

# Premium Tax Credit Forms for 2015 Season

The Tax Institute

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## The Tax Institute

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## Premium Tax Credit Form 8962

The 2015 filing season is coming and questions arise concerning the Premium Tax Credit and the respective forms that will be required. First of all there will be Form 8962, Premium Tax Credit (PTC) and Form 1095-A, Health Insurance Marketplace Statement. These forms are important to know how much credit was received for Tax Year 2014. How much tax is going to be received or paid back will depend in the information given in Form 1095-A and Form 8962 that are filed in 2015 tax season.

### Form 1095-A, Health Insurance Marketplace Statement.

Any taxpayer who obtained their health insurance through a federal or state Marketplace will receive Form

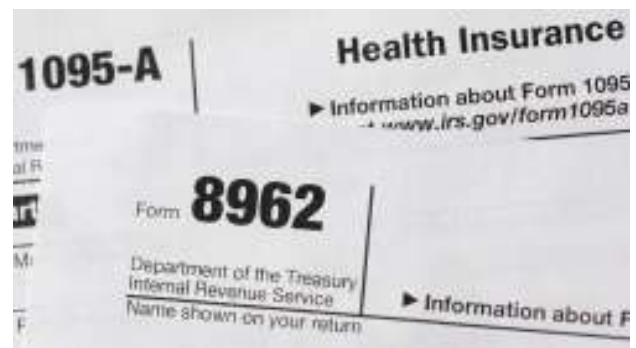
1095-A, Health Insurance Marketplace Statement, in the mail by January 31, 2015. This statement contains taxpayer's personal information and the amount of credit given for their health insurance premium.

This form is different from a W-2 or 1099-Misc and it is advisable to ensure that your clients understand that this form is required to file their taxes. Remember this form is only received by those that qualified for the credit. Form 1095-A is necessary to complete Form 8962.

If the taxpayer loses the Form 1095-A, a copy may be obtained from the Marketplace where they received their health insurance.

The Form 1095-A will show the following taxpayer's information:

- The advance premium tax credit received. Part III will contain the monthly amount given and the total for the whole year.
- Health insurance coverage information including a listing of all members of the household who were covered.



## Form 8962, Premium Tax Credit (PCT)

### Individuals Penalties for being without Health Insurance:

For 2014 Whichever is greater:

- \$95 Per adult
- \$47.50 per child
- (Up to \$285 flat fee for a family)
- OR 1% of family income

For 2015 Whichever is greater:

- \$325 per adult
- \$162.50 per child
- (Up to \$975 flat fee for a family)
- OR 2% of family income

For 2016 Whichever is greater:

- \$695 per adult
- \$347.50 per child
- (Up to \$2085 flat fee for a family)
- OR 2.5% of family income

**The penalty only applies to individuals that could have qualified for the credit.**

Form 8962 will be used by any taxpayer who received a subsidy to reconcile the premium tax credit received in 2014. The form will be useful to reconcile taxpayer's actual 2014 income and family size with the advance premium tax credit (subsidy) that they received during the year. It is important to remember that the subsidy went directly to the insurance company and not the taxpayer.

If the taxpayer is required to include the Form 8962 (Premium Tax Credit) with their return and they do not, the following will occur:

- The IRS will not complete processing the return until they receive the Form 8962. This means their refund will be delayed and they will receive a notice from the IRS requesting the Form 8962 be completed and sent to them.
- The taxpayer can be denied an advance of the premium tax credit (subsidy) in future years.

Finally, remember that the calculation of the Premium Tax Credit is a three-step process as follows:

- Step 1 – Calculate the actual premium tax credit for 2014 based on the taxpayer's 2014 income and family size.
- Step 2 – Enter the advance premium tax credit that the taxpayer received each month of 2014.
- Step 3 – Subtract the advance premium tax credit from the calculated premium tax credit which will result in a:
  - Refundable credit if the calculated credit is greater than the total advance premium tax credit (which will be reported on Form 1040, line 69); Or
  - Additional Tax if the total amount of advance premium tax credit is greater than the calculated premium tax credit (which will be reported on Form 1040, line 46).

To recap, any individual who obtained their health insurance through the marketplace will receive a Form 1095-A (Health Insurance Marketplace Statement) in the mail by January 31, 2015. If they opted (as most individuals will have done) to receive an advance premium tax credit (subsidy) to help pay for their monthly health insurance premiums, that information will be reported on the Form 1095-A which must be included on Form 8962 (Premium Tax Credit) as part of the calculation of their premium tax credit and included with their 2014 federal individual income tax return.