



5157

VITA/TCE Affordable Care Act

Volunteer Income Tax Assistance (VITA) / Tax Counseling for the Elderly (TCE)

2014 RETURNS



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How to Get Technical Updates?

Updates to the volunteer training materials will be contained in Publication 4491X, VITA/TCE Training Supplement. To access this publication, in the upper right hand corner of www.irs.gov, type in “Pub 4491X” in the search field.

During the tax season Volunteer Tax Alerts will be issued periodically. Type “volunteer alerts”, in the search field to access all tax alerts.

Volunteer Standards of Conduct

VITA/TCE Programs

The mission of the VITA/TCE return preparation programs is to assist eligible taxpayers in satisfying their tax responsibilities by providing **free** tax return preparation. To establish the greatest degree of public trust, volunteers are required to maintain the highest standards of ethical conduct and provide quality service.

All VITA/TCE volunteers (whether paid or unpaid workers) must complete the *Volunteer Standards of Conduct Training*, and sign Form 13615, *Volunteer Standards of Conduct Agreement*, prior to working at a VITA/TCE site. In addition, return preparers, quality reviewers, and VITA/TCE tax law instructors must certify in tax law prior to signing this form. This form is not valid until the site coordinator, sponsoring partner, instructor, or IRS contact confirms the volunteer’s identity and signs and dates the form.

As a volunteer in the VITA/TCE Programs, you must:

1. Follow the Quality Site Requirements (QSR).
2. Not accept payment or solicit donations for federal or state tax return preparation.
3. Not solicit business from taxpayers you assist or use the knowledge you gained (their information) about them for any direct or indirect personal benefit for you or any other specific individual.
4. Not knowingly prepare false returns.
5. Not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct deemed to have a negative effect on the VITA/TCE Programs.
6. Treat all taxpayers in a professional, courteous, and respectful manner.

Failure to comply with these standards could result in, but is not limited to, the following:

- Your removal from all VITA/TCE Programs;
- Inclusion in the IRS Volunteer Registry to bar future VITA/TCE activity indefinitely;
- Deactivation of your sponsoring partner’s site VITA/TCE EFIN (electronic filing ID number);
- Removal of all IRS products, supplies, loaned equipment, and taxpayer information from your site;
- Termination of your sponsoring organization’s partnership with the IRS;
- Termination of grant funds from the IRS to your sponsoring partner; and
- Referral of your conduct for potential TIGTA and criminal investigations.

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Confidentiality Statement:

All tax information you receive from taxpayers in your VOLUNTEER capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals.



Affordable Care Act



Introduction

This lesson covers some of the tax provisions of the Affordable Care Act (ACA). You will learn how to determine if taxpayers are eligible to receive the new premium tax credit and if taxpayers satisfy the individual shared responsibility provision by enrolling in minimum essential coverage, qualifying for an exemption, or making a shared responsibility payment. A glossary is included at the end of the lesson to help you understand new terms related to ACA.

Objectives

At the end of this course, using your resource materials, you will be able to:

- Determine what is minimum essential coverage (MEC)
- Explain how to report minimum essential coverage on the 2014 tax return
- Determine who is eligible for the premium tax credit
- Calculate the premium tax credit
- Determine if taxpayers qualify for a health care coverage exemption
- Calculate the shared responsibility payment
- Report taxpayers' health insurance coverage, premium tax credit, exemption from coverage, or shared responsibility payment on the tax return

What do I need?

- Intake and Interview Sheet
- Publication 4012, Volunteer Resource Guide
- Publication 17
- Publication 974
- Form 1095-A & Instructions
- Form 8962 & Instructions
- Form 8965 & Instructions

Optional

- Publication 5120
- Publication 5121
- Publication 5156
- Publication 5172

What is the Affordable Care Act?

Under the Affordable Care Act (ACA), the federal government, state governments, insurers, employers, and individuals share responsibility for improving the quality and availability of health insurance coverage in the United States. The ACA reforms the existing health insurance market by prohibiting insurers from denying coverage or charging higher premiums because of an individual's preexisting conditions. The ACA also creates the Health Insurance Marketplace (Marketplace, also known as the Exchange).

The Marketplace is where taxpayers find information about health insurance options, purchase health insurance, and, if eligible, obtain help paying premiums and out-of-pocket costs. A new tax credit, the premium tax credit, is available through the Marketplace and helps eligible taxpayers pay for coverage.

The ACA also includes the individual shared responsibility provision, which requires individuals to have qualifying health care coverage (called minimum essential coverage) for each month of the year, qualify for a coverage exemption, or make a shared responsibility payment (SRP) when filing their federal income tax returns. Many taxpayers were enrolled in minimum essential coverage prior to 2014 and will need only to maintain that coverage in 2014 and report their enrollment on their 2014 tax return.

Some taxpayers are exempt from individual shared responsibility provision and do not have to make an SRP when filing a federal income tax return. Coverage exemptions are available for individuals specifically described as having a religious, economic, or other justification for not having minimum essential coverage. Taxpayers who do not have minimum essential coverage and do not qualify for a coverage exemption must make an SRP with their 2014 tax return.

What information is needed from the taxpayer?

While conducting an interview with taxpayers using Form 13614-C, Intake/Interview & Quality Review Sheet, you will determine whether each taxpayer, their spouse (if filing a joint return), and their dependents had minimum essential coverage for the entire year, part of the year, or not at all. Based on this answer, you will use the appropriate Determining ACA Next Steps decision tree in the Volunteer Resource Guide, ACA tab, to assist you in addressing the pertinent ACA issues for each tax return.

What is minimum essential coverage?

Under the ACA, minimum essential coverage (MEC) is a health care plan or arrangement specifically identified in the law as MEC, including:

- Specified government-sponsored programs (e.g., Medicare Part A, Medicare Advantage, most Medicaid programs, CHIP, most TRICARE programs, and comprehensive health care coverage of veterans)
- Employer-sponsored coverage under a group health plan (including self-insured plans)
- Individual health coverage (e.g., health insurance purchased through the Marketplace or directly from an insurance company)
- Grandfathered health plans (in general, certain plans that existed before the ACA and have not changed since the ACA was passed)
- Other plans or programs that the Department of Health and Human Services recognizes as MEC for the purposes of the ACA

The chart in The Volunteer Resource Guide, ACA tab, shows these and other types of coverage that qualify as MEC and some that do not.

How to report minimum essential coverage

Taxpayers who had MEC for each month of their tax year will indicate this on their 2014 tax return by checking a box on their Form 1040, 1040A or 1040EZ.

Other Taxes	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	
	57	Self-employment tax. Attach Schedule SE	57	
	58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
	60a	Household employment taxes from Schedule H	60a	
	60b	b First-time homebuyer credit repayment. Attach Form 5405 if required	60b	
	61	Health care: individual responsibility (see instructions) Full-year coverage <input checked="" type="checkbox"/>	61	
	62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	62	
	63	Add lines 56 through 62. This is your total tax	63	
Payments	64	Federal income tax withheld from Forms W-2 and 1099	64	

Taxpayers who did not maintain MEC for each month of their tax year will claim a coverage exemption or calculate an SRP (discussed later).

Who is allowed a premium tax credit?

The premium tax credit is a new federal tax credit to help eligible taxpayers pay for health insurance. When enrolling in health coverage through the Marketplace, eligible taxpayers choose to have some or all of the benefit of the credit paid in advance to their insurance company (advance credit payments) or to get all of the benefit of the credit on their federal tax return. Those who choose to have advance credit payments made must file a federal tax return even if they have gross income that is below the income tax filing threshold.

In general, taxpayers are allowed a premium tax credit if they meet all of the following:

- The taxpayer, spouse (if filing a joint return), or dependents were enrolled at some time during the year in one or more qualified health plans offered through the Marketplace.
- One or more of the individuals listed above were not eligible for other MEC during the months they were enrolled in the qualified plan through the Marketplace.
- The taxpayer is an applicable taxpayer. A taxpayer is an applicable taxpayer if he or she meets the following three requirements:
 - The taxpayer’s income is at least 100% but not more than 400% of the federal poverty line for the taxpayer’s family size. (See the exception below for taxpayers with household income below 100% of the federal poverty line who are not citizens, but are lawfully present in the U.S. See the definition of “applicable taxpayer” in the glossary for another exception for taxpayers with household income below 100% of the federal poverty line for whom advance credit payments were made.)
 - If married, the taxpayer files a joint return with his or her spouse (unless the taxpayer is considered unmarried for Head of Household filing status, or meets the criteria in Notice 2014-23 or T.D. 9683, which allows certain victims of domestic abuse or spousal abandonment to claim the premium tax credit using the MFS filing status). See the glossary for more information about domestic abuse or spousal abandonment and the instructions for Form 8962, Premium Tax Credit, for more details about these exceptions.
 - The taxpayer cannot be claimed as a dependent by another person

A taxpayer with household income below 100% of the federal poverty line can be an applicable taxpayer as long as the taxpayer, the taxpayer’s spouse, or a dependent who enrolled in a qualified health plan is not a U.S. citizen, but is lawfully present in the U.S. and not eligible for Medicaid because of immigration status.

Federal Poverty Line (FPL)

The federal poverty line (FPL) is an income amount adjusted for family size considered poverty level for the year. The U.S. Department of Health and Human Services (HHS) determines the federal poverty line amounts annually and publishes a table reflecting these amounts at the beginning of each calendar year. You can also find this information on the HHS website at www.hhs.gov.

HHS provides three federal poverty lines:

- one for residents of the 48 contiguous states and D.C.,
- one for Alaska residents, and
- one for Hawaii residents.

For purposes of the premium tax credit, eligibility for a certain year is based on the most recently published set of poverty guidelines as of the first day of the annual open enrollment period. As a result, the premium tax credit for 2014 is based on the 2013 guidelines. The federal poverty line tables are in the Volunteer Resource Guide, ACA tab.

What is household income and what are its limits?

A taxpayer’s household income is the total of the taxpayer’s modified adjusted gross income (MAGI), the taxpayer’s spouse’s MAGI if married filing a joint return, and the MAGI of all dependents required to file a federal income tax return.

example

David and Melinda are Married Filing Jointly taxpayers. They have one child, Philip, age 17, whom they claim as a dependent. Philip works part time and has a filing requirement. David and Melinda's household income calculation would include their MAGI, as well as Philip's MAGI.

MAGI, for the purpose of the premium tax credit, is the adjusted gross income on the federal income tax return plus any excluded foreign income, nontaxable social security benefits (including tier 1 railroad retirement benefits), and tax-exempt interest. It does not include Supplemental Security Income (SSI).

In general, only taxpayers and families whose household income for the year is between 100 percent and 400 percent of the federal poverty line for their family size may be eligible for the premium tax credit. A taxpayer who meets these income requirements must also meet the other eligibility criteria.

For 2013, residents of one of the 48 contiguous states or Washington, D.C., the following illustrates when household income would be between 100 percent and 400 percent of the federal poverty line:

- \$11,490 (100%) up to \$45,960 (400%) for an individual
- \$15,510 (100%) up to \$62,040 (400%) for a family of two
- \$23,550 (100%) up to \$94,200 (400%) for a family of four

TIP

Please see the Volunteer Resource Guide, ACA tab, for the Poverty Guidelines.

Are taxpayers allowed a premium tax credit for all enrolled family members?

A taxpayer is allowed a premium tax credit only for months that a member of the taxpayer's tax family is (1) enrolled in a policy offered through the Marketplace and (2) not eligible for minimum essential health coverage (other than individual market coverage). The taxpayer's tax family consists of the taxpayer, the taxpayer's spouse if filing jointly, and all other individuals for whom the taxpayer claims a personal exemption deduction. The family members who meet the above two requirements are the taxpayer's "coverage family."

Is a taxpayer allowed a premium tax credit for the coverage of a family member if the family member enrolls in employer coverage?

If an individual enrolls in an employer-sponsored plan, including retiree coverage, the individual is not a member of the coverage family for the months in which the individual is enrolled in the employer plan, even if the plan is unaffordable or fails to provide minimum value. That means that a premium tax credit is not allowed for this individual's coverage for the months the individual is enrolled in employer coverage. If only one spouse is enrolled in employer coverage that is not affordable and does not provide minimum value, the non-enrolled spouse may be eligible for a premium tax credit.

If the individual changed enrollment from Marketplace coverage to employer-sponsored coverage during the year, the individual is a member of the coverage family only for the months the individual is enrolled in MEC through the Marketplace and was not eligible for coverage under the employer-sponsored plan or other MEC (not counting individual market coverage). An individual is eligible for employer-sponsored coverage for any month the individual is enrolled in the employer coverage or could have enrolled in employer coverage that is affordable and provides minimum value.

example

Cedric is single and has no dependents. When enrolling through the Marketplace in November 2013, Cedric projected his 2014 household income to be \$27,925. Cedric enrolled in a qualified health plan. The Marketplace determined the advance credit payments for which he was eligible, but Cedric decided to wait and take all of the benefit of the credit on his 2014 return.

In August 2014, Cedric began a new job and became eligible for employer-sponsored coverage on September 1st. Since Cedric became eligible for employer-sponsored coverage on September 1st, he may be able to claim a premium tax credit only for the months January through August of 2014.

Is a taxpayer allowed the premium tax credit for a family member's coverage if the family member is eligible for coverage through a government sponsored program?

An individual eligible for coverage through a government-sponsored program such as Medicaid, Medicare, CHIP or TRICARE, is not a member of the coverage family for the months in which the individual is eligible for government-sponsored coverage. This includes taxpayers who lived in states that chose not to participate in the Medicaid expansion. A premium tax credit is not allowed for this individual's coverage for the months the individual is eligible for the government-sponsored coverage.

How does the taxpayer get the premium tax credit?

During enrollment, the Marketplace projects the taxpayer's income and family composition to estimate the amount of the premium tax credit a taxpayer would be able to claim.

If eligible for advance credit payments, taxpayers may choose to:

- Have some or all of the estimated credit paid in advance to the insurance company to lower what is paid out-of-pocket for monthly premiums during 2014; or
- Wait to get all the benefit of the credit when they file their 2014 tax return

Taxpayers may have all, some, or none of the estimated credit paid in advance directly to the insurance company. The amount of advance credit payments will appear on Form 1095-A, Health Insurance Marketplace Statement.

How is the amount of the premium tax credit determined?

The law bases the size of the premium tax credit on a sliding scale. A taxpayer with household income at 200 percent of the FPL for the taxpayer's family size gets a larger credit to help cover the cost of insurance than a taxpayer with the same family size who has household income at 300 percent of the FPL. In other words, the higher the household income, the lower the amount of the credit.

The premium tax credit is the sum of the credit amount for each month. The credit amount for a month is the lesser of two amounts: (1) the monthly premium for the plan or plans in which the taxpayer's family enrolled (enrollment premium) and (2) the monthly premium for the taxpayer's applicable second lowest cost silver plan (SLCSP) minus the taxpayer's monthly contribution amount. This calculation is done on Form 8962. The applicable SLCSP premium will generally be determined by the Marketplace and included on Form 1095-A. A taxpayer's contribution amount is the taxpayer's household income multiplied by the applicable figure (from the table in the instructions for Form 8962).

The monthly contribution amount is the contribution amount divided by 12. Taxpayers enrolled in the same qualified health plan for all 12 months of the year and who have the same applicable SLCSP for all 12 months can do a single, annual calculation to compute their premium tax credit, as in the below example.

example

Ervin is single and has no dependents. He enrolled in a qualified health plan with an annual premium of \$5,000. The applicable SLCSF premium as shown on his Form 1095-A is \$5,200. Ervin's 2014 household income is \$28,725, which is 250 percent of the FPL for a family size of one. His applicable figure is .0805, per the chart in Publication 4012, ACA tab. Consequently, Ervin's premium tax credit for 2014 is the lesser of \$5,000, his enrollment premium, and \$2,888, which is the SLCSF of \$5,200 less contribution amount of \$2,312 (household income of \$28,725 x .0805).

Form 8962		Premium Tax Credit (PTC)		OMB No. 1545-0074		
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962 .		2014 Attachment Sequence No. 73		
Name shown on your return Ervin		Your social security number XXX-XX-XXXX		Relief (see instructions) <input type="checkbox"/>		
Part 1: Annual and Monthly Contribution Amount						
1	Family Size: Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d				1	1
2a	Modified AGI: Enter your modified AGI (see instructions)		2a	28,725	2b	
3	Household Income: Add the amounts on lines 2a and 2b				3	28,725
4	Federal Poverty Line: Enter the federal poverty amount as determined by the family size on line 1 and the federal poverty table for your state of residence during the tax year (see instructions). Check the appropriate box for the federal poverty table used. a <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input checked="" type="checkbox"/> Other 48 states and DC				4	11,490
5	Household Income as a Percentage of Federal Poverty Line: Divide line 3 by line 4. Enter the result rounded to a whole percentage. (For example, for 1.542 enter the result as 154, for 1.549 enter as 155.) (See instructions for special rules.)				5	250 %
6	Is the result entered on line 5 less than or equal to 400%? (See instructions if the result is less than 100%.) <input checked="" type="checkbox"/> Yes. Continue to line 7. <input type="checkbox"/> No. You are not eligible to receive PTC. If you received advance payment of PTC, see the instructions for how to report your Excess Advance PTC Repayment amount.					
7	Applicable Figure: Using your line 5 percentage, locate your "applicable figure" on the table in the instructions				7	.0805
8a	Annual Contribution for Health Care: Multiply line 3 by line 7		8a	2,312	8b	
Part 2: Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit						
9	Did you share a policy with another taxpayer or get married during the year and want to use the alternative calculation? (see instructions) <input type="checkbox"/> Yes. Skip to Part 4, Shared Policy Allocation, or Part 5, Alternative Calculation for Year of Marriage. <input checked="" type="checkbox"/> No. Continue to line 10.					
10	Do all Forms 1095-A for your tax household include coverage for January through December with no changes in monthly amounts shown on lines 21-32, columns A and B? <input checked="" type="checkbox"/> Yes. Continue to line 11. Compute your annual PTC. Skip lines 12-23 <input type="checkbox"/> No. Continue to lines 12-23. Compute your monthly PTC and continue to line 24.					
Annual Calculation	A. Premium Amount (Form(s) 1095-A, line 33A)	B. Annual Premium Amount of SLCSF (Form(s) 1095-A, line 33B)	C. Annual Contribution Amount (Line 8a)	D. Annual Maximum Premium Assistance (Subtract C from B)	E. Annual Premium Tax Credit Allowed (Smaller of A or D)	F. Annual Advance Payment of PTC (Form(s) 1095-A, line 33C)
11 Annual Totals	5,000	5,200	2,312	2,888		
Monthly Calculation	A. Monthly Premium Amount (Form(s) 1095-A, lines 21-32, column A)	B. Monthly Premium Amount of SLCSF (Form(s) 1095-A, lines 21-32, column B)	C. Monthly Contribution Amount (Amount from line 8b or alternative marriage monthly contribution)	D. Monthly Maximum Premium Assistance (Subtract C from B)	E. Monthly Premium Tax Credit Allowed (Smaller of A or D)	F. Monthly Advance Payment of PTC (Form(s) 1095-A, lines 21-32, column C)
12 January						
13 February						
March						

Taxpayers who have a Form 1095-A showing changes in monthly amounts must do a monthly calculation to determine their premium tax credit in Section 2 of Form 8962. Taxpayers who have changes in monthly amounts not shown on Form 1095-A (for example, a taxpayer enrolled in a qualified health plan became eligible for employer coverage during the year, but did not notify the Marketplace) must also do a monthly calculation to determine their premium tax credit.

The premium tax credit is a refundable tax credit. If the amount of the credit is more than the amount of the tax liability on the return, taxpayers will receive the difference as a refund. If no tax is owed, taxpayers can get the full amount of the credit as a refund. However, if taxpayers received the benefit of advance credit payments, they will reconcile the advance credit payments with the amount of the actual premium tax credit that is calculated on the tax return.

What happens if income or family size changed during the year?

A taxpayer's premium tax credit for the year will differ from the advance credit payment amount estimated by the Marketplace if the taxpayer's family size or household income as estimated at the time of enrollment are different from the family size or household income reported on the return. The more the family size or household income differs from the Marketplace estimates used to compute the advance credit payments, the more significant the difference will be between the advance credit payments and the actual credit.

Taxpayers should notify the Marketplace about changes in circumstances when they happen, which allows the Marketplace to update the information used to determine the expected amount of the premium tax credit and adjust the advance credit payment amount. This adjustment decreases the likelihood of a significant difference between the advance credit payments and the actual premium tax credit. Changes in circumstances that can affect the amount of the actual premium tax credit include:

- Increases or decreases in household income
- Marriage
- Divorce
- Birth or adoption of a child
- Other changes in household composition
- Gaining or losing eligibility for government-sponsored or employer-sponsored health care coverage
- Change of address

What documentation will taxpayers receive?

By January 31 of the year following the year of coverage, the Marketplace will send taxpayers who purchased insurance through the Marketplace Form 1095-A. The information statement includes the monthly premium for the applicable SLCP used to compute the credit, the total monthly premium for the coverage of the taxpayer or family member, the amount of the advance credit payments, the SSN and names for all covered individuals, and all other required information. The Marketplace also reports this information to the IRS.

Use the information on Form 1095-A to compute taxpayers' premium tax credit on their 2014 tax return and to reconcile the advance credit payments made on their behalf with the amount of the actual premium tax credit on Form 8962. If Form 1095-A was lost or never received, advise the taxpayer to contact the Marketplace for a copy.

How is the premium tax credit claimed on the tax return?

Taxpayers claim the premium tax credit on the tax return. Taxpayers who received the benefit of advance credit payments must file a tax return even if they otherwise are not required to file. Remember, the premium tax credit is only available to taxpayers who purchased health coverage through the Marketplace.

On Form 8962, a taxpayer must subtract the advance credit payments for the year from the amount of the taxpayer's premium tax credit calculated on the tax return. If the premium tax credit computed on the return is more than the advance credit payments made on the taxpayer's behalf during the year, the difference will increase the refund or lower the amount of tax owed. This will be reported in the Payments section of Form 1040. If the advance credit payments are more than the premium tax credit (an excess advance credit payment), the difference will increase the amount owed and result in either a smaller refund or a balance due. This will be entered in the Tax and Credits section of the return. There may be a limitation on the amount of tax liability a taxpayer owes as a result of an excess advance credit payment. The limitation is based on the taxpayer's household income.

For taxpayers with household income below 400 percent of the FPL, the amount of tax liability due to excess advance credit payments is limited as provided in the repayment limitation table (see below).

Repayment Limitation Table

Household Income Percentage of Federal Poverty Line	Limitation Amount for Single	Limitation Amount for all other filing statuses
Less than 200%	\$300	\$600
At least 200%, but less than 300%	\$750	\$1,500
At least 300%, but less than 400%	\$1,250	\$2,500
400% or more	No limit	No limit

For taxpayers who use the Married Filing Separately filing status, the repayment limitation above applies to the spouses separately based on the household income reported on each return.

Taxpayers who chose not to get advance credit payments for 2014 will get all of the benefit of their premium tax credit on their 2014 tax return. This will either increase their refund or lower the balance due.

example

Brandon Talbot is single, has no dependents and lives in Alabama. When he enrolled through the Marketplace, Brandon was approved for advance credit payments based on his projected 2014 household income of \$39,095. The applicable figure for his household income is .095. Brandon enrolled in a qualified health plan. The applicable SLCSF is \$5,200. Brandon's Form 1095-A shows advance credit payments of \$1,486. Brandon's actual modified AGI for 2014 was \$46,000, which is more than the FPL limit shown in Publication 4012, ACA tab (more than 400% of the FPL for a family of 1). Since Brandon's household income is above 400% of the FPL, he may not claim any premium tax credit, and must increase his tax liability by the amount of his advance credit payments. Brandon will complete Form 8962 and enter \$1,486 on the excess advance premium tax credit repayment line on his tax return.



EXERCISES

Question 1: Piper's income is 300% of the FPL for her family size. For tax year 2014, she purchased health insurance through her employer. Is she eligible to take the premium tax credit for herself?

Yes No

Question 2: Harry purchased insurance through the Marketplace. What form will he receive from the Marketplace to prepare his tax return?

- A. Form 8962
- B. Form 1095-A
- C. Form 8965
- D. Form W-2

Question 3: Roger's advance credit payments are \$2,400. He is single with no dependents, and lives in Mississippi. His modified AGI is over 400% of the FPL for a family size of one. How much of the advance credit payments will be included as an additional income tax liability on his tax return?

- A. \$0
- B. \$1,000
- C. \$1,400
- D. \$2,400



EXERCISES (continued)

Question 4: Judy is single with no dependents. In December 2013, Judy enrolled through the Marketplace in a qualified health plan for 2014. On July 14, 2014, Judy enlisted in the Army and was immediately eligible for government sponsored minimum essential coverage. For what period is Judy able to claim a premium tax credit (if she meets all of the eligibility criteria)?

- A. The entire tax year
- B. January through June
- C. January through July
- D. Judy is not eligible for the premium tax credit

What about unusual situations?

This lesson does not cover all the situations you may encounter. For situations listed below, consult the instructions for Form 8962.

What if taxpayers have a shared policy purchased through the Marketplace?

If a taxpayer is enrolled in a policy with a person not in the taxpayer's tax family (a shared policy), the taxpayer may have to allocate the items on Form 1095-A (the enrollment premium, the premium for the applicable SLCSP, and the advance credit payments) with another taxpayer (a shared policy allocation). The following taxpayers may have to do a shared policy allocation:

- Taxpayers who got divorced or legally separated in 2014
- A taxpayer who claims a personal exemption deduction for an individual enrolled in a policy by another taxpayer
- A taxpayer who enrolls an individual in a policy, but another taxpayer claims a personal exemption deduction for the individual
- A taxpayer filing a separate return from his or her spouse

Taxpayers complete the shared policy allocation on Form 8962, Part 4.

What if taxpayers get married during the year?

If taxpayers got married during the tax year and one or both spouses received advance premium tax credit payments for the year, the spouses may be eligible to use an alternative calculation to determine their excess advance credit payments. See the instructions for Form 8962 for eligibility. If eligible, taxpayers will complete Form 8962, Part 5, Alternative Calculation of Year of Marriage.

What is the individual shared responsibility provision?

For each month in 2014, the individual shared responsibility provision calls for individuals to either:

- Have MEC, or
- Qualify for a coverage exemption, or
- Make an SRP when filing their federal income tax return

Individuals are treated as having MEC for a month as long as they are enrolled in and entitled to receive benefits under a plan or program identified as MEC for at least one day during that month.

Who must have health care coverage?

In general, all U.S. taxpayers are subject to the individual shared responsibility provision. Under the provision, a taxpayer is potentially liable for him or herself, and for any individual the taxpayer could claim as a dependent for federal income tax purposes. Thus, all children generally must have MEC or qualify for a coverage exemption for each month in the year. Otherwise, the primary taxpayer(s) (e.g., parents) who can claim the child as a dependent for federal income tax purposes will generally owe an SRP for the child.

Senior citizens must also have MEC or qualify for a coverage exemption for each month in the year. Both Medicare Part A and Medicare Part C (also known as Medicare Advantage) are minimum essential coverage.

All U.S. citizens are subject to the individual shared responsibility provision, as are all non-U.S. citizens who are in the U.S. long enough during a calendar year to qualify as resident aliens for federal income tax purposes. Foreign nationals who live in the U.S. for a short enough period that they do not become resident aliens for tax purposes are exempt from the individual shared responsibility provision even though they may have to file a U.S. income tax return.

All bona fide residents of U.S. territories are treated as having MEC and are not required to take any action to comply with the individual shared responsibility provision other than to indicate their status on their federal income tax returns.



EXERCISES (continued)

Please use the Health Care Coverage Exemption Chart in the Publication 4012, ACA tab, and this text to answer the following questions.

Question 5: Sandy is covered under health insurance offered by her spouse's employer. Does she have minimum essential coverage? Yes No

Question 6: Keith and Kathy are married with dependent children. Must they all be covered under the same policy or plan to satisfy the individual shared responsibility provision? Yes No

Question 7: Peter's employer has a health plan that is "grandfathered." Is Peter's employer's health plan minimum essential coverage? Yes No

Question 8: James is retired and too young to be eligible for Medicare. He received his health coverage through a retiree health insurance plan offered by his former employer. Is the retiree plan minimum essential coverage? Yes No

Question 9: Valerie is a local government employee and she enrolls in group health insurance coverage offered by her employer. Does she have minimum essential coverage? Yes No

What are the health coverage exemptions?

The following is a partial list of exemptions:

- Unaffordable coverage – The amount the taxpayer would have paid for the lowest cost employer-sponsored coverage available, or for coverage through the Marketplace is more than eight percent of the taxpayer's household income for the year.
- Short coverage gap – The taxpayer went without coverage for less than three consecutive months during the year.
- Household income below the return filing threshold – The taxpayer's household income is below the taxpayer's minimum threshold for filing a tax return.
- Certain noncitizens – The taxpayer was neither a U.S. citizen, U.S. national, nor an alien lawfully present in the U.S.

- Members of a health care sharing ministry – The taxpayer was a member of a health care sharing ministry, which is a tax-exempt organization whose members share a common set of ethical or religious beliefs and have shared medical expenses in accordance with those beliefs continuously since at least December 31, 1999.
- Members of federally-recognized Indian tribes – The taxpayer was a member of a federally-recognized Indian tribe.
- Incarceration – The taxpayer was in a jail, prison, or similar penal institution or correctional facility after the disposition of charges.
- Members of certain religious sects – The taxpayer was a member of a religious sect in existence since December 31, 1950, that is recognized by the Social Security Administration (SSA) as conscientiously opposed to accepting any insurance benefits, including Medicare and social security.

There are also exemptions for certain hardships, in general, an event or condition that prevents an individual from obtaining MEC, such as:

- The taxpayer is ineligible for Medicaid solely because the state in which the individual resides does not participate in the Medicaid expansion under the Affordable Care Act.
- The taxpayer purchased insurance through the Marketplace during the initial open enrollment period, but the coverage is not effective until April 1 or later.

See Publication 4012, ACA tab, for a complete list of exemptions, including a description of additional hardship circumstances and certain transitional relief effective for 2014.

If taxpayers think they qualify for a coverage exemption, how do they obtain it?

How taxpayers can receive a coverage exemption depends upon the type of exemption for which they are eligible. Some exemptions are granted only by the Marketplace, others are claimed only on a tax return, and some exemptions may be obtained from the Marketplace or claimed on a return.

Taxpayers whose gross income is below their applicable minimum threshold for filing a federal income tax return are exempt from the individual shared responsibility provision and are not required to file a federal income tax return to claim the coverage exemption. However, if the taxpayer files a return anyway (for example, to claim a refund), he or she can claim a coverage exemption with his or her tax return.

Coverage exemptions are claimed on Form 8965, Health Care Coverage Exemptions.

How are health care coverage exemptions reported?

Taxpayers who are granted a coverage exemption from the Marketplace will receive an exemption certificate number (ECN) from the Marketplace and will enter their ECN in Part I (Marketplace-Granted Coverage Exemptions for Individuals) of Form 8965, column c. Taxpayers will use Part II (Coverage Exemptions for Your Household Claimed on Your Return) of Form 8965 to claim a coverage exemption because of income below the filing threshold. All other coverage exemptions may be claimed in Part III (Coverage Exemptions for Individuals Claimed on Your Return) of Form 8965. Use a separate line for each individual and exemption type claimed on the return.



EXERCISES (continued)

Question 10: If Randy's income is so low that he is not required to file a federal income tax return, does he need to do anything to claim a coverage exemption from the individual shared responsibility provision?

Yes No

What is the shared responsibility payment?

If a taxpayer (or any of their dependents) doesn't have MEC and doesn't qualify for a coverage exemption, they will need to make an SRP when filing their tax return.

The annual SRP amount is the greater of a percentage of household income or a flat dollar amount, but is capped at the national average premium for a bronze level health plan available through the Marketplace that would cover everyone in the tax household who doesn't have coverage and doesn't qualify for a coverage exemption. Taxpayers owe 1/12th of the annual SRP for each month they or their dependent(s) don't have coverage and don't qualify for a coverage exemption.

For 2014, the SRP amount is:

- The greater of:
 - 1 percent of the household income that is above the tax return filing threshold for the taxpayer's filing status, or
 - The family's flat dollar amount, which is \$95 per adult and \$47.50 per child (under age 18), limited to a family maximum of \$285,
- But capped at the national average premium for a bronze level health plan available through the Marketplace in 2014 that would cover everyone in the tax household who doesn't have coverage and doesn't qualify for a coverage exemption.

Taxpayers must know their household income and applicable income tax return filing threshold to calculate the SRP amount owed. See the 2014 Filing Requirement threshold in Publication 4012, ACA tab. Taxpayers should use the worksheets located in the Instructions to Form 8965 to figure the SRP amount due.

In the examples below, assume that the applicable national average bronze plan premium exceeds the flat dollar and income percentage amounts. These examples are used only to represent the mechanics of calculating the SRP and are not estimates of current or future health insurance premium costs. For information on the cost of bronze level plans, see Publication 4012, ACA tab.

example

Single individual with \$40,000 income:

Jim, an unmarried adult with no dependents, did not have MEC for any month during 2014 and does not qualify for a coverage exemption. For 2014, Jim's household income was \$40,000 and his filing threshold is \$10,150.

- To determine his payment using the income formula, subtract \$10,150 (filing threshold) from \$40,000 (2014 household income). The result is \$29,850. One percent of \$29,850 equals \$298.50.
- Jim's flat dollar amount is \$95.

Because \$298.50 is greater than \$95 (and is less than the national average premium for bronze level coverage for 2014), Jim's shared responsibility payment for 2014 is \$298.50, or \$24.87 for each month he is uninsured (1/12 of \$298.50 equals \$24.87).

Jim will make his shared responsibility payment for the months he was uninsured when he files his 2014 income tax return.

example

Married couple with two children, \$70,000 income:

Eduardo and Julia are married and have two children under 18. They did not have MEC for any family member for any month during 2014 and no one in the family qualifies for a coverage exemption. For 2014, their household income was \$70,000 and their filing threshold is \$20,300.

To determine their payment using the income formula, subtract \$20,300 (filing threshold) from \$70,000 (2014 household income). The result is \$49,700. One percent of \$49,700 equals \$497.

Eduardo and Julia's flat dollar amount is \$285, or \$95 per adult and \$47.50 per child.

Because \$497 is greater than \$285 (and is less than the national average premium for bronze level coverage for 2014), Eduardo and Julia's shared responsibility payment is \$497 for 2014, or \$41.41 per month for each month the family was uninsured (1/12 of \$497 equals \$41.41).

The percentages and flat dollar amounts increase over the first three years. In 2015, the income percentage increases to 2 percent of household income, and the flat dollar amount increases to \$325 per adult (\$162.50 per child under 18). In 2016, these figures increase to 2.5 percent of household income and \$695 per adult (\$347.50 per child under 18). After 2016, the flat dollar amounts may increase with inflation.

The IRS routinely works with taxpayers who owe amounts they cannot afford to pay. This sometimes includes enforced collection action such as liens and levies. However, the law prohibits the IRS from using liens or levies to collect any individual SRP. If taxpayers owe a SRP, the IRS may offset that liability with any tax refund that may be due to them.

Where is coverage reported?

Taxpayers who had MEC all year will indicate this on Form 1040 by checking the box in the Other Taxes section.

Taxpayers who did not have MEC all year may claim a coverage exemption using Form 8965. Taxpayers should use the worksheets located in the Instructions to Form 8965 to figure the SRP amount due. The SRP amount due is reported on Form 1040, line 61 in the Other Taxes section.

The premium tax credit is calculated and the advance payment is reconciled on Form 8962. Taxpayers will receive Form 1095-A from the Marketplace, which will contain the information necessary to complete Form 8962.

The net premium tax credit is claimed in the Payments section of the Form 1040. Any excess payments of the advance premium tax credit is entered in the Tax and Credits section of the Form 1040.



What about U.S. citizens living abroad?

U.S. citizens living abroad are subject to the individual shared responsibility provision. However, U.S. citizens who are not physically present in the United States for at least 330 full days within a 12-month period are treated as having MEC for that 12-month period regardless of whether they enroll in any health care coverage.

In addition, U.S. citizens who are bona fide residents of a foreign country (or countries) for an entire taxable year are treated as having MEC for that year. In general, these individuals qualify for the foreign earned income exclusion under section 911.

Individuals may qualify for this rule even if they cannot use the section 911 exclusion for all of their foreign earned income because, for example, they are employees of the United States. Individuals that qualify for this rule need take no further action to comply with the individual shared responsibility provision during the months when they qualify. They will report their status with their federal income tax return on Form 8965.

TIP

See Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad, for further information on the foreign earned income exclusion.

U.S. citizens who meet neither the physical presence nor residency requirements need to have MEC, qualify for a coverage exemption, or make a SRP when they file their federal income tax returns. Note that MEC includes a group health plan provided by an overseas employer.



Summary

The Affordable Care Act addresses health insurance coverage and financial assistance options for individuals and families, including the premium tax credit. It also includes the individual shared responsibility provision and coverage exemptions from that provision.

In general, all U.S. taxpayers must have MEC for each month, qualify for a coverage exemption, or make a payment when filing his or her federal income tax return. Some coverage exemptions are granted only by the Marketplace, some exemptions can be claimed only on a tax return, and some exemptions may be granted by the Marketplace or claimed on a return.

Only taxpayers who purchase MEC through the Marketplace for themselves or a family member are allowed a premium tax credit. Eligible taxpayers may choose to get the benefit of advance credit payments, the amount of which is based on their estimated premium tax credit, to reduce the cost of monthly premiums. Taxpayers who chose to forgo advance credit payments get all of the benefit of the premium tax credit when they claim it on the tax return. The premium tax credit is calculated and the advance payment is reconciled on Form 8962. Taxpayers will receive Form 1095-A from the Marketplace, which will contain the information necessary to complete Form 8962.

Taxpayers who have MEC all year will indicate this on Form 1040 by checking the box in the Other Taxes section. The premium tax credit is claimed in the Payments section of Form 1040. Any excess advance premium tax credit that must be repaid is entered in the Tax and Credits section of the Form 1040.

Coverage exemptions are claimed on Form 8965.

Any SRP is entered on Form 1040, line 61 in the Other Taxes section. Taxpayers should use the Shared Responsibility Payment Worksheet in the instructions to Form 8965 to figure the amount of the SRP due.

What situations are out of scope for the VITA/TCE programs?

The following are out of scope for this lesson. While this list may not be all inclusive, it is provided for your awareness only.

- Self-employed health coverage deductions for the premium tax credit



EXERCISE ANSWERS

Answer 1: No, the coverage must have been purchased through the Marketplace.

Answer 2: B. Form 1095-A.

Answer 3: D. \$2,400. Because Roger's household income is over the 400% FPL, his additional tax liability is not capped by the additional tax limitation table.

Answer 4: C. Judy is eligible for the premium tax credit from January through July.

Answer 5: Yes. Employer-sponsored coverage is generally minimum essential coverage. If an employee enrolls in employer-sponsored coverage that provides minimum value for himself and his family, the employee and all of the covered family members have minimum essential coverage.

Answer 6: No. They do not have to be covered under the same policy or plan. However, they must all have minimum essential coverage or qualify for a coverage exemption, or Keith and Kathy will owe a shared responsibility payment when they file a return.

Answer 7: Yes. Grandfathered group health plans are minimum essential coverage.

Answer 8: Yes. Retiree health plans are generally minimum essential coverage.

Answer 9: Yes. Employer-sponsored coverage is minimum essential coverage regardless of whether the employer is a governmental, nonprofit, or for-profit entity.

Answer 10: No. If Randy is not required to file a federal income tax return for a year because his gross income is below the return filing threshold, he is exempt from the shared responsibility provision for that year and does not need to take any further action to claim a coverage exemption. If he is not required to file a tax return for a year but files one anyway, he will be able to claim the coverage exemption on Form 8965.

Glossary Terms

Adopted children – If a child is adopted during the year, the child is included in the taxpayer's household only for the full months that follow the month in which the adoption occurs. Similarly, if the taxpayer places a child for adoption or foster care, the child is included in the tax household only for the full months before the month in which the placement occurs.

Applicable taxpayer (for purpose of premium tax credit) – A taxpayer must be an applicable taxpayer to claim the premium tax credit (PTC). Generally, an applicable taxpayer is one who has household income at least 100 percent but not more than 400 percent of the Federal poverty line (FPL) for the family size, and cannot be claimed as a dependent. If the taxpayer is married at the end of the year, the taxpayer must file a joint return to be an applicable taxpayer unless an exception is met.

A taxpayer with household income below 100 percent of the FPL is an applicable taxpayer if all of the following requirements are met:

- The taxpayer, the taxpayer's spouse or a dependent enrolled in a policy through a Marketplace.
- The Marketplace estimated at the time of enrollment that the taxpayer's household income would be between 100% and 400% of the FPL for the taxpayer's family size.
- Advance credit payments were made for the coverage for one or more months during the year.
- The taxpayer otherwise qualifies as an applicable taxpayer.

A taxpayer with household income below 100% of the federal poverty line can be an applicable taxpayer as long as the taxpayer, the taxpayer's spouse, or a dependent who enrolled in a qualified health plan is not a U.S. citizen but is lawfully present in the U.S. and not eligible for Medicaid because of immigration status

Coverage Family – All members of the taxpayer's family who are enrolled in a qualified health plan and are not eligible for minimum essential coverage (other than coverage in the individual market). The members of the coverage family may change from month to month. A taxpayer is allowed a premium tax credit only for health insurance purchased for members of the coverage family.

Dependents of more than one taxpayer – The tax household does not include someone that can, but is not, claimed as a dependent if the dependent:

- is properly claimed on another taxpayer's return, or
- can be claimed by a taxpayer with higher priority under the tie-breaker rules.

Domestic abuse – Domestic abuse includes physical, psychological, sexual, or emotional abuse, including efforts to control, isolate, humiliate, and intimidate, or to undermine the victim's ability to reason independently. All the facts and circumstances are considered in determining whether an individual is abused. Abuse of the victim's child or any family member living in household may constitute abuse of the victim.

Exchange – See Marketplace.

Exemption Certificate Number (ECN) – The number the taxpayer received from the Marketplace for the individual listed in Part I (Marketplace-Granted Coverage Exemptions for Individuals) on Form 8965, column c.

Family – Taxpayer family includes all individuals and only those individuals for whom the taxpayer claims a personal exemption deduction on the tax return (taxpayer, spouse, or dependents).

Family coverage (for the purpose of determining if coverage is unaffordable in order to claim a coverage exemption) – If taxpayer (or spouse if filing jointly) is eligible for family coverage under an employer's plan, the required contribution amount for any member of the family is the premium the taxpayer would pay for the lowest cost family coverage that would cover the taxpayer and everyone in the non-exempt family.

Family size – For the purposes of the premium tax credit, family size includes the individuals for whom the taxpayer can claim a personal exemption deduction on the tax return (taxpayer, spouse if filing a joint return, and dependents).

FPL – Federal Poverty Line – An income amount considered poverty level for the year, adjusted for family size. Department of Health and Human Services (HHS) determines the federal poverty guideline amounts annually. The government adjusts the income limits annually for inflation.

Form 1095-A – Used to report certain information to the IRS about family members who enroll in a qualified health plan through the Marketplace. Form 1095-A also is furnished to individuals to allow them to claim the premium tax credit, to reconcile the credit on their returns with advance payments of the premium tax credit (advance credit payments), and to file an accurate tax return.

Form 1095-B – Used to report certain information to the IRS and to taxpayers about individuals who are covered by minimum essential coverage and therefore are not liable for the individual shared responsibility payment.

Form 1095-C – Employers with 50 or more full-time employees use this form to report information about offers of health coverage and enrollment in health coverage for their employees. Form 1095-C is used to report information about each employee. Form 1095-C is not required to be filed by any employer for 2014. However, in preparation for the first required filing (filing in 2016 for 2015), employers may, if they wish, voluntarily file in 2015 for 2014.

Health Insurance Marketplace – See Marketplace.

Household income – The sum of the taxpayer's modified adjusted gross income (MAGI), the spouse's MAGI (if Married Filing Jointly), and the MAGI of all dependents required to file a tax return.

Incarceration – The taxpayer can claim a coverage exemption for a member of the tax household for any month in which the individual was incarcerated for at least 1 day in the month. An individual is incarcerated if he or she was confined, after the disposition of charges, in a jail, or similar penal institution or correctional facility.

MAGI – See Modified Adjusted Gross Income.

Marketplace (also: Exchange, Health Insurance Marketplace) – A governmental agency or nonprofit entity that makes qualified health plans available to individuals. The term “Marketplace” refers to state Marketplaces, regional Marketplaces, subsidiary Marketplaces, and a federally-facilitated Marketplace.

Married taxpayers (for purposes of the premium tax credit) – If a taxpayer is married at the end of 2014, the taxpayer generally must file a joint return with spouse in order to claim the premium tax credit unless the taxpayer meets one of the two exceptions below:

- Exception 1 (Head of Household filing status). If taxpayer was not divorced or legally separated at the end of the year, he or she is considered unmarried if all of the following apply:
 - The taxpayer lived apart from spouse for the last 6 months of the year. (Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home.)
 - The taxpayer filed a separate return from spouse.
 - The taxpayer paid over half the cost of keeping up his or her home for the year.
 - The taxpayer home was the main home of the taxpayer’s child, stepchild, or foster child for more than half of the year. (Temporary absences for special circumstances, such as for school, vacation, medical care, military service, and detention in a juvenile facility, count as time lived in home.)
 - The taxpayer can claim the child as a dependent or could claim the child as a dependent except that the child’s other parent can claim him or her under the rule for children of divorced or separated parents.
- Exception 2. If taxpayer is a victim of domestic abuse or abandonment and does not qualify to use Head of Household filing status, the taxpayer may claim a premium tax credit if he or she files a return as Married Filing Separately and meets the following:
 - The taxpayer is living apart from his or her spouse at the time the taxpayer filed the current year tax return.
 - The taxpayer is unable to file a joint return because he or she is a victim of domestic abuse or spousal abandonment.
 - The taxpayer certifies on the return that the taxpayer is a victim of domestic abuse or spousal abandonment.

Medicaid Expansion – The health care law provides states with additional federal funding to expand their Medicaid programs to cover adults under 65 who make up to 133% of the federal poverty level. Children (18 and under) are eligible up to that income level or higher in all states.

The U.S. Supreme Court ruled that the Medicaid expansion is voluntary with states. As a result, some states have not expanded their Medicaid programs. Many adults in those states with incomes below 100% of the federal poverty level fall into a gap. Their incomes are too high to get Medicaid under their state’s current rules but their incomes are too low to qualify for the premium tax credit.

Minimum essential coverage (MEC) – Coverage under a government-sponsored program, an eligible employer-sponsored plan, a plan in the individual market, a grandfathered health plan, or other coverage recognized by the Department of Health and Human Services (HHS), in coordination with the Secretary of the Treasury, as minimum essential coverage.

Modified Adjusted Gross Income (MAGI) – For purposes of Form 8962, MAGI is a taxpayer’s adjusted gross income plus certain income that is not subject to tax (foreign earned income, tax-exempt interest, and social security benefits not included in income).

Modified Adjusted Gross Income (MAGI) – For purposes of Form 8965, MAGI is a taxpayer’s adjusted gross income plus certain income that is not subject to tax (foreign earned income and tax-exempt interest).

National Average Bronze Plan Premium (NABPP) – This figure is used in calculating the shared responsibility payment (SRP). A table of NABPP amounts can be found in the Instructions for Form 8965 and in Publication 4012, ACA tab.

Premium tax credit – A tax credit for certain people who enroll in a qualified health plan offered through the Marketplace (Exchange). The credit reduces the amount of tax the taxpayer owes. It may also give the taxpayer a refund or increase the refund.

If applicable, the taxpayer is allowed a credit amount for any month during the year that the taxpayer or one or more of the family members [spouse or dependent(s)] were:

- Enrolled in one or more qualified health plans through a Marketplace;
- Not eligible for other minimum essential coverage.

Recognized religious sect – For purposes of Form 8965, a religious sect in existence since December 31, 1950, that is recognized by the Social Security Administration (SSA) as conscientiously opposed to accepting any insurance benefits, including Medicare and social security.

Relief – A taxpayer can certify an exemption from Married Filing Jointly by checking a box on Form 8962, Premium Tax Credit.

Second Lowest Cost Silver Plan (SLCSP) – The second lowest cost silver plan offered through the Marketplace for the rating area in which the taxpayer resides. A taxpayer who enrolled in a qualified health plan through the Marketplace will receive Form 1095-A from the Marketplace which will include the SLCSP amount. This figure is used on Form 8962 to calculate the amount of the premium tax credit that the taxpayer is allowed.

Self-only coverage – (for the purpose of determining if coverage is unaffordable in order to claim a coverage exemption) – If a member of a tax household is eligible for self-only coverage under his or her employer’s plan, the required contribution amount is the amount the individual would pay (whether through salary reduction or otherwise) for the lowest cost self-only coverage.

Shared responsibility payment (SRP) – If the taxpayer or any other member of the tax household did not have either minimum essential coverage or an exemption for any month during the tax year, the taxpayer must compute the shared responsibility payment.

Spousal abandonment – A taxpayer is a victim of spousal abandonment for a taxable year if, taking into account all facts and circumstances, the taxpayer is unable to locate his or her spouse after reasonable diligence.

Tax household – For purposes of Form 8965, includes the taxpayer, the taxpayer’s spouse (if filing a joint return), and any individual claimed as a dependent on the tax return. It also generally includes each person the taxpayer can, but does not, claim as a dependent.

Timing – For purposes of Form 8965, an individual has MEC for a month if the individual is enrolled in and entitled to receive benefits under a plan or program identified as MEC for at least one day during the month.

Unaffordable coverage – For purposes of Form 8965, coverage is unaffordable if the individual’s required contribution is more than 8% of household income.

Link & Learn Taxes

Link & Learn Taxes is web-based training designed specifically for VITA/TCE volunteers. Each volunteer's ability to prepare complete and accurate returns is vital to the credibility and integrity of the program. Link & Learn Taxes, as part of the complete volunteer training kit, provides the path to achieving this high level of quality service.

Link & Learn Taxes and the printed technical training kit, Publication 4480, work together to help volunteers learn and practice.

Link & Learn Taxes for 2014 includes:

- Access to all VITA/TCE courses
- Easy identification of the VITA/TCE courses with the course icons
 - As you progress through a lesson, the content for Basic, Advanced, Military, or International will display, depending on the level of certification you selected
- PowerPoint presentations that can be customized to fit your classroom needs
- VITA/TCE Central to provide centralized access for training materials and reference links
- The Practice Lab
 - Gives volunteers practice with an early version of the IRS-provided tax preparation software
 - Lets volunteers complete workbook problems from Publication 4491W
 - Lets volunteers prepare test scenario returns for the test/retest



Go to www.irs.gov, type “Link & Learn” in the Keyword field and click Search. You’ll find a detailed overview and links to the courses.

FSA (Facilitated Self Assistance) empowers taxpayers to prepare their own return with the assistance of a certified volunteer. Taxpayers complete their own return using interview-based software supplied by leaders in the tax preparation industry. Volunteers assist taxpayers with tax law and software questions.

Virtual VITA allows partners to initiate the intake process for taxpayers in one location, while utilizing a certified volunteer to prepare the return in an entirely different location. By incorporating this flexibility, partners can provide taxpayers with more convenient locations to file their taxes.

For more information contact your SPEC Relationship Manager to see if you should start a FSA or Virtual VITA site in your community.

www.irs.gov



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The Volunteer Resource Center (Keyword: Volunteer Resource Center)

- Hot topics for volunteers and partners
- Site Coordinator's Corner
- Volunteer Tax Alerts
- Volunteer Training Resources
- EITC Information for Partners
- e-file Materials and Outreach Products

Tax Information for Individuals (Keyword: Individuals)

- 1040 Central (What's new this filing season)
- Where's My Refund
- EITC Assistant - Available in English and Spanish
- Tax Trails for answers to common tax questions
- Alternative Minimum Tax (AMT) Assistant
- Interactive Tax Assistant (ITA)

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