

## What Health Care Advocates Need to Know About Taxes

### IRS Regulations

The IRS tax forms themselves use the following regulations for their computations, but should you ever need a citation, here are the relevant regulations for getting and claiming premium tax credits.

#### § 1.36B-2 Eligibility for premium tax credit

General regulations for who can get APTCs (or PTCs) – some notable subsections/exceptions:

(b)(6) – the **exception for persons earning under 100% FPL**. They may receive tax credits if the Exchange assessed them at a higher income at application time. *This helps folks who should have been in Medi-Cal but ended up in Covered CA – they won't have to pay back their tax credits.*

(c)(2) – the rules on **when government coverage counts as minimum essential coverage**. Includes the obligation to actually apply for coverage (ii) – the reverse implication of this is that if someone applies and is wrongly denied, they have done their part and should not be punished for staying in Cov CA too long. Subsection (v) says **folks who are denied eligibility for Medicaid are treated as not eligible** (again, regardless of whether they are actually eligible). For people already receiving tax credits, their **eligibility for Medicaid does not start until the month after their application is approved**. *This means that people who do not cancel their Covered California plans until they are actually approved for Medi-Cal will not be penalized.*

(c)(3) – the rules on **when employer coverage counts as minimum essential coverage**. There are many examples for partial year enrollment and determinations of affordability that show when tax credits are allowed and how they are determined. Note (vii) which points out that the affordability and minimum value rules do not count if when an employee is actually enrolled in an employer plan.

#### § 1.36B-2T Eligibility for premium tax credit (temporary)

This section has the exceptions for the married filed jointly rule (domestic abuse and abandonment). It expires in 2017.

#### § 1.36B-4 Reconciling the premium tax credit with advance credit payments

Briefly explains how to compute reconciliation amounts, the most notable portion being the caps on repayments found in (a)(iii)(2). Subsection (b) contains the alternate rule for couples **who marry during the tax year while enrolled in a QHP**.

#### § 1.36B-4T Reconciling the premium tax credit with advance credit payments (temporary)

These are the advanced allocation rules where the person who enrolled a dependent in coverage is not the same as the person claiming the dependent. Subsection (b)(3) contains the allocation rules for **divorce**. (b)(4) explains how to allocate the repayment of premiums for married couples filing separately.



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## **Reporting APTCs – IRS Form 1095-A**

IRS Form 1095-A (2014)

<http://www.irs.gov/pub/irs-pdf/f1095a.pdf>

Cov CA Job Aid – 1095A

[http://pinnacletpa.com/sites/pinnacletpa.com/files/Job\\_Aid\\_-\\_Form\\_1095-A.pdf](http://pinnacletpa.com/sites/pinnacletpa.com/files/Job_Aid_-_Form_1095-A.pdf)

Covered California FAQs

<http://www.coveredca.com/PDFs/IRS-Form-1095-FAQs.pdf>

Covered California 1095-A Dispute Form

<http://www.coveredca.com/PDFs/1095-A-Dispute-Form.pdf>

## **Reconciling APTCs – IRS Form 8962**

IRS Form 8962 (2014)

<http://www.irs.gov/pub/irs-pdf/f8962.pdf>

IRS Form 8962 Instructions (2014)

<http://www.irs.gov/pub/irs-pdf/i8962.pdf>

IRS Publication 974

<http://www.irs.gov/publications/p974/ar02.html>

## **Additional Premium Tax Credit Resources**

Center on Budget & Policy Priorities – Beyond the Basics project:

<http://www.healthreformbeyondthebasics.org/>

CBPP Resources for Tax Preparers:

<http://www.healthreformbeyondthebasics.org/home/for-tax-preparers/>