

Taxes and the Affordable Care Act – the Premium Tax Credit

Should I read this?

If you buy health insurance from the Washington Health Benefit Exchange (“Healthplanfinder”) and your income is below 400% of the Federal Poverty Level, you are eligible for a special tax credit, called the “Premium Tax Credit.” It will help pay your premiums. This has general info about the Premium Tax Credit and its effect on your taxes.

I bought health insurance through Healthplanfinder. I am eligible for the Premium Tax Credit. How does it work?

You can get your tax credit in one of two ways:

- As “Advance” Premium Tax Credit. Your monthly premiums will go down during the tax year.
- As a refund when you file your taxes.

I got an Advance Premium Tax Credit during the tax year. Do I have to file a tax return?

YES, even if your income is below the tax-filing threshold. You file the tax return to “reconcile” the tax credit you got with the amount you were actually eligible for.

Why would the amount of tax credit I was eligible for have changed?

When you enroll in an insurance plan through Healthplanfinder, they estimate your tax credit based on info you give them about your household size and income. If you do not report changes to your household size or income during the tax year, the tax credit you get may not be correct. You then pay a tax

penalty (a “shared individual responsibility payment”) for any months you received too much tax credit. You will get a refund for any months you got too little.

How does the tax reconciliation process work?

Healthplanfinder should send you [form 1095-A “Health Insurance Marketplace Statement”](#) by January 31 of each year. If you do not get it, download it from your Healthplanfinder online account. (For more info, see: <https://www.wahbexchange.org/current-customers/your-1095-a-statement/1095-a-faqs/>.) You need the info on form 1095-A to fill out [IRS tax form 8962 “Premium Tax Credit.”](#) Form 8962 will help you determine if you got the right amount of tax credit. You file Form 8962 with your tax return.

I received too much Advance Premium Tax Credit. How much will I have to repay?

It depends. Here are the limits on how much you must repay:

Income	Individual limit	Family limit
Less than 200% federal poverty level (“FPL”)	\$300	\$600
200%-300% FPL	\$750	\$1500
300% - 400% FPL	\$1250	\$2500

How can I avoid a tax penalty for any Advance Premium Tax Credit I receive?

You must immediately tell Healthplanfinder about any changes in your household size or income. Then they can correctly calculate your Advance Premium Tax Credit.

Here are some changes that may affect your tax credit:

- Changes to your household income.
- Getting married/divorced.
- The birth/adoption of a child.
- Gaining/losing eligibility for government- or employer-sponsored health coverage.

I did not choose to get Advance Premium Tax Credit. Can I still get tax credit to help with the costs of health insurance?

Yes, if both of these are true:

- You bought health insurance through Healthplanfinder.
- You are under 400% of the federal poverty level.

You can apply for the Premium Tax Credit when you file your taxes. You must file a tax return to get tax credit.

Where can I get more help?

This has general info only. Consult with a qualified tax professional before filing your taxes.

If you are low-income, you may be able to get free help from an IRS-approved VITA site. The IRS has info about VITA sites at <http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers>, or call them at 1-800-829-1040. The IRS also has more info about the Premium Tax Credit at <https://www.irs.gov/affordable-care-act/individuals-and-families/the-premium-tax-credit-the-basics-0>.

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