related to data entry. And again, with a new law, that would be, uh, familiar. Uh, the first one there is, uh, obviously transposed errors. And particularly we are finding that, as you can imagine, on form 8962 on part two, particularly those taxpayers who are required to fill out all of the months on lines 12 through 23. So as you can imagine – I know you have.

Uh, you don't even need to imagine. You've seen it. When you're filling in that many numbers, it's easy to, uh, transpose errors. Uh, the second part is on some of the miscalculations that I kind of inferred to earlier. Uh, we're finding a number of the premium, uh, tax credits that are wrong either because of a miscalculation on the monthly tax or the monthly premium tax credit allowed or that they have not done that annual credit, uh, correctly. So again, if you'll, uh, work with your clients to go diligently through that information.

And last but not least, we are also seeing, uh, miscalculations on the repayment amount of excess APTC, the advance premium tax credit. And that, as we mentioned, was on form 8962, part three, lines 28 and 29. And as I mentioned, the main area we're seeing that are, are taxpayers failing to limit, uh, the repayment to the applicable repayment credits. So again, for those who are not aware of those repayment credits, I, uh, urge you to go and look for more information on that.

A couple of quick best practices that I'm sure most of you are already, uh, utilizing in your, in your practices. Um. First and foremost is, uh, making sure that if the taxpayer has received particularly the 1095A, that you are able to see a, a copy of that form before you file that return.

As I mentioned in the beginning, B and C are really, truly information returns, will help you with clients, uh, determine if they have certain healthcare coverage but are not required to file a return. And in fact, uh, I want to make sure you know as part of your due diligence, you are not re– a taxpayer is not required to have a 1095 B or C in order for you to make the determination that they did have minimum essential coverage. You can use other documentation such as W-2s or, or information from a doctor or from a healthcare insurance provider to, uh, ascertain that your clients did, in fact, have coverage.

So again, 1095A should almost be a requirement before you t– you do a return. But B and C would be more as a help for you. Um. Moving, uh, forward as we get towards the end of the information, uh, again, more about the best practices. I think you're tired of me here telling you, uh, to make sure your clients go to the Marketplace with changes.

I know in many cases that you don't see a taxpayer until after, uh, the filing season. So that's the difficulty. So if there's maybe a way that you communicate with your clients in a newsletter or, or e-mails during the season, maybe you could mention to them because, frankly, if they come to you in January, February, or March, it's too late. So I really encourage you to get that information, uh, out to them. And certainly I d– I wouldn't want to leave you without, uh, resources that you can make yourself available for. Uh, again, many of the forms – and a, and a change from the prior years where many of the ACA forms were late being, uh, delivered. They are available already on http://www.irs.gov/draftforms. So I want to make sure you are aware of that. .

So again, in closing, thank you so much for your time. Uh, thank you for your help with ACA. And I will be available up front, uh, for any questions you might have. Thank you. Have a good evening.

[End of Video]

Glossary

Affordable Care Act (ACA) - The Affordable Care Act contains comprehensive health insurance reforms and includes tax provisions that affect individuals, families, businesses, insurers, tax-exempt organizations and government entities.

Health Insurance Marketplace - also known as the Health Insurance Exchange — is the place where people without health care insurance can find information about health insurance options and also purchase health care insurance. Information can also be found regarding eligibility for help with paying premiums and reducing out-of-pocket costs.

Individual share responsibility - The individual shared responsibility provision requires you and each member of your family to do at least one of the following:

- Have qualifying health coverage called minimum essential coverage
- Qualify for a health coverage exemption
- Make a shared responsibility payment with your federal income tax return for the months that you did not have coverage or an exemption.

Minimum essential coverage (MEC) - The individual shared responsibility provision requires you and each member of your family to have qualifying health care coverage, qualify for a coverage exemption, or make an individual shared responsibility payment when you file your federal income tax return. Qualifying health care coverage is also called minimum essential coverage.

Premium tax credit (PTC)- is a refundable credit that helps eligible individuals and families with low or moderate income afford health insurance purchased through a Health Insurance Marketplace. To get this credit, you must meet certain requirements and file a tax return.

Index