



#### Affordable Care Act Topics

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## Affordable Care Act Tax Provisions for Individuals and Families

The Affordable Care Act, or health care law, contains new health insurance coverage and financial assistance options for individuals and families. The IRS will administer the tax provisions included in the law. [Visit HealthCare.gov](#) for more information on coverage options and financial assistance.

### Do I need to do anything right now to get ready for the changes coming in 2014?

- The premium tax credit can help make the cost of purchasing health insurance coverage through the Marketplace more affordable for individuals and families with low to moderate incomes. [Learn more.](#)
- You may have received a letter from your employer providing information about the new Marketplace, and any health insurance coverage your employer may offer. For more information about coverage options through the Marketplace, visit [HealthCare.gov](#). If you have questions about the coverage offered by your employer, please contact your employer.

### Considerations for 2013

- **Open Enrollment for the Health Insurance Marketplace:** The open enrollment period to purchase health care coverage through the new Health Insurance Marketplace began Oct. 1, 2013. When you get health insurance through the marketplace, you may be able to get advance payments of the premium tax credit that will immediately help lower your monthly premium. Learn more at [HealthCare.gov](#).
- **Filing Requirement:** If you do not have a tax filing requirement, you do not need to file a 2013 federal tax return to establish future eligibility or qualify for future financial assistance, including advance payments of the premium tax credit to purchase health insurance coverage through a Health Insurance Marketplace. Learn more at [HealthCare.gov](#).
- **W-2 Reporting of Employer Coverage:** Certain employers are required to report the value of the health insurance coverage they provide. The value of health care coverage as reported by your employer in box 12 and identified by Code DD on your Form W-2 is not taxable.
- **Itemized Medical Expenses:** You can deduct your unreimbursed medical and dental expenses that exceed 10 percent of your adjusted gross income on your 2013 tax return. The 7.5 percent threshold will remain for those 65 and older for tax years 2013 through 2016.
- **Other ACA Tax Provisions:** [Additional Medicare Tax](#), [Premium Rebate for Medical Loss Ratio](#), [Health Flexible Spending Arrangements](#), [Health Saving Accounts](#), and [Net Investment Income Tax](#).

### Looking ahead to 2014

- **Premium Tax Credit:** To claim the premium tax credit, you must get insurance through the Marketplace. You can elect to have advance payments of the tax credit sent directly to your insurer during 2014, or wait to claim the credit when you file your tax return in 2015. If you choose to have advance payments sent to your insurer, you will have to reconcile the payments on your 2014 tax return filed in 2015. [Learn More.](#)
- **Individual Shared Responsibility Payment:** Starting January 2014, you and your family must either have health care coverage, have an exemption from coverage, or make a payment when you file your 2014 tax return in 2015. Most people already have qualifying health care coverage and will not need to do anything more than maintain that coverage throughout 2014. [Learn More.](#)
- **Change in Circumstances:** If you are receiving advance payments of the premium tax credit to help pay for your insurance coverage, you should report changes such as income or family size to your marketplace. Reporting changes will help to make sure you are getting the proper amount of assistance.

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**HealthCare.gov**

Get more information about the Affordable Care Act from the Department of Health & Human Services.

[Go to HealthCare.gov](#)



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## The Premium Tax Credit

### Basic Information

Starting in 2014, if you get your health insurance coverage through the Health Insurance Marketplace, you may be eligible for the Premium Tax Credit. This tax credit can help make purchasing health insurance coverage more affordable for people with moderate incomes. The open enrollment period to purchase health insurance coverage for 2014 through the Marketplace runs from Oct. 1, 2013, through March 31, 2014.

The Department of Health and Human Services administers the requirements for the Marketplace and the health plans they offer. For more information about your coverage options, financial assistance and the Marketplace, visit [HealthCare.gov](#).

### Eligibility

In general, you may be eligible for the credit if you meet all of the following:

- buy health insurance through the Marketplace;
- are ineligible for coverage through an employer or government plan;
- are within certain income limits;
- file a joint return, if married; and
- cannot be claimed as a dependent by another person.

If you are eligible for the credit, you can choose to:

- **Get It Now:** have some or all of the estimated credit paid in advance directly to your insurance company to lower what you pay out-of-pocket for your monthly premiums during 2014; or
- **Get It Later:** wait to get all of the credit when you file your 2014 tax return in 2015.

### Getting the Credit

To qualify for the credit, you must get insurance through the Marketplace.

During enrollment through the Marketplace, using information you provide about your projected income and family composition for 2014, the Marketplace will estimate the amount of the Premium Tax Credit you will be able to claim for the 2014 tax year that you will file in 2015.

You will then decide whether you want to have all, some or none of your estimated credit paid in advance directly to your insurance company.

### Change in Circumstances

Report income and family size changes to the Marketplace throughout the year. Reporting changes will help make sure you get the proper type and amount of financial assistance and will help you avoid getting too much or too little in advance. Receiving too much or too little in advance can affect your refund or balance due when you file your 2014 tax return in 2015.

For example, if you do not report income or family size changes to the Marketplace when they happen in 2014, the advance payments may not match your actual qualified credit amount on your federal tax return that you will file in 2015. This might result in a smaller refund or balance due.

### Claiming the Credit on Your Federal Tax Return

For any tax year, if you receive advance credit payments in any amount or if you plan to claim the premium tax credit, you must file a federal income tax return for that year.

**If you choose to get it now:** When you file your 2014 tax return in 2015, you will subtract the total advance payments you received during the year from the amount of the Premium Tax Credit calculated on your tax return. If the Premium Tax Credit computed on the return is more than the advance payments made on your behalf during the year, the difference will increase your refund or lower the amount of tax you owe. If the advance credit payments are more than the Premium Tax Credit, the difference will increase the amount you owe and result in either a smaller refund or a balance due.

**If you choose to get it later:** You will claim the full amount of the Premium Tax Credit when you file your 2014 tax return in 2015. This will either increase your refund or lower your balance due.

### More Information

More detailed information about the credit is available in our [Questions and Answers](#). In addition, the Department of the Treasury and the IRS issued the following legal guidance related to the Premium Tax Credit:

- [Final regulations](#) on the rules for individuals who enroll in qualified health plans through Marketplaces and claim the Premium Tax Credit.
- [Final regulations](#) on the Premium Tax Credit affordability test for related individuals.
- [Proposed regulations](#) on determining minimum value of eligible employer-sponsored plans and other rules regarding the Premium Tax Credit.
- [Notice 2013-41](#) on determining whether or when individuals are considered eligible for coverage under certain Medicaid, Medicare, CHIP, TRICARE, student health or state high risk pool programs.



**HealthCare.gov**

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An electronic flyer entitled "Facts about the Premium Tax Credit" ([Publication 5120](#)) is available for public use and distribution.

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