

January 2015

## **Did You Know?**

For people who are filing 2014 tax returns you ought to be aware that the Affordable Care Act introduces two important federal income-tax changes for individual taxpayers.

One Affordable Care Act-related change is a new federal income-tax penalty for the failure to carry minimum essential coverage. Last year was the introductory year for the penalty, which can potentially be owed for any month when qualifying health coverage wasn't in force.

You don't have to worry about the penalty if you—and all members of your family, if applicable—had qualifying coverage for all of last year.

If you didn't have qualifying coverage for the entire year, the first task is to determine if you are exempt from the penalty. For that, see the instructions to new IRS Form 8965 Health Coverage Exemptions (and instructions for figuring your shared responsibility payment). If you were exempt for last year, file Form 8965 with your 2014 Form 1040 to prove it.

For additional information on exemptions, see IRS Publication 5187, Health Care Law: What's New for Individuals and Families. IRS forms and publications can be found at [www.irs.gov](http://www.irs.gov).

The other Affordable Care Act-related change for 2014 was the debut of the premium assistance tax credit, or PTC. It is available to eligible individuals and families who obtain health coverage in a qualifying plan by enrolling through a state-run insurance exchange or through the federal exchange ([www.healthcare.gov](http://www.healthcare.gov)).

In general, you are eligible for the credit if your household income was between 100% and 400% of the federal poverty line and you didn't have access to affordable employer-sponsored coverage last year. The allowable credit amount can vary widely depending on your specific circumstances. (For additional information on the PTC, see IRS Publication 974.)

This information is adapted from an article by Bill Bischoff, *Associated Press*, which appeared earlier this year in [MarketWatch](#)