

Health law fines double for many uninsured at tax time

March 8 2016, by Ricardo Alonso-Zaldivar

Form 8962 Premium Tax Credit (PTC) OMB No. 1545-0045
2015
Revision No. 73

Department of the Treasury
Internal Revenue Service

Part I Annual and Monthly Contribution Amount

1. Enter the number of exemptions from Form 1040 or Form 1040A, line 6, or Form 1040NR, line 10 (see instructions) **2** _____

2. Enter the size of your dependent(s) modified AGI (see instructions) **3** _____

3. Household income. Add the amounts on lines 2a and 2b **4** _____

4. Federal poverty line. Enter the federal poverty line amount from Table 1.1, 1.2, or 1.3 (see instructions). Check the appropriate box for the federal poverty table used: 1.1 House 1.2 Lower 48 states and DC 1.3 Other 48 states and DC **5** _____

6. Did you enter 401% on line 5? (See instructions if you entered less than 100%.)
 No. Continue to line 7.
 Yes. You are not eligible to receive PTC. If advance payment of the PTC was made, see the instructions for how to report your excess advance PTC repayment amount.

7. Application figure. Using your line 5 percentage, locate your "application figure" on the table in the instructions **6** _____

8. Annual contribution amount. Multiply **5** by **6** **7** _____

9. Monthly contribution amount. Check the box to **8** **8** Monthly contribution amount **9** _____

Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit

10. Are you allowing joint amounts with another taxpayer or do you want to use the alternative calculation for year of marriage (see instructions)?
 Yes. Continue to line 11. Complete your annual PTC. Then skip lines 13-23. No. Continue to lines 13-23. Complete your monthly PTC and continue to line 24.

11. See the instructions to determine if you can receive 11 or must complete line 12 through 23.

Annual Calculation	11 Annual maximum premium for 100% of FPL, line 5 (a)	12 Annual applicable premium for 100% of FPL, line 5 (b)	13 Annual contribution amount, line 8 (c)	14 Annual maximum premium for 100% of FPL, line 5 (d)	15 Annual premium tax credit amount, line 24 (e)	16 Annual advance payment of PTC from 1098-A, line 3 (f)	17 Annual advance payment of PTC from 1098-A, line 3 (g)
11 Annual Total	11 Annual maximum premium for 100% of FPL, line 5 (a)	12 Annual applicable premium for 100% of FPL, line 5 (b)	13 Annual contribution amount, line 8 (c)	14 Annual maximum premium for 100% of FPL, line 5 (d)	15 Annual premium tax credit amount, line 24 (e)	16 Annual advance payment of PTC from 1098-A, line 3 (f)	17 Annual advance payment of PTC from 1098-A, line 3 (g)
18 January	18 Monthly maximum premium for 100% of FPL, line 5 (a)	19 Monthly applicable premium for 100% of FPL, line 5 (b)	20 Monthly contribution amount, line 8 (c)	21 Monthly maximum premium for 100% of FPL, line 5 (d)	22 Monthly premium tax credit amount, line 24 (e)	23 Monthly advance payment of PTC from 1098-A, line 3 (f)	23 Monthly advance payment of PTC from 1098-A, line 3 (g)
24 Total premium tax credit. Enter the amount from line 15 or add lines 15b through 23b and enter the total here 24 _____							
25 Advance payment of PTC. Enter the amount from line 16 or add lines 16b through 23b and enter the total here 25 _____							
26 Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 69; Form 1040A, line 49; or Form 1040NR, line 69. If you checked the alternative calculation for marriage, enter zero 26 _____							

Part III Reconciliation of Excess Advance Payment of the Premium Tax Credit

27. Excess advance payment of PTC. If line 26 is greater than line 24, subtract line 24 from line 25. Enter the difference here **27** _____

28. Repayment limitation (see instructions) **28** _____

29. Excess advance payment tax credit repayment. Enter the smaller of line 27 or line 28 here and on Form 1040, line 69; Form 1040A, line 49; or Form 1040NR, line 69 **29** _____

For Paperwork Reduction Act Notice, see your tax return instructions. (OMB No. 1545-0045) Form 8962 (2015)

Shared Responsibility Payment

To Figure Your Shared Responsibility Payment

Follow Steps 1 through 3 first.
 * Complete Substeps 1 and Substep 3 if you are divorced or you complete Step 1 through 3.
 * Complete the Shared Responsibility Payment Worksheet as directed by Steps 1 through 3 or Worksheets A and B.

Step 1 All Filers

1. Can someone claim you as a dependent?
 Yes. No. Continue to Step 2.

2. Did you, your spouse (if filing jointly), or anyone else you claimed or could have claimed as a dependent have qualifying health coverage for every month of 2014?
 Yes. No. Continue to Step 2.

3. Do you, your spouse (if filing jointly), or anyone else you claimed or could have claimed as a dependent have a qualifying health coverage or qualify for a coverage exemption for any month in 2014?
 Yes. No. Continue to Step 2.

4. Did you, your spouse (if filing jointly), or any of your dependents have 19 during 2014?
 Yes. Go to Step 3. No. Go to Step 2.

Step 2 Flat Dollar Amount

1. Multiply \$321 for each person for whom you claimed an exemption on line 6d of Form 1040 or 1040A, who was at least 19 years old. Multiply \$122 for each person for whom you did not check a box on Form 1098-A, line 5, who is at least 19 years old.

2. Multiply \$162.50 for each person for whom you claimed an exemption on line 6d of Form 1040 or 1040A, who was under age 19. Multiply \$162.50 for each person for whom you did not check a box on Form 1098-A, line 5, who is under age 19.

3. Add lines 1 and 2.

4. Enter the smaller of line 3 or \$975 here and on line 1 of the Shared Responsibility Payment Worksheet. Go to Step 3.

These images provided by the IRS shows Premium Tax Credit (PTC) form 8962, left, and the Shared Responsibility Payment page from form i8965. Many people who went without health insurance last year are now seeing fines more than double under President Barack Obama's health care law, tax preparation company H&R Block said Tuesday, March 8, 2016. (IRS via AP)

Many people who went without health insurance last year are now seeing fines more than double under President Barack Obama's health care law,

tax preparation company H&R Block said Tuesday.

Among its customers who owe a penalty for the 2015 tax year, the average fine is \$383, compared with \$172 for 2014, the company said.

Separately, among those who complied with the law and took advantage of its taxpayer-subsidized private health insurance, 6 in 10 are now having to pay back to the IRS some portion of their financial assistance.

Those payments also are trending higher this year, averaging \$579, compared with \$530 last tax season.

Although millions of uninsured people have gained coverage through the Affordable Care Act, the update from H&R Block underscores the extent to which the law's complex provisions remain a challenge for many consumers.

The law provides subsidized insurance for people who don't have access to coverage on the job. By using the income tax system to deliver the subsidies as tax credits, the White House and congressional Democrats were able to call the health law a middle-class tax cut.

But it also connected two of the most complicated areas for consumers: health care and taxes. At tax time, people have to account for the subsidies they received for health care or, if they remained uninsured, pay a fine.

H&R Block said it expected to see lots of confusion last year, the first time that consumers had to grapple with the connections between the health law and the income-tax system. But such issues don't seem to have diminished this tax filing season.

"Even the people going through it a second time weren't getting any

better at it," said Mark Ciaramitaro, the company's vice president for taxes and health care. About the same proportions of returning customers and new customers wound up having to repay subsidies.

Ciaramitaro said many consumers appear to be having problems correctly estimating their incomes for the year ahead. Lower-income workers who represent a big part of the customer base for coverage can have sizable swings in their earnings over the course of 12 months.

Underestimating income results in a bigger tax credit up front to help pay your premiums. But at tax time any overpayment has to be repaid—usually subtracted from the consumer's tax refund. H&R Block said those who owed money back saw about a 20 percent reduction in their federal refunds.

Only 3 percent of its customers with health law subsidies saw no impact on their refunds, meaning they correctly estimated their incomes, or called HealthCare.gov to report changes during the year.

More than 1 in 3 overestimated their incomes, meaning that received a smaller tax credit than they were entitled to. They got an average of \$450 back from the IRS.

As for the health care law's fines, they're meant as a stiff nudge to get healthy people who can afford coverage to join the insurance risk pool, thereby helping to keep premiums more manageable for everyone.

Exemptions are available for people with low incomes or who face other extenuating circumstances. But the law's requirement to have coverage or risk fines remains highly unpopular.

The minimum fine went up from \$95 in 2014 to \$325 for the 2015 tax year. It rises again this year to \$695 for an adult uninsured for a full 12

months.

H&R Block said that means an uninsured family of four earning \$60,000 will face a penalty of \$975 for this year, compared with about \$400 for 2015. Next year, that same hypothetical family would face a penalty of \$2,000 at tax time.

With 2016 open-enrollment season over, uninsured consumers have few options for avoiding fines next year at tax time. If they don't qualify for a hardship exemption, they can try to find a job that provides health insurance, or see if they meet the criteria for a special sign-up period through HealthCare.gov.

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