



# VITA/TCE Volunteer Tax Alert (VTA)

Thank you for volunteering and for your dedication to top **QUALITY** service!

<b>VTA Number</b>	VTA-2015-07
<b>Date Issued</b>	January 29, 2015
<b>Tax Law Topic</b>	<b>Affordable Care Act – Premium Tax Credit (PTC) &amp; Special Circumstances (Form 8962 Parts 4 &amp; 5)</b>
<b>Explanation</b>	<p>The Premium Tax Credit (PTC) is a refundable tax credit for certain people who enrolled, or whose family member enrolled, in a qualified health plan offered through a Marketplace during the tax year. This tax credit can help make purchasing health insurance coverage more affordable for people with moderate incomes. During enrollment, the taxpayer may choose to have advance credit payments sent directly to their insurer to help pay insurance premiums. <b>Taxpayers must file Form 8962 to compute the PTC and reconcile any advance payments on their tax return.</b></p> <p><b>Alert:</b> The Internal Revenue Service will be publishing additional guidance in February for taxpayers claiming the PTC with special circumstances, including those with shared policy allocations (Form 8962 Part 4) or those eligible for the alternative calculation for year of marriage (Form 8962 Part 5). <b><u>Volunteers should not prepare returns impacted by Form 8962, Parts 4 and 5, until Publication 974 is finalized. These two parts are temporarily out of scope until SPEC can provide more guidance.</u></b> This alert provides links to VITA/TCE training materials and additional instructions on correctly claiming and reconciling the PTC.</p>
<b>Intake &amp; Interview Process</b>	<p>To determine if a taxpayer is eligible for, and claim the PTC, review the taxpayer's Form 13614-C, Part VI:</p> <ul style="list-style-type: none"><li>• If the taxpayer answers "yes" to question 2, or if you determine that the taxpayer purchased Marketplace insurance, the taxpayer <b>must</b> provide Form 1095-A, Health Insurance Marketplace Statement, to complete Form 8962. <b>Volunteers cannot prepare a return without this information.</b></li></ul> <p><b>Note:</b> The Marketplace is required to provide or send Form 1095-A to the tax filer(s) identified in the enrollment application by January 31, 2015. If Form 1095-A is not received by early February, the taxpayer must contact the Marketplace. These forms can be downloaded by the taxpayer through their Marketplace account (see link below).</p> <p>Volunteers will also need to ask a few questions which are not on Form 13614-C, including:</p> <ul style="list-style-type: none"><li>• Did the taxpayer purchase their insurance from the Marketplace?</li><li>• Did the taxpayer get married, divorced, or legally separated after purchasing insurance through the Marketplace in 2014? Note: If the taxpayer answers "Yes" to this question, please see the section "PTC-Special Circumstances" below for processing instructions.</li></ul>
<b>Eligibility for PTC</b>	In general, taxpayers are allowed a premium tax credit if they purchased Marketplace insurance and meet the applicable taxpayer eligibility criteria (see definition in Publication 5157 or Form 8962 Instructions).
<b>PTC – Special Circumstances</b>	<p>The Internal Revenue Service will be publishing additional guidance in February for taxpayers claiming the PTC with special circumstances, including those with shared policy allocations (Form 8962 Part 4) or those eligible for the alternative calculation for year of marriage (Form 8962 Part 5). <b><u>Volunteers should not prepare returns impacted by Form 8962, Parts 4 and 5, until Publication 974 is finalized. These two parts are temporarily out of scope until SPEC can provide more guidance.</u></b></p> <p>Taxpayers with one of the circumstances in the shared policy allocation column, or with all of the elements in the alternative calculation for year of marriage column could be affected:</p>

	Shared Policy Allocation (Form 8962 Part 4)	Alternative Calculation for Year of Marriage (Form 8962 Part 5)
	Taxpayers who got divorced or legally separated in 2014	Taxpayer got married in 2014 (after receiving advance payments of the PTC while single)
	Taxpayers filing a separate return from their spouse	Taxpayer filing a joint return
	Taxpayer will claim the personal exemption deduction for an individual whom another taxpayer enrolled in a policy	Taxpayer, spouse or dependent was enrolled in a qualified health plan before the first full month of marriage
	Another taxpayer will claim the personal exemption deduction for an individual whom the taxpayer enrolled in a policy	Taxpayer received an excess advance premium tax credit (APTC) during 2014 that must be repaid
		Taxpayer total income less than 400% of federal poverty line
	<p>For affected taxpayers, volunteers should:</p> <ul style="list-style-type: none"> <li>• Advise the taxpayers that their returns <u>cannot</u> be prepared until Publication 974 is issued by IRS</li> <li>• Apologize to the taxpayer for the undue burden imposed on them for return delay</li> <li>• Give them the option to return to the VITA/TCE site after the publication is finalized</li> <li>• Give them the option to return to another site of their choice</li> <li>• If circumstances warrant, offer the taxpayer the option to file an extension, <i>Form 4868-Application for Automatic Extension of Time to File</i></li> </ul> <p>Volunteers may refer taxpayers to a paid preparer if they do not feel comfortable preparing the return.</p>	
<b>Additional Information</b>	<ul style="list-style-type: none"> <li>• Review Publication 4491X, <i>VITA/TCE Training Supplement</i>, for updated ACA-related worksheets and charts. These can be printed and inserted into your Publication 4012 for use at the site.</li> <li>• There are new tools and guidance available to assist in preparation of returns claiming the PTC. Review the links in the Resources section below.</li> </ul>	
<b>Resources for PTC</b>	<ul style="list-style-type: none"> <li>• <a href="#">Publication 5157, VITA/TCE Affordable Care Act</a></li> <li>• <a href="#">Publication 5157A, Affordable Care Act – Taxpayer Scenarios</a></li> <li>• <a href="#">Publication 4491-X, VITA/TCE Training Supplement</a></li> <li>• <a href="#">Publication 4012, VITA/TCE Volunteer Resource Guide</a></li> <li>• <a href="#">IRS Affordable Care Act site</a></li> <li>• <a href="#">Healthcare.gov</a></li> <li>• <a href="#">Instructions for Form 8962</a></li> <li>• <a href="#">ITA Tool for PTC</a></li> <li>• <a href="#">Second lowest cost silver plan tool (SLCSP)</a></li> <li>• <a href="#">Marketplace account information</a></li> </ul>	

**For additional questions, please talk to your site coordinator, partner, or IRS SPEC relationship manager.**