

Best Tax Practices – Answers to 5 Common Questions about the Premium Tax Credit (PTC)

*More information available at irs.gov
Publication 5120, 5121, & 5152*

The Premium Tax Credit (PTC) is a refundable credit for those who 1) received their healthcare coverage through the Marketplace (Healthcare.gov or the state Exchange), 2) meet certain eligibility requirements **and** 3) file a tax return. If you received a PTC, you are **REQUIRED** to file a tax return even if you are not otherwise required.

Five common questions:

1. What is included in “Household income?”

For the purposes of the PTC, household income is the Modified Adjusted Gross Income (MAGI) of you, your spouse (if filing a joint return) **plus** the MAGI of each dependent claimed on your tax return. To this MAGI is added any excluded foreign income, nontaxable Social Security benefits (including tier 1 railroad retirement) and tax-exempt interest received or accrued during the taxable year. It does not include Supplemental Security Income (SSI).

- Household income does NOT include the MAGI of those dependents who are filing a return only to claim a refund of withheld income tax or estimated tax.

2. What is the reason the IRS is asking to see my 1095-A?

If you acquired your healthcare coverage through Healthcare.gov or the Exchange, you have received a 1095-A from your healthcare provider (there are exceptions) and you should have reported that information on your tax return (or given the 1095-A to your preparer). Regardless, the IRS may want you to provide them a copy of your 1095-A. You should follow the instructions on the correspondence that you received from the IRS. If you do not provide a copy of the 1095-A when asked, you can be denied PTC in the future.

3. Am I required to a tax return?

Yes. Though you may not otherwise be required to file a tax return, having received PTC is now one of the criteria for which you are REQUIRED to file a tax return. The tax return is used to reconcile your PTC.

4. Marketplace says I did not file a tax return...I did file one but not until later in the year but before the extension due date. What should I do?

Filing your tax return after the April 15th filing deadline can alter the information in the Marketplace because of the time necessary to get that tax return information to the Marketplace. This is why those who receive the PTC should file their tax returns before the April deadline or as soon thereafter as is practical. The longer one waits and the closer to the October extension filing deadline, the greater the chance the Marketplace will not have up-to-date information when you apply for healthcare.

5. What are my options to receive help with filing a return and reconciling?

File a complete and accurate tax return by the April filing deadline or as soon thereafter as is practical.