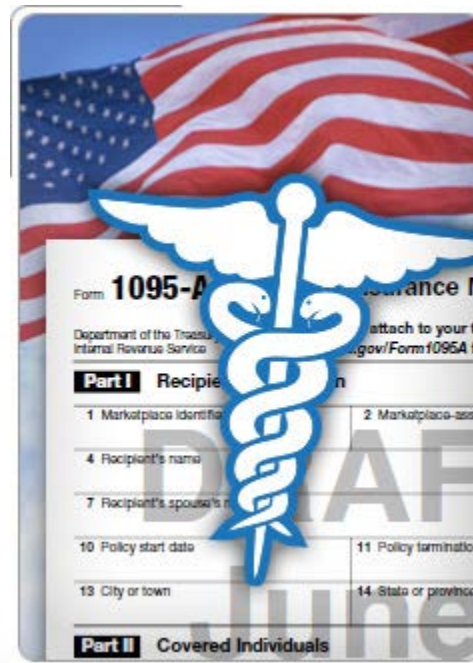




Premium Tax Credit (PTC)





About the Affordable Care Act (ACA)

- The Affordable Care Act (ACA) changed the existing health insurance market by:
- Prohibiting insurers from denying coverage or charging higher premiums because of an individual's preexisting conditions
- Creating the Health Insurance Marketplace
- Providing a premium tax credit (PTC) that eligible taxpayers may be able to claim on their federal income tax returns



Objectives – Premium Tax Credit (PTC)

- Determine who is eligible for the premium tax credit
- Calculate the premium tax credit
- Report taxpayers' premium tax credit on the tax return

Topics



- Form 1095-A
- Premium Tax Credit
- Claiming the Premium Tax Credit
- Calculating the Premium Tax Credit



Key Terms

Definitions are always available in the L< online Glossary.

- Applicable taxpayer
- Family coverage
- Household income
- Marketplace
- Minimum essential coverage
- Modified Adjusted Gross Income (MAGI)
- Premium tax credit

Tax Forms Applicable to ACA

These forms may indicate the taxpayer or a member of the tax household had health care insurance from the Marketplace or through an employer, but volunteers should rely primarily on their interview with the taxpayer.

- Insurance Cards
- Form 1095-A
- Form 1095-B
- Form 1095-C

The image shows three overlapping IRS tax forms related to the Affordable Care Act (ACA). The top form is Form 1095-A, titled "Health Insurance Marketplace Statement". Below it is Form 1095-B, titled "Health Coverage". The bottom form is Form 1095-C, titled "Employer-Provided Health Insurance Offer of Coverage". Each form includes instructions on whether to attach it to a tax return and where to find more information on the IRS website.

Form 1095-A: Health Insurance Marketplace Statement
Department of the Treasury Internal Revenue Service
Do not attach to your tax return. Keep for your records.
Go to www.irs.gov/Form1095A for instructions and the latest information.

Form 1095-B: Health Coverage
Department of the Treasury Internal Revenue Service
Do not attach to your tax return.
Go to www.irs.gov/Form1095B for instructions.

Form 1095-C: Employer-Provided Health Insurance Offer of Coverage
Department of the Treasury Internal Revenue Service
Do not attach to your tax return.
Go to www.irs.gov/Form1095C for instructions.

Part I: Employee

14 Offer of Coverage (enter required code)		15 Employee Required			
All 12 Months		Jan	Feb	Mar	Apr

Premium Tax Credit (PTC)

- Taxpayers may choose to have advance payments of the premium tax credit (APTC) or get all of the benefit of the PTC when they claim the credit
- 1095-A – Taxpayers who purchased health insurance from the Marketplace will receive this form.

Form 1095-A	Health Insurance Marketplace Statement	<input type="checkbox"/> VOID	OMB No. 1545-2232	
Department of the Treasury Internal Revenue Service	Do not attach to your tax return. Keep for your records. Go to www.irs.gov/Form1095A for instructions and the latest information.	<input type="checkbox"/> CORRECTED	2024	
Part I Recipient Information				
1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name		
4 Recipient's name				
Part III Coverage Information				
7 Recipient's special enrollment period	Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
10 Policy start date	21 January			
13 City or town	22 February			

Premium Tax Credit – Federal Poverty Lines

Federal Poverty Line (FPL) states an income amount considered poverty level for the year and is adjusted for family size.

- There are FPLs for 48 states and D.C., Hawaii, and Alaska
- For tax year 2024 (which uses 2023 FPL amounts), residents of one of the 48 contiguous states or Washington, D.C., 100% of FPL is:
 - \$14,580 for one individual
 - \$19,720 for a family of two
 - \$30,000 for a family of four

Review Pub 4012, Federal Poverty Lines

Claiming the Premium Tax Credit

- [Form 8962](#), Premium Tax Credit, must be filed with the tax return if:
 - The APTC was paid on the taxpayer's behalf or,
 - If APTC was not paid, but the taxpayer wishes to take the PTC
- You should complete Form 8962 only for health insurance coverage in a qualified health plan purchased through a Marketplace. This includes a qualified health plan purchased on HealthCare.gov or through a State Marketplace.
- Certain circumstances, such as divorce, may result in a shared policy and may require a taxpayer to complete Form 8962, Parts IV or V, which are out of scope.

Form 8962		Premium Tax Credit (PTC)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form8962 for instructions and the latest information.			
Name shown on your return		Your social security number			
A. You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception. See instructions. If you qualify, check the box <input type="checkbox"/>					
Part I Annual and Monthly Contribution Amount					
1 Tax family size. Enter your tax family size. See instructions				1	
2a Modified AGI. Enter your modified AGI. See instructions		2a			

Calculating the Premium Tax Credit

- [Form 8962](#), Premium Tax Credit is used to calculate the credit and reconcile the advance payment of the credit.
- The second lowest cost silver plan (SLCSP) premium is determined by the Marketplace and included on [Form 1095-A](#).
- Taxpayers can use the information on Form 1095-A to compute their premium tax credit on their tax return and to reconcile the advance credit payments.

Form 8962	Premium Tax Credit (PTC)	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form8962 for instructions and the latest information.	2024 Attachment Sequence No. 73
Name shown on your return		Your social security number
A. You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception. See instructions. If you qualify, check the box <input type="checkbox"/>		
Part I Annual and Monthly Contribution Amount		
1 Tax family size. Enter your tax family size. See instructions	1	
2a Modified AGI. Enter your modified AGI. See instructions	2a	



Calculating the 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
- Change in address

Appendix A – Premium Tax Credit Exercises

- Review the practice exercises from Publication 4491 Appendix: Premium Tax Credit Exercises
- Scenario 1 – Premium Tax Credit with APTC
- Scenario 2 – Premium Tax Credit with APTC for Part-Year Coverage



Summary

- The Affordable Care Act addresses health insurance coverage and financial assistance options for individuals and families, including the premium tax credit (PTC).
- Only taxpayers who purchase qualified health care coverage through the Marketplace for themselves or a family member are allowed a PTC.
- The PTC is calculated and the APTC is reconciled on Form 8962.
- Taxpayers will receive Form 1095-A from the Marketplace, which will contain information necessary to complete Form 8962.
- The PTC is claimed on Form 1040, Schedule 3. Any excess APTC that must be repaid is entered on Form 1040, Schedule 2.