

## Tax Reporting and the Affordable Care Act

In response to The Affordable Care Act, the 2014 tax law requires that taxpayers document the status of their health care coverage, and that of each member of their family, on their income tax return.

Taxpayers must show that they had [qualifying health insurance coverage](#) (also known as minimum essential coverage) for each month of the year, or that they qualify for one or more exemptions. Otherwise, taxpayers must make an individual shared responsibility payment when filing their federal income tax return.

Qualifying health insurance coverage includes most employer-sponsored plans, individual health coverage (including health insurance purchased through the Marketplace), and coverage under government-sponsored programs such as Medicaid or Medicare.

Eligible taxpayers claiming an [exemption](#) from health insurance coverage must complete IRS Form 8965, Health Coverage Exemptions. Most exemptions can be obtained from the IRS when filing a return.

Taxpayers who are not eligible for an exemption and who choose not to carry coverage must make an [individual shared responsibility payment](#) with their return. For 2014, the amount is the greater of:

- 1 percent of your household income that is above the tax return filing threshold for your filing status

- OR -

- A flat dollar amount per family, which is \$95 per adult and \$47.50 per child, limited to a family maximum of \$285.

The individual shared responsibility payment is capped at the national average premium for a bronze level health plan through the Marketplace. This average ranges from \$2,448 per individual up to \$12,240 for a family of five or more.

Taxpayers who purchased coverage through the Marketplace should receive Form 1095-A, Health Insurance Marketplace Statement, in early February. This form contains information needed to complete a tax return. For more information about the Affordable Care Act, visit [www.IRS.gov/aca](http://www.IRS.gov/aca).