

## **Tax Changes with the Patient Protection & Affordable Care Act**

The Patient Protection and Affordable Care Act enacted in 2010 has several provisions that are being put into effect over several years. Here are some of the important provisions now in effect.

### **Shared Responsibility Payment for Lack of Health Insurance Coverage**

Beginning in 2014, most United States citizens will have to maintain health insurance coverage for themselves and their household, have a coverage exemption, or pay an individual shared responsibility payment on their individual tax return. Coverage is required for each month of the year. The shared responsibility payment amount increases in 2015 and again in 2016.

### **Employer- Provided Healthcare**

Any employer with 50 or more full-time equivalent employees must provide affordable health insurance coverage to their employees, or pay a penalty. This must be reported on an information return in 2016, regarding coverage for 2015. Employers with less than 25 full-time equivalent employees who provide health insurance coverage to those employees may be eligible for a Small Business Health Care Tax Credit.

### **Premium Tax Credits**

An individual who purchases health insurance through the Marketplace may be eligible for a Premium Tax Credit. This credit can be claimed on the individual tax return, on Form 8962. If an individual chooses advance credit payments, these must be reconciled on Form 8962. If there is a difference between the advance credit payments and the actual credit, an individual may be subject to additional tax due or tax refunded on their individual tax return. As changes to income and family size affect premium tax credit amounts, these changes should be reported to the Marketplace as they occur.

### **ACA Information Documents**

In 2014 and 2015, information documents are required to be issued containing information about health insurance coverage. These documents are to be used by individuals preparing their personal tax returns.

- In 2014, individuals purchasing health insurance through the Health Insurance Marketplace will be issued 1095-As to be used in preparing their individual tax returns.
- In 2015, health insurance companies must issue a 1095-B to individuals who purchase health insurance directly from the health insurance company.
- In 2015, employers with 50 or more employees must issue a 1095-C to their covered employees.

**There are multiple elements of the Patient Protection and Affordable Care Act that have been enacted and will be enacted in the future. Please notify us if you have any questions or concerns.**