



HCTT-2014-18: The Individual Shared Responsibility Payment

Internal Revenue Service (IRS) sent this bulletin at 09/16/2014 02:00 PM EDT



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September 16, 2014

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The Individual Shared Responsibility Payment

Beginning in 2014, the [individual shared responsibility provision](#) of the Affordable Care Act requires each individual to:

- Maintain a minimum level of health care coverage – known as [minimum essential coverage](#), or
- Qualify for an [exemption](#), or
- Make an individual shared responsibility payment when filing their federal income tax returns.

Minimum essential coverage generally includes government-sponsored programs, employer-provided health coverage, and coverage purchased in the individual market, including the Health Insurance Marketplace. Most people already have health insurance coverage that qualifies as minimum essential coverage, and therefore will not need to make a payment if they maintain their qualified coverage. However, for each month that you or a member of your family is without minimum essential coverage and does not qualify for an exemption, you will need to make an [individual shared responsibility payment](#).

If you and your dependents had minimum essential coverage for each month of 2014, you will check a box indicating that when you file your 2014 federal income tax return. If you qualify for an [exemption](#), you will attach a form to your tax return to claim that

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exemption. If you are required to make the individual shared responsibility payment, you will calculate your payment and make the payment with your return.

If you choose to make an individual shared responsibility payment instead of maintaining minimum essential coverage, this means you will not have health insurance coverage to help pay for medical expenses.

In general, the individual shared responsibility payment for 2014 is the greater of:

- One percent of your household income above the income filing threshold for your tax filing status, or
- A flat dollar amount of \$95 per adult and \$47.50 per child (under age 18) in your family, but no more than \$285 per family.

The individual shared responsibility payment is also capped at the cost of the national average premium for bronze level health plans available through the Marketplace that would cover everyone in your family who does not have minimum essential coverage and does not qualify for an exemption – for example, \$12,240 for a family of five. However this maximum fee will only impact the small number of high-income taxpayers who choose to go without health insurance. The payment amount is based on each individual's personal circumstances, and information about figuring the payment can be found on our '[Calculating the Payment](#)' page on IRS.gov/aca.

Example of Payment Calculation

Eduardo and Julia are married and have two children under age 18. No family member has minimum essential coverage for any month during 2014, and no family member qualifies for an exemption. For 2014, their household income is \$70,000 and their tax return filing threshold amount is \$20,300.

- Using the household income formula: Subtract the tax return filing threshold amount for 2014 from the 2014 household income, then multiply the answer by one percent (0.01).

$$\$70,000 - \$20,300 = \$49,700$$
 One percent of \$49,700 equals **\$497.00**.
- Using the flat dollar amount formula: Add \$95 per adult for Eduardo and Julia to \$47.50 per child – for their two children.

$$\$95.00 + \$95.00 + \$47.50 + \$47.50 = \mathbf{\$285.00}$$

Eduardo and Julia's shared responsibility payment for the year for 2014 is **\$497**. That's because the household income formula amount of \$497 is greater than flat dollar formula amount of \$285, and it is less than the \$9,792 annual national average premium for bronze level coverage for a family of four in 2014. More examples can be found on IRS.gov/aca.

More Information

Find out more about the tax-related provisions of the health care law at IRS.gov/aca.

Find out more about the health care law at HealthCare.gov.

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