



HCTT-2015-60: How Your Income Affects Your Premium Tax Credit

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IRS Tax Tips

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How Your Income Affects Your Premium Tax Credit

You are allowed a premium tax credit only for health insurance coverage you purchase through the Marketplace for yourself or other members of your tax family. However, to be eligible for the premium tax credit, your household income must be at least 100, but no more than 400 percent of the federal poverty line for your family size. An individual who meets these income requirements must also meet [other eligibility criteria](#).

The amount of the premium tax credit is based on a sliding scale, with greater credit amounts available to those with lower incomes. Based on the estimate from the Marketplace, you can choose to have all, some, or none of your estimated credit paid in advance directly to your insurance company on your behalf to lower what you pay out-of-pocket for your monthly premiums. These payments are called advance payments of the premium tax credit. If you do not get advance credit payments, you will be responsible for paying the full monthly premium.

If the advance credit payments are more than the allowed premium tax credit, you will have to repay some or all the excess. If your projected household income is close to the 400 percent upper limit, be sure to consider the amount of advance credit payments you choose to have paid on your behalf. You want to consider this carefully because if your household income on your tax return is 400 percent or more of the federal poverty line for your family size, you will have to repay all of the advance credit payments made on behalf of you and your family members.

For purposes of claiming the premium tax credit for 2014 for residents of the 48 contiguous states or Washington, D.C., the following table outlines household income that is at least 100 percent but no more than 400 percent of the federal

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poverty line:

Federal Poverty Line for 2014 Returns			
	100% of FPL	.	400% of FPL
One Individual	\$11,490	up to	\$45,960
Family of two	\$15,510	up to	\$62,040
Family of four	\$23,550	up to	\$94,200

The Department of Health and Human Services provides three [federal poverty guidelines](#): one for residents of the 48 contiguous states and Washington D.C., one for Alaska residents and one for Hawaii residents. For purposes of the premium tax credit, eligibility for a certain year is based on the most recently published set of poverty guidelines at the time of the first day of the annual open enrollment period for coverage for that year. As a result, the premium tax credit for 2014 is based on the guidelines published in 2013. The premium tax credit for coverage in 2015 is based on the 2014 guidelines. You can find all of this information on the [HHS website](#).

Use our [Interactive Tax Assistant tool](#) to find out if you are eligible for the premium tax credit. For more information, see the [instructions to Form 8962](#) and the [Questions and Answers](#) on the Premium Tax Credit on IRS.gov/aca.

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