



HCTT 2016-16: Obtaining and Claiming a Health Coverage Exemption

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Obtaining and Claiming a Health Coverage Exemption

The [Affordable Care Act](#) requires you and each member of your family to have [minimum essential](#) coverage, qualify for an insurance coverage exemption, or make an individual shared responsibility payment for months without coverage or an exemption when you file your federal income tax return.

You, your spouse or your dependents may be eligible to claim an exemption from the requirement to have coverage and are not required to make a payment. .For any month that you do not qualify for a coverage exemption, you will need to have minimum essential coverage or make a shared responsibility payment.

You can claim most exemptions when you file your tax return. However, you must apply for certain exemptions in advance through the Health Insurance Marketplace, You [may be exempt](#) if:

- The minimum amount you must pay for the annual premiums is more than 8.05 percent of your household income

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You have a gap in coverage that is less than three consecutive months

- You qualify for an exemption for one of several other reasons, including having a hardship that prevents you from obtaining coverage, or belonging to a group explicitly exempt from the requirement

Claiming an exemption when you file

You will claim or report coverage exemptions on [Form 8965](#), Health Coverage Exemptions, and attach it to Form 1040, Form 1040A, or Form 1040EZ. You can file each of these forms [electronically](#).

If your income is below your filing threshold and you are not required to file a tax return, you are eligible for an automatic exemption and you do not have to file a tax return to claim it. You do not need to file a return solely to report your coverage or to claim a coverage exemption.

However, if you choose to file a tax return, you will use Part II, Coverage Exemptions for Your Household Claimed on Your Return, of Form 8965 to claim a health coverage exemption. You should not make an individual shared responsibility payment if you qualify for this exemption because your income is below the filing threshold.

You can claim other IRS-granted coverage exemptions on your tax return using Part III, Coverage Exemptions for Individuals Claimed on Your Return, of Form 8965. For a coverage exemption that you qualify to claim on your tax return, all you need to do is file Form 8965 with your tax return. You do not need to contact the IRS to obtain an exemption in advance.

Reporting Marketplace granted exemptions

If you are granted a coverage exemption from the Marketplace, they will send you a notice with your unique Exemption Certificate Number or ECN. You will enter your ECN in Part I, Marketplace-Granted Coverage Exemptions for Individuals, of Form 8965 in Column C.

If the Marketplace hasn't processed your exemption application before you file your tax return, complete Part I of Form 8965 and enter "pending" in Column C for each person listed. If you can claim the exemption on your return, you do not need an ECN from the Marketplace.

Filing Electronically

Taxpayers and their tax professionals should consider filing returns electronically. Using tax preparation software is the best and simplest way to file a complete and accurate tax return as it guides individuals and tax preparers through the process and does all the math. There are a variety of electronic filing options, including free [volunteer assistance](#), [IRS Free File](#) for taxpayers who qualify, [commercial software](#), and [professional assistance](#).

More Information

[Form 8965](#), Health Coverage Exemptions

For more information about the Affordable Care Act and filing your 2015 income tax return, visit [IRS.gov/aca](#).

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