

# THE TAX PICTURE

## What You Need To Know About Taxes And Health Insurance

(NAPSA)—In the first year that most Americans were required to have health insurance, more than 8 million individuals got insurance through the federal or a state-sponsored marketplace.

If you can count yourself among those 8 million plus with marketplace insurance for any part of 2014, you're required to file a federal income tax return and report some simple information on your return.

"Your marketplace will send you Form 1095-A, Health Insurance Marketplace Statement, by January 31, 2015," said Jessi Dolmage of TaxACT. "When your tax program asks for it, simply enter the information on the form. The program will do the necessary calculations and complete your tax forms."

In addition to the health insurance mandate, the Patient Protection and Affordable Care Act enacted a premium tax credit for individuals purchasing insurance through a government-sponsored marketplace.

The credit amount is awarded on a sliding scale based on your household size and income. Generally, the lower your household income, the higher your premium tax credit to help cover the cost of marketplace health insurance.

Requirements for the credit include:

- You are ineligible for such government programs as Medicare, Medicaid or CHIP.
- You do not have employer-sponsored insurance or the lowest-priced, self-covered plan meeting minimum essential requirements offered by your employer costs more than 9.5 percent of your annual household income.
- Your annual household income is 100 to 400 percent of the federal poverty level. For the 2014 credit, that's \$11,490 to \$45,960 for an individual. (Hawaii and Alaska residents are subject to different amounts.)
- You cannot be claimed as a dependent on someone else's tax return.
- Your filing status generally cannot be "married filing separately."

If qualified, you had the option of receiving some or all of the credit in advance, with payment sent directly to your insurance company, thereby reducing your monthly premiums.



**More than 8 million Americans signed up for insurance through the federal or a state-sponsored marketplace.**

Alternatively, you could pay for your marketplace insurance throughout the year, then claim the credit on your tax return, either reducing your federal tax owed or increasing your refund amount.

Regardless of your choice, whether you qualified for the credit and how much credit you received were based on your best estimate of your 2014 household income and family size at the time you applied for marketplace insurance.

If your actual household income was more than the estimated amount, you may need to pay some of the credit back. If your income was less than estimated, you may qualify for a higher credit amount and therefore receive a larger refund.

"Everyone who received the advanced credit or plans to claim the credit can still do their own taxes," said Dolmage. "All you have to do is answer simple questions. The tax program will complete the calculations and tax forms to reconcile your income and family information with the premium credit to make sure you get every dollar you deserve."

If you reported all income and family changes to your marketplace as they happened in 2014, your tax liability or refund amount is less likely to be affected by your premium credit.

Dolmage recommends doing your 2014 taxes beforehand to help estimate your 2015 income if you plan to apply for marketplace insurance and the premium credit during the next enrollment period, November 15, 2014 through February 15, 2015.

Learn more about the premium tax credit at [www.irs.gov](http://www.irs.gov) and [www.healthcareact.com](http://www.healthcareact.com). To file your federal taxes free with TaxACT Free Edition, go to [www.taxact.com](http://www.taxact.com).