



## FS-2016-10: Affordable Care Act: Tax Facts for Individuals and Families

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[The Tax Gap](#)

[Fact Sheets](#)

[IRS Tax Tips](#)

[Armed Forces](#)

[Latest News Home](#)

**Issue Number: FS-2016-10**  
**Inside This Issue**

## Affordable Care Act: Tax Facts for Individuals and Families

The Affordable Care Act includes the [individual shared responsibility provision](#) and the [premium tax credit](#) that may affect your tax return. This year marks the first time that certain taxpayers will receive new health-care related information forms that they can use to complete their tax return and then keep with their tax records.

### Information Forms – Forms 1095-A, 1095-B and 1095-C

Depending upon your specific circumstances, the Health Insurance Marketplace, health coverage providers, and certain employers may provide information forms to you early in 2016. These forms can help you accurately report health coverage information for you, your spouse and any dependents when you file your 2015 individual income tax return in 2016. The Marketplace, health coverage providers, and employers will also file these forms with the IRS.

The information forms are:

- [Form 1095-A](#), Health Insurance Marketplace Statement: The Health Insurance Marketplace sends this form to individuals who enrolled in coverage there, with information about the coverage, who was covered, and when. This is the second year in which the Marketplace is issuing Form 1095-A to enrollees.
- [Form 1095-B](#), Health Coverage: Health insurance providers – for example, health insurance companies – send this new form to individuals they cover, with information about who was covered and when.
- [Form 1095-C](#), Employer-Provided Health Insurance Offer and Coverage: Certain employers send this new form to certain employees, with information about what coverage the employer offered. Employers that offer health coverage referred to as “self-insured coverage” send this

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[Filing Options](#)

[Forms & Pubs](#)

[Frequently Asked Questions](#)

[News](#)

[Taxpayer Advocate](#)

[Where to File](#)

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form to individuals they cover, with information about who was covered and when.

The list below highlights key elements regarding these information forms:

- The deadline for the Marketplace to provide Form 1095-A is February 1, 2016.
- The deadline for coverage providers to provide Forms 1095-B and employers to provide Form 1095-C is March 31, 2016.
- If you are expecting to receive a Form 1095-A, you should wait to file your 2015 income tax return until you receive that form.
- Some taxpayers may not receive a Form 1095-B or Form 1095-C by the time they are ready to file their 2015 tax return. It is not necessary to wait for Forms 1095-B or 1095-C in order to file. Taxpayers may instead rely on other information about their health coverage and employer offer to prepare their returns
- These new forms should not be attached to your income tax return.

See our [questions and answers](#) that explain who should expect to receive the forms, how they can be used, and how to file with or without the forms, and that address various other questions you may have about these new forms.

## Individual Shared Responsibility Provision

The individual shared responsibility provision requires everyone on your tax return to have qualifying health care coverage for each month of the year or have a coverage [exemption](#). Otherwise, you may be required to make an [individual shared responsibility payment](#).

The list below highlights key elements of the individual shared responsibility provision:

- If you maintain [qualifying health care coverage](#) for the entire year, you don't need to do anything more than report that coverage on your federal income tax return by simply checking a box. Qualifying coverage includes most employer-sponsored coverage, coverage obtained through a Health Insurance Marketplace, coverage through most government-sponsored programs, as well as certain other specified health plans.
- If you go without coverage or experience a gap in coverage, you may qualify for an [exemption](#) from the requirement to have coverage. If you qualify for an exemption, you use [Form 8965, Health Coverage Exemptions](#), to report a coverage exemption granted by the Marketplace or to claim a coverage exemption on your tax return.
- If for any month during the year you don't have qualifying coverage and you don't qualify for an exemption, you will have to make an individual shared responsibility payment when you file your federal income tax return.
- The [payment amount](#) for 2015 is the greater of 2 percent of the household income above the taxpayer's filing threshold, or \$325 per adult plus \$162.50 per child (limited to a family maximum of \$975). This payment is capped at the cost of the national average premium for a bronze level health plan available through Marketplaces that would provide coverage for the taxpayer's family members that neither had qualifying coverage nor qualify for a coverage exemption. The instructions for Form 8965, *Health Coverage Exemptions*, provide the information needed to calculate the payment that will be reported on your federal income tax return.
- Form 1095-B will be sent to individuals who had health coverage for themselves or their family members that is not reported on Form 1095-A or Form 1095-C. Form 1095-A will be sent to individuals who enrolled in

health coverage for themselves or their family members through the [Marketplace](#). Form 1095-C will be sent to certain employees of applicable large employers.

- Some taxpayers may not receive a Form 1095-B or Form 1095-C by the time they are ready to file their 2015 tax return. It is not necessary to wait for Forms 1095-B or 1095-C in order to file. Taxpayers may instead rely on other information about their health coverage and employer offer to prepare their returns

### Health Coverage Exemptions

Individuals who go without coverage or experience a gap in coverage may qualify for an [exemption](#) from the requirement to have coverage.

- You may qualify for an exemption if one of the following applies:
  - You do not have access to affordable coverage
  - You have a one-time gap of less than three consecutive months without coverage
  - You qualify for one of several other [exemptions](#), including a hardship exemption
- How you get an exemption depends upon the type of exemption. You can obtain some exemptions [only from the Marketplace](#) in the area where you live, others only from the IRS when filing your income tax return, and others from either the Marketplace or the IRS. For more information, visit [IRS.gov/aca](#) or see the instructions to Form 8965.
- If you qualify for an exemption, you use Form 8965 to report a coverage exemption granted by the Marketplace or to claim a coverage exemption on your tax return.

### Premium Tax Credit

For an explanation of the Premium Tax Credit see IRS [Fact Sheet 2016-05](#), entitled "Tax Credit Helps Make Health Insurance Affordable for Middle-Class Americans."

### More Information

Remember that [filing electronically](#) with tax preparation software is the quickest and easiest way to file a complete and accurate tax return, as the software guides you through the filing process and does all the math for you.

For more information about the premium tax credit or the individual shared responsibility payment, visit [IRS.gov/aca](#). For more information about the Marketplace, visit [HealthCare.gov](#). For more information on the new health care related information forms, see the Form 1095 [questions and answers](#).

[Back to Top](#)

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