Appendix: Affordable Care Act (ACA) Exercises



Instructions

The purpose of the following examples is to give volunteers an opportunity to practice completing forms and worksheets associated with the Affordable Care Act (ACA) tax provisions. Adequate information is provided to prepare simple tax returns with various health insurance coverage scenarios that you may encounter. Following each scenario are screen shots from the tax preparation software that will allow you to check your work. Note: All TaxWise screen shots in the results section are from tax year 2014, but are updated with 2015 amounts.

Reminders

- All taxpayer names, addresses and Social Security numbers provided in the scenarios are fictitious.
- When entering Social Security numbers (SSNs), replace the Xs with your unique User ID (in Practice Lab) or, if using other forms of the software, replace the Xs as directed.
- Complete tax return information is not provided. For the purposes of these exercises, you can ignore the red marks in the practice tax returns.
- Use your city, state, and ZIP code when completing any forms, unless the notes state otherwise.
- For the purposes of the premium tax credit calculations on Form 8962, use "Other 48 states and DC" so your calculations will match the provided answers.
- For all scenarios, assume that the identity and Social Security cards were checked for all individuals on the intake sheet.

Example 1 – Taxpayer with Partial Year Minimum Essential Coverage (MEC) and Coverage Exemption

Interview Notes

- Greg Clayton is single with no dependents. No one can claim him as a dependent.
- His SSN is 621-XX-XXXX
- Greg started a new job on March 15 and was immediately eligible for, and enrolled in, his employersponsored health care coverage. The employer withholds Greg's share of the insurance premium pretax from his paycheck each week.
- · Greg was uninsured for January and February of the tax year.
- Greg's W-2 shows the following:
 - Box 1 = \$38,000
 - Box 2 = \$3,800
 - Box 12 = \$3,640 with code DD

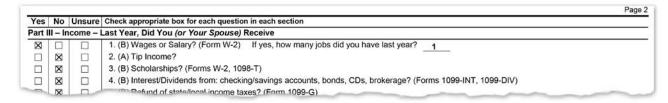
Directions

Review the interview notes, complete the volunteer sections of the intake sheet, and start a new return using Practice Lab or TaxWise software. Complete the Main Info sheet, and any Forms W-2 using the information provided in the interview notes and intake sheet excerpts. Allow TaxWise to calculate all other entries for the Form W-2. Then complete the following steps:

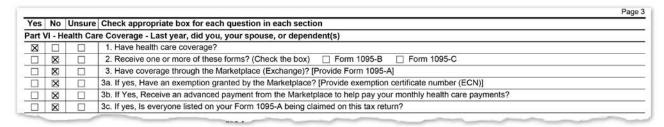
- 1. Complete Affordable Care Act Worksheet (1040 ACA Wkt)
- 2. Complete Form 8965
- 3. Compare your result to the screen shots on the following pages

Form 13614-C (October 2015)	li	ntake	Department of the Trease/Interview &			She	eet			Number 15-1964
You will need: Tax Information such as Social security cards or Picture ID (such as valid	ITIN letters for all pe	rsons o		• You	plete and accurate	the info	information on your			
Part I - Your Personal Inform	nation	0					.77	,		
Your first name GREG		M.I.	Last name CLAYTON				Telephone number YOUR PHONE #	Are you a ☑ Yes	U.S.	citizen? ☐ No
Your spouse's first name		M.I.	Last name				Telephone number	ls your sp ☐ Yes	ouse	a U.S. citizen′ □ No
3. Mailing address 55 CONCORD COURT	:			Apt #	City YOUR CITY			State YS		ZIP code YOUR ZIP
4. Your Date of Birth 7/22/1987	5. Your job title SALES REP		6. Last ye b. Totally		e you: rmanently disabled		a. Full tim Yes ⊠ No c. Leg	e student gally blind	_	Yes ⊠ No Yes ⊠ No
7. Your spouse's Date of Birth	8. Your spouse's job	title	BF - 100	2059	your spouse: rmanently disabled		a. Full tim	e student gally blind		Yes ☐ No Yes ☐ No
10. Can anyone claim you or you	our spouse on their tax	return?	Yes ⊠ N	0	Unsure					
11. Have you or your spouse:	a. Been a	victim of	identity theft? Y	es	No b. Adop	ted a	child?	⊠ No		
Part II - Marital Status and	l Household Inform	ation								
As of December 31 of 2015, were you:	Single (Thi	a. Did	es registered domestion you live with your spo s your marriage recogn	use dur	ing any part of the la	st si		under stat Yes Yes	te law)	0
	Divorced		f final decree				A. F. F. St. St. St. St. St. St. St. St. St. St			

Greg's intake sheet, page 2 is below (all other entries on this page are marked "No"):



Greg's intake sheet, page 3:



Results - Approaching the ACA

Confirm with Greg the months that he had MEC, and indicate this on Part VI of his intake sheet:

	ntire Year Coverage	Entire Ye	same order as in Part II)
JFMAMJJASOND JFMAMJJASOND Employer Coverage			Taxpayer
JFMAMJJASOND JFMAMJJASOND Employer Cove			Spouse

Results - TaxWise ACA Worksheet

Greg's completed Affordable Care Act Worksheet (1040 ACA Wkt) is shown below. Remember that MEC coverage for one day during the month counts for the entire month. He is eligible for a short coverage gap exemption for January and February and has MEC for March through December. He will not be required to pay any shared responsibility payment. So, check only the "Exm" box.

year, check the box labeled "None" if the individual did not have minimum essential exemption for an individual, check the box the exemption, if any. If you received insur	individ cover in the	lual did age. If y column	not ha ou are labele	ve ins appled "E	urand lying f xm" a	ce all or an and or	year, exem nly che	or che ption (eck the	eck the or hav	e box e bee onths	for ea n gra that	ch m d nted a	onth the	at the	al	W.
	Full	None	Mkt	Exm	Jan	Feb	Mar	Арг	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
GREG CLAYTON Under age 18 at beginning of month	C	C	□▶	~												

Results - Form 8965 Part III

The software will open a Form 8965 in the forms tree. Complete Part III. Check the box for each month that the exemption applies.

Part III:	If you and / or a	mptions for Individu a member of yourtax nat the lines below m	household are	claim ir	ng an	exem								n.		
	a Nam e	b SSN	c Exemption type	d Full year	e Jan	f Feb	g Mar	h Apr	i May	j Jun	k Jul	I Aug	m Sep	n Oct	o Nov	p De
GREG	CLAYTON	621-XX-XXXX	<u>B</u>													

Greg's Form 1040, page 2 will not have the "Full-year coverage" box marked and will also not show an amount on the individual responsibility line.

60a	Household	employment taxes.	Schedule H	Ø 8			0
b	First-time ho	om ebuyer credit repa	ayment. Form	5405			0
61	Health care:	: individual respons	ibility		Full-year coverage	ge: 🗆	0
62	Taxes from		□Form	8959 🗌 Form	n 8960 🔲		
	UT.	0	MCA.	0	70145	0	

Example 2 - Coverage Exemptions

Interview Notes

- · Susan and Lee Parks are married and file a joint return.
- · They have two children, Elizabeth and Emilee, whom they claim as dependents on their return.
- · Susan's Form W-2 shows the following:
 - Box 1 = \$26,880
 - Box 2 = \$2,000
- · Lee's Form W-2 shows the following:
 - Box 1 = \$27,000
 - Box 2 is \$2,700
- Neither Susan, Lee, nor their children have any other income.
- · Their Social Security numbers are:

- Lee: 613-XX-XXXX

- Susan: 614-XX-XXXX

- Elizabeth: 615-XX-XXXX

- Emilee: 616-XX-XXXX

- · Lee's employer did not offer health insurance coverage for the tax year.
- Susan purchased self-only coverage under a plan offered by her employer. Susan's share of the premiums was \$3,120 for the year, which was deducted pre-tax from her salary.
- Susan had the option to purchase family coverage under an insurance plan offered by her employer
 which would have covered Susan, Lee, Elizabeth, and Emilee, at a cost of \$13,140. Susan and Lee
 could not afford this plan. Lee, Elizabeth and Emilee did not have health insurance coverage all year.

Directions

Review the interview notes, complete the volunteer sections of the intake sheet, and start a new return using Practice Lab or TaxWise software. Complete the Main Info sheet, and any Forms W-2 using the information provided in the interview notes and intake sheet excerpts. Allow TaxWise to calculate all other entries for the Form W-2, child tax credit, and EIC. Then complete the following steps:

- 1. Using the Affordability Worksheet from the Instructions for Form 8965, determine if Lee, Elizabeth, or Emilee can claim a coverage exemption
- 2. Complete Affordable Care Act Worksheet (1040 ACA Wkt)
- 3. Complete Form 8965
- 4. Compare your result to the screen shots on the following pages

Form 13614-C (October 2015)		In	take			sury - Interna Qualit		Service view S	neet			OMB N 1545-	
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Part I – Your Personal Inform	nation					17			-				
1, Your first name			-	PARKS	78				YOUR	ne numbe PHONE #	⊠ Ye		l No
2. Your spouse's first name SUSAN			M.I.	Last name					Telepho	ne numbe	⊠ Ye		No
B. Mailing address B7 HASTINGS BLVD							City OUR C	ITY			State YS		P code OUR ZIP
1. Your Date of Birth 06/01/1968	5. Your job CONSTRU				The state of the s	ear, were y		disabled [] Yes ⊠		time stude Legally blir		
7. Your spouse's Date of Birth	8. Your spo	ouse's job titl	е		9. Last ye	ear, was yo	our spou	se:		a. Full	time stude	nt 🗆 Y	es 🛛 No
Can anyone claim you or y		on their tax r	eturn?	☐ Yes	1000		Unsure	300	_ 103 Z	140 0.1	Logary Din	ю Ц.	2 2
Have you or your spouse:		a. Been a vio				_	No	b. Adopted	a child?	☐ Yes	⊠ No	è	
Part II - Marital Status and			_										
		egally Sepa	rated	final decre Date of s spouse's	eparate m	naintenanc	e agreer	ment		reside (1.76)			
List the names below of: • everyone who lived with you • anyone you supported but				our spous	9) /	10		If add				ere 🗌 and li	202
Name (<i>first, last</i>) Do not enter your name or spouse's name below		Relationship to you (for example: son, daughter, parent, none, etc)	Number months lived in your ho last year	Citizen (yes/no	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/15 (S/M)	Full-time Student last year (yes/no)		Is this person a qualifying child/relative of any other person?	Did this person provide more than 50% of his/ her own	Did this person have less than \$4,000 of income? (yes/no)	support for this person?	Did the taxpayer(s) pay more th half the cos maintaining home for th
	9538	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(yes/no)	support? (yes/no)		(yes/no/N/A)	person? (yes/no)
(a)	(b)		R 12	YES	YES	S	YES	NO	7				
		DAUGHTE				_						1	
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LIZABETH PARKS	03/02/2012 09/07/2007	DAUGHTE	R 12			S	YES		s page	are ma	arked "	No"):	
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Results - Exemptions; Insurance is Unaffordable

Complete the volunteer section on page 1 of the intake sheet:

 anyone you supported but 	t did not live	with you last y	/ear	1					To be co	mpleted b	oy a Certifi	ed Volunte	er Preparer
Name (first, last) Do not enter your name or spouse's name below	Date of Birth (mm/dd/yy)	Relationship to you (for example: son, daughter, parent, none, etc)		US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/15 (S/M)	Student last year	Totally and Permanently Disabled (yes/no)	Is this person a qualifying child/relative of any other person? (yes/no)	Did this person provide more than 50% of his/ her own support? (yes/no)		Did the taxpayer(s) provide more than 50% of support for this person? (yes/no/N/A)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
ELIZABETH PARKS	The second secon	DAUGHTER	The second second	YES	YES	S	YES	NO	NO	NO	YES	YES	YES
EMILEE PARKS	09/07/2007	DAUGHTER	12	YES	YES	s	YES	NO	NO	NO	YES	YES	YES
		ers are traine									ls.		o e

Susan had coverage all year so you do not need to determine if it was affordable. Next, determine if the coverage available to Lee, Elizabeth and Emilee is considered unaffordable.

For purposes of determining whether this coverage exemption applies, increase household income by the amount that Susan's wages were reduced to pay the premiums for employer-sponsored coverage (a salary reduction arrangement). (\$53,880 + \$3,120 = \$57,000)

The required contribution for Lee, Elizabeth, and Emilee is Susan's share of the cost for family coverage (\$13,140), which is more than 8.05% of their household income (\$57,000 x .0805 =\$4,589). As a result, Lee, Elizabeth, and Emilee are eligible for the exemption for unaffordable coverage for the tax year. Their Affordability Worksheet is completed below:

(A) Affordability Threshold

Enter 8.05% of your household income (see <u>Household income</u>). For this purpose, increase household income by the amount of any premium that is paid through a salary reduction arrangement and excluded from gross income.

nt of any premium that is paid through a salary reduction arrangement and excluded from gross income.

(B) Required Contribution Amount

For each member of your tax household, enter in the columns provided the annual premium for the first option below that applies to that person. If the premium is the same for the whole year, enter the same value for each month. If the premiums covers only part of the year, use the Annualized Premium Worksheet to determine what the annualized premium would be for each month.

\$4589

Options (use the first that applies to each member of your tax household, including you, for each month):

- 1. The lowest cost self-only policy offered to each member of your tax household by his or her employer.
- 2. The lowest cost family policy* offered by your employer or your spouse's employer (if you are filing a joint return).
- 3. The amount from the Marketplace Coverage Affordability Worksheet.

For each individual, coverage is unaffordable and the individual is exempt if (B), the Required Contribution Amount, is greater than (A), the Affordability Threshold.

Members of your tax household (enter one name per column):	Lee	Elizabeth	Emilee		
Premium for:	20		- A	-	
January	13,140	13,140	13,140		
February	13,140	13,140	13,140		
March	13,140	13,140	13,140		
April	13,140	13,140	13,140		
May	13,140	13,140	13,140		
June	13,140	13,140	13,140		
July	13,140	13,140	13,140		Č.
August	13,140	13,140	13,140		
September	13,140	13,140	13,140		38
October	13,140	13,140	13,140		
November	13,140	13,140	13,140		, s.
December	13,140	13,140	13,140		

*The policy must cover everyone in your tax household:

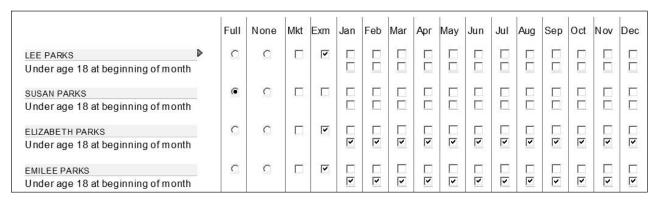
- for whom a personal exemption deduction is claimed on your tax return,
- who is not eligible for employer coverage, and
- who does not qualify for another coverage exemption.

After you determine that the taxpayers are eligible for a coverage exemption, complete the volunteer section of the Part VI on the intake sheet:

Name (List dependents in the same order as in Part II)	Coverage Entire Year	No Coverage	Part Year Coverage (circle months with coverage)	Exemption(circle months exemption applies)	Notes
Taxpayer		×	JFMAMJJASOND	Į F M A M Į Į A S O N D	
Spouse	×			JFMAMJJASOND	
Dependent		×	JFMAMJJASOND	J F M A M J J A S Q N D	ELIZABETH
Dependent		×	JFMAMJJASOND	J F M A M J J A S O N D	EMILEE
Dependent				JFMAMJJASOND	

Results - TaxWise ACA Worksheet

Susan and Lee's completed Affordable Care Act Worksheet (1040 ACA Wkt) is shown below. Because Susan had minimum essential coverage all year, check the "Full" box. Because Lee, Elizabeth and Emilee are able to claim a coverage exemption, check only the "Exm" box. The boxes that indicate Elizabeth and Emilee are under age 18 are a calculated entry in Practice Lab and populate automatically.



Results - Form 8965 Part III

Complete Form 8965 Part III to claim coverage exemptions for Lee, Elizabeth and Emilee on the tax return.

Part III: Coverage Exemptions for Individuals Claimed on Your Return If you and / or a member of your tax household are claiming an exemption on your return, complete Part III. a	Pa	rt II: Coverage Exem	ptions for Your Ho	usehold Claim	ed on Y	our R	eturn										
If you and / or a member of your tax household are claiming an exemption on your return, complete Part III. a									-	0.0000		E S			-		® No ® No
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8 LEE PARKS 613-XX-XXXX A F C C C C C C C C C C C C C C C C C C		7	00.017.000		Full	1577	f Feb	_	4.332	i Nov	j Jun	0.000		10000		o Nov	p Dec
9 EUZABETH PARKS 615-XX-XXXX A F C C C C C C C	8	LEE PARKS	613-XX-XXXX	A	V		E		С	П		п	E				
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The "Full-year coverage" box is not checked.

		Security across	_	
61	Health care: individual responsibility	Full-year coverage:		0

In this case, each member of the tax household had either coverage or a coverage exemption for each month so there is no individual shared responsibility payment required.

Example 3 - Shared Responsibility Payment

Interview Notes

- Edward and Julia Fulton are married and file a joint return. Their SSNs are:
 - Edward 617-XX-XXXX
 - Julia 618-XX-XXXX
- The Fultons have a dependent son, Sam. Sam worked part-time and earned enough that he was required to file a tax return this year. Sam's MAGI is \$6,900. Sam's SSN is 619-XX-XXXX.
- Julia and Edward did not have minimum essential coverage for any month during the tax year and they do not qualify for a coverage exemption. Sam was covered all year by a government-sponsored Children's Health Plan.
- Edward's Form W-2 shows:
 - Box 1 = \$40,000
 - Box 2 = \$5,000
- Julia's W-2 shows:
 - Box 1 = \$17,000
 - Box 2 = \$0
- · Edward and Julia had no other income.

Directions

Review the interview notes, complete the volunteer sections of the intake sheet, and start a new return using Practice Lab or TaxWise software. Complete the Main Info sheet, and any Forms W-2 using the information provided in the interview notes and intake sheet excerpts. Allow TaxWise to calculate all other entries for the Form W-2, child tax credit, and EIC. Then complete the following steps:

- 1. Complete Affordable Care Act Worksheet (1040 ACA Wkt)
- 2. Compare your result to the screen shots on the following pages

MANAGER December of Birth Divorced Date of final decree Divorced Date of separate maintenance agreement Widowed Year of spouse's death Single or spouse's name below of: - everyone who lived with you last year (other than you or your spouse) Divorced Date of firsh (yes/ho) Divorced Date of spouse's name below Divorced Date of firsh (yes/ho) Divorced Date of spouse's name below Divorced Date of spouse's Date of spouse's Divorced Date of spouse's Date of spouse's Divorced Date of spouse's Date of spouse's Date of spouse's Divorced Date of spouse's Divorced Date of spouse's Date of spouse's Divorced Date o	Form 13614-C (October 2015)		In				oury - Internal		service view SI	neet			OMB N 1545	
1. Your first name M.I. Last name FULTON Telephone number Wildow Ves No No No No No No No N	 Tax Information such as Social security cards or Picture ID (such as valid) 	ITIN letters driver's lic	for all per	sons on			You ar comple	e respon	nsible for th accurate in	ne informa formation.	tion on yo			
EDWARD Canading address Strict name Struction	Part I - Your Personal Informa	ation					ii.					2001		
3. Mailing address 456 STONEHILL RD 4. Your Date of Birth 6. Last year, were you: 6. D. Totally and permanently disabled Yes No C. Legally blind Yes No No No No No No No N						1								
4. Your Date of Birth O6/01/1978						1				Telepho	ne numbe			
MANAGER D. Totally and permanently disabled Yes No C. Legally blind Yes No No No No No No No N			1.5			_			TY					
Otally and permanently disabled Yes No C. Legally blind Yes No									disabled []Yes ⊠			22	
11. Have you or your spouse: a. Been a victim of identity theft?								74II / III] Yes ⊠				-
Part II – Marital Status and Household Information 1. As of December 31 of 2015, were you: Single (This includes registered domestic partnerships, civil unions, or other formal relationships under state law)	10. Can anyone claim you or yo	ur spouse o	on their tax	return?	☐ Yes	⊠ N	lo 🗆	Unsure	1					
1. As of December 31 of 2015, were you: Married a. Did you live with your spouse during any part of the last six months of 2015? X Yes No	11. Have you or your spouse:		a. Been a vi	ctim of id	entity thef	t? 🗆 Y	es 🛛	No	b. Adopted	a child?	☐ Yes	⊠ No		
were you: Married a. Did you live with your spouse during any part of the last six months of 2015? X Yes No Unsured Divorced Date of final decree Divorced Date of final decree Date of separated Date of separate maintenance agreement Divorced Date of separated Date of separate maintenance agreement Date of separate maintenance agreem	Part II - Marital Status and	Househol	d Informa	tion					7					
- everyone who lived with you last year (other than you or your spouse) - anyone you supported but did not live with you last year Name (first, last) Do not enter your name or spouse's name below Date of Birth (mm/dd/yy) Date of Birth (mm/dd/yy) Permanents on daughter, parent, none, etc) Did the provide nore than of any other person of mexico (yes/no) Did the person of mexico (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of movide nore than solved in the person of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the person of nore than \$4,000 than 50% of this person? (yes/no) Did the than 50% of this person		□ L	Married Divorced Legally Sepa	a. Did yo b. Was y Date of fi arated	u live with our marria nal decre Date of se	your spo age recog e eparate m	use during	any par er the law	t of the last vs of the sta	six months	of 2015?	⊠ Ye	es 🗆 No	☐ Unsure
name or spouse's name below (mm/dd/yy) you (for example: son, lived in your home parent, none, etc) (a) (b) (c) (d) (e) (d) (e) (f) (iiizen of US, Canada, or (12/31/15) Canada, or (12/3	· everyone who lived with yo				ur spouse)	10		If add					
	name or spouse's name below	(mm/dd/yy)	you (for example: son daughter, parent, none, etc)	months lived in your hon last year	Citizen (yes/no)	of US, Canada, or Mexico last year (yes/no)	Married as of 12/31/15 (S/M)	Student last year (yes/no)	Permanently Disabled (yes/no)	person a qualifying child/relative of any other person?	person provide more than 50% of his/ her own support?	person have less than \$4,000 of income?	taxpayer(s) provide more than 50% of support for this person?	taxpayer(s) pay more than half the cost of maintaining a home for this person?
	The state of the s										(yes/no)			(yes/no)

All other entries on page 2 of the intake sheet are marked "No."

			Page 2
Yes	No	Unsure	Check appropriate box for each question in each section
Part I	II – In	come -	Last Year, Did You (or Your Spouse) Receive
×			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 2
	×		2. (A) Tip Income?
	×		3. (B) Scholarships? (Forms W-2, 1098-T)
	×		4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
-	X		Perfund of state/local income taxes? (Form 1099-G)
			r age o
Yes	No	Unsure	Check appropriate box for each question in each section
Part \	VI - He	ealth Car	e Coverage - Last year, did you, your spouse, or dependent(s)
	X		1. Have health care coverage?
	×		2. Receive one or more of these forms? (Check the box)
	×		Have coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
			3a. If yes, Have an exemption granted by the Marketplace? [Provide exemption certificate number (ECN)]

Results – Approaching the ACA

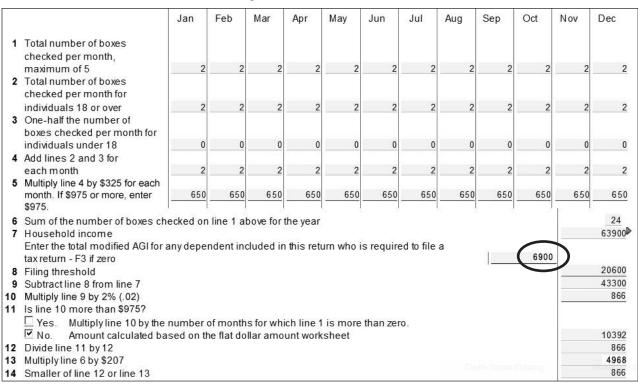
Complete the volunteer section of Part VI of Edward and Julia's intake sheet:

Name (List dependents in the same order as in Part II)	Coverage Entire Year	No Coverage	Part Year Coverage (circle months with coverage)	Exemption(circle months exemption applies)	Notes
Taxpayer		×	JFMAMJJASOND	JFMAMJJASOND	
Spouse		×	JFMAMJJASOND	JFMAMJJASOND	
Dependent	×		JFMAMJJASOND	JFMAMJJASOND	Gov't-CHP
Dependent			JFMAMJJASOND	JFMAMJJASOND	
andent			JEMAMJJASOND	J F M A M J I A S O N D	

Edward and Julia's completed 1040 ACA Wkt is shown below. Neither spouse had minimum essential coverage for any month, so you must check the "None" box for both taxpayer and spouse. Sam had full coverage all year, so you must check the "Full" box for him. The boxes that indicate Sam is under age 18 are a calculated entry and populate automatically.

	Full	None	Mkt	Exm	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Edward Fulton	C	•								Ē	Ē			Ē		
Under age 18 at beginning of month								100	L					1		
Julia Fulton	C	•									П					
Under age 18 at beginning of month										Д						
Sam Fulton	(0			Г	П	П			П	П	Г		П	П	
Under age 18 at beginning of month					굣	V	✓	~	✓		✓		₽	V	V	~

Because Sam's income exceeded the filing threshold, his MAGI is included on line 7.



The shared responsibility payment calculated above will carry over to Edward and Julia's Form 1040, page 2, shown below:

60a	Household e	employment taxes.	Schedule H				_	0
b	First-time ho	mebuyer credit rep	ayment. Forr	n 5405				0
61	Health care:	individual respons	sibility		Full-year cov	erage:		866
62	Taxes from		☐ Forn	n 8959 🗌 For	m 8960 🔲			
	HT.	0	MCA.	0	ZOME.		0	

Because Edward and Julia did not have MEC and did not have a coverage exemption, they must make an individual shared responsibility payment (SRP). This amount will decrease their refund or increase their balance due.

As you discuss the SRP with Edward and Julia, they mention that they looked into purchasing coverage through the Marketplace but felt that the premiums were too expensive. You explain that if their out-of-pocket costs for Marketplace coverage is more than a certain percentage of their income, they would be eligible for an exemption from the SRP. You'll need to complete a worksheet to see if they are eligible. This will be covered in the next example.

Example 4 - Affordability Exemptions - Marketplace Coverage

For this scenario, use the return you prepared in Example 3.

As you discuss the SRP with Edward and Julia, they mention that they looked into purchasing coverage through the Marketplace but felt that the premiums were too expensive. You explain that if their out-of-pocket costs for Marketplace coverage is more than a certain percentage of their income, they would be eligible for an exemption from the SRP.

Directions

Complete the worksheets in the Form 8965 Instructions to see if Edward and Julia would qualify for the affordability exemption. Edward and Julia were not offered insurance coverage through their employers, so you'll need to complete two, the Affordability Worksheet and the Marketplace Coverage Affordability Worksheet.

Results - Insurance is Unaffordable

Complete the top of the Affordability Worksheet to determine the Affordability Threshold of the Household Income (including the MAGI for a dependent, such as Sam, whose income was exceeds the filing threshold). The calculation is: $$63,900 \times .0805$ (affordability threshold for 2015) = \$5,144.

Affordability Worksheet

Use this worksheet to determine whether coverage for each individual in your tax household is unaffordable. If you or another member of your tax household is not eligible for employer-sponsored coverage, use the <u>Marketplace Coverage Affordability Worksheet</u> to figure the required contribution for that individual. An individual is exempt for any month in which (B), the Required Contribution, is more than (A), the Affordability Threshold.

(A) Affordability Threshold

Enter 8.05% of your household income (see <u>Household income</u>). For this purpose, increase household income by the amount of any premium that is paid through a salary reduction arrangement and excluded from gross income.

5144

Visit www.healthcare.gov

- Remember to use their ages at the start of the tax year, since the first month they did not have coverage was January.
- Assume they live in zip code 31405 (Chatham County, GA) and do not use tobacco.
- Look up the lowest cost bronze plan for Edward, Julia and Sam. For this example, Sam is included in the
 calculation for the lowest cost bronze plan since he does not have an offer of employer coverage. Enter
 this amount on line 1 of the worksheet.
- Then look up the second lowest cost silver plan (SCLSP) for Edward and Julia. Do not include Sam in this quote because he has government-sponsored coverage. Enter this figure on line 10.

Marketplace Coverage Affordability Worksheet

Use this worksheet to figure an individual's required contribution for any month in which the individual is not eligible for employer-sponsored coverage. Complete a separate worksheet for each part of the year in which either the individual resided in different geographic rating areas served by the Marketplace or for which the number of people in your tax household who are neither exempt nor eligible for employer-sponsored coverage was different.

910	Do not complete this worksheet unless you were instructed to do so in the Affordability Worksheet.	
1.	Enter the monthly premium for the lowest cost bronze plan that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption for the month. To find the lowest cost bronze plan go to the Marketplace for your area	468
2.	Enter your household income (see <u>Household income</u>)	63900
3.	Enter the total of all nontaxable social security benefits received by you, your spouse, and each claimed dependent who must file a tax return*	0
4.	Add lines 2 and 3	63900
5.	Enter the federal poverty line for the number of individuals in your tax household less any dependents not claimed. See the instructions for Form 8962, line 4	19790
6.	Divide line 4 by line 5. If the result (without rounding) is less than 1.0 or more than 4.0, skip lines 7 though 10 and enter -0-on line 11.	3.23
7.	Multiply line 6 by 100 and round to the nearest whole number. Enter the applicable figure for the result from the table in the instructions for Form 8962, line 7	.0956
8.	Multiply line 4 by line 7	6109
9.	Divide line 8 by 12.0	509
10.	Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for minimum essential coverage (other than coverage in the individual market), and who does not qualify for another coverage exemption for the month. To find the second lowest cost silver plan go the Marketplace for your area	457
11.	Subtract line 9 from line 10	0
12.	Subtract line 11 from line 1. If zero or less, enter -0 This is the individual's required contribution for the month	468
13.	Is the individual eligible for this coverage for every month of the year?	
	Yes. Multiply line 12 by 12.0. This is the annualized premium. Enter this amount in the space for every month on the Affordability Worksheet	5616
	No. Use the Annualized Premium Worksheet to determine what the annualized premium would be for each month the individual was eligible for the coverage being tested. Enter the annualized premium in the space for the appropriate months on the Affordability Worksheet	

Compare the annualized premium from line 13 of the Marketplace Coverage Affordability Worksheet to the Affordability Threshold. Because the annualized premium is higher than the 8.05% threshold, both Edward and Julia can claim the Code A exemption for affordability for all 12 months of the year.

On the Fulton's TaxWise ACA Worksheet, check "Exm" for Edward and Julia. Check "Full" for Sam, as he was enrolled in government-sponsored coverage all year. No SRP should be calculated on the lower part of the ACA Worksheet.

	Full	None	Mkt	Exm	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Edward Fulton Under age 18 at beginning of month	С	С		┍												
Julia Fulton Under age 18 at beginning of month	C	С		┍					Е							
Sam Fulton Under age 18 at beginning of month	•	C			 V	 		□						[]		

Complete Part III of Form 8965 to show that both Edward and Julia are eligible for exemption type A for the full year.

Part III:	Coverage Exempti If you and / or a me Please note that th	mber of your tax	household are	claimin	g an e						•			n.		
	a Name	b SSN	c Exemption type	d Full year	e Jan	f Feb	g Mar	h Apr	i May	j Jun	k Jul	I Aug	m Sep	n Oct	o Nov	p Dec
8 Edward 9 Julia F	d Fulton fulton	617-XX-XXXX 618-XX-XXXX	<u>A</u> <u>A</u>	ママ												

In this case, Edward and Julia are able to claim exemption code A because marketplace coverage is considered unaffordable. They are not required to pay the \$866 SRP as calculated in example 3. A thorough interview with the taxpayer resulted in this outcome for the taxpayer.



Example 5 – Premium Tax Credit with Advance Credit Payments

Interview Notes

- Sheryl Graves has two children she claims as dependents, Trina and Travis, who live with her all year. She divorced in 2010. Sheryl pays all the costs of keeping up the home. Their SSNs are:
 - Sheryl 605-XX-XXXX
 - Trina 606-XX-XXXX
 - Travis 607-XX-XXXX
- Sheryl's mother, Monique Floyd, also lives with her. Sheryl provides over half of Monique's support and claims her as a dependent. Monique's SSN is 608-XX-XXXX. Her only income for the tax year is \$4,500 received from Social Security and she was covered by Medicare.
- Sheryl's Form W-2 shows:
 - Box 1 = \$36,429
 - Box 2 = \$1,026
- · Sheryl had no other income or deductions.
- Sheryl's employer does not offer health insurance coverage. She purchased minimum essential coverage for herself and her children through the Marketplace. They were covered for the entire year. Sheryl received the benefit of advance payments of the premium tax credit to help with the cost of her insurance premiums.

Directions

Review the interview notes, complete the volunteer sections of the intake sheet, and start a new return using Practice Lab or TaxWise software. Complete the Main Info sheet, and any Forms W-2 using the information provided in the interview notes and intake sheet excerpts. Allow TaxWise to calculate all other entries for the Form W-2, child tax credit, and EIC. Then complete the following steps:

- 1. Complete Affordable Care Act Worksheet (1040 ACA Wkt)
- 2. Complete Form 8965
- 3. Compare your result to the screen shots on the following pages

(October 2015)							al Revenue				1	2000000000	Number
		Int	ake/l	nterv	iew &	Quali	ity Re	view SI	neet			154	5-1964
You will need: • Tax Information such as Foundation such as Foundation such as ITI • Picture ID (such as valid displayed)	IN letters	for all pers	ons on y			You a comp	re respo	te pages 1 nsible for th accurate in estions, ple	ne informa formation.	tion on yo			
Part I - Your Personal Informati	tion				2225110								
Your first name SHERYL				ast name RAVES	9					ne numbe PHONE #	r Are yo	ou a U.S. c	itizen? □ No
Your spouse's first name			И.I. Li	ast name	9	d co			Telepho	one numbe	r Is you ☐ Ye		U.S. citizen? ☐ No
3. Mailing address 321 MARTIN ROAD						Apt #	City YOUR C	TY			State YS		ZIP code YOUR ZIP
	. Your job	title	1		6. Last ye	ear, were	you:			a. Full	time stude	nt 🗆	Yes 🛭 No
06/17/1979 C	CLERK				b. Totally	and pern	nanently o	disabled [Yes 🛛	No c.	Legally blir	nd 🗆	Yes 🛛 No
7. Your spouse's Date of Birth 8.	. Your spo	use's job titl	е		1.0	1000000	our spous] Yes □		time stude Legally blir		Yes ☐ No Yes ☐ No
								-					
10. Can anyone claim you or your	r spouse o	n their tax r	eturn?	☐ Yes	S 🖂 N	10 [Unsure	1					
		n their tax r					Unsure No	b. Adopted	l a child?	☐ Yes	⊠ No		
11. Have you or your spouse: Part II – Marital Status and H	a lousehole	d Informations (This information)	tim of ide ion ncludes r a. Did you	egistere	ft? \(\)	es 🛭 c partners	No ships, civi	unions, or	other forma	l relationsh of 2015?	nips under	state law)	
11. Have you or your spouse: Part II – Marital Status and H 1. As of December 31 of 2015, were you: 2. List the names below of:	a Household S S D M L S U V	i. Been a vid d Informat lingle (This in farried a lingle spanning	tim of ide ion ncludes r a. Did you b. Was yo Date of fir rated fear of sp	egistere live with our marri hal decre Date of s	d domestin your spoage recoge 4/27/20 eparate medeath	c partners ouse durin nized unc	No ships, civi ng any par der the lav	unions, or t of the last vs of the sta	other forma six months te(s) you a	I relationsh of 2015? re filing in?	nips under	es No) □ Unsur
List the names below of: everyone who lived with you I	a dousehold S S D L L U V	i. Been a vid d Informat lingle (This informated a lingle (This inform	tim of ide ion ncludes r a. Did you b. Was you Date of fir rated [/ear of sp	egistere live with our marri hal decre Date of s	d domestin your spoage recoge 4/27/20 eparate medeath	c partners ouse durin nized unc	No ships, civi ng any par der the lav	unions, or t of the last vs of the sta	other forma six months te(s) you a	I relationsh of 2015? re filing in?	nips under	es	Unsur □ Unsur
11. Have you or your spouse: Part II – Marital Status and H 1. As of December 31 of 2015, were you: 2. List the names below of: • everyone who lived with you I • anyone you supported but did Name (first, last) Do not enter your	a a dousehold S S S D N N S D D D N N N N N N N N N N	i. Been a vid d Informat lingle (This informated a lingle (This inform	tim of ide ion ncludes r a. Did you b. Was yo Date of fir rated [Year of sp ou or you year	egistere live with ur marri nal decre Date of s ouse's o Citizen (yes/no)	d domestin your spotage recogage recogage e4/27/20 eparate mideath	c partners use durin nized unc 110 laintenance Single or Married as of 12/31/1	No ships, civing any particle the laving any particle the laving agreem Full-time so Student	unions, or t of the last vs of the sta	other formassix months te(s) you all titional space To be collis this person a qualifying child/relative of any other person?	or elationsh of 2015? re filing in? re filing in? re filing in? Did this person provide more than 50% of his/her own	nips under	es No es No ere and ed Volunt Did the taxpayer(s) provide mor than 50% or support for this person?	list on page 3 eer Preparer Did the tax pay more that half the cost maintaining a home for this
11. Have you or your spouse: Part II – Marital Status and H 1. As of December 31 of 2015, were you: 2. List the names below of: • everyone who lived with you I • anyone you supported but did Name (first, last) Do not enter your name or spouse's name below (a)	a a dousehold S S S N N N N N N N N N N N N N N N N	i. Been a vice d Information of the information of	tim of ide ion ncludes r a. Did you b. Was yo Date of fir rated [fear of sp ou or you year Number of months lived in your hom last year (d)	egistere live with ur marri nal decre Date of s ouse's o Citizen (yes/no)	d domestin your spo age recog age recog eparate m death Resident of US. Canada, or Mexico last year	c partners use durin nized unc 110 laintenance Single or Married as of 12/31/1	ships, civing any parder the law	unions, or tof the last vs of the stanent If add Totally and Permanently Disabled	other forma six months te(s) you all itional space To be co is this person a qualifying child/relative of any other	of 2015? re filing in? re filing in? re is neede mpleted t Did this person provide more than 50% of his/	ips under Ye d check he y a Certif Did this person have less than \$4,000 of income?	es No es No ere and ed Volunt Did the taxpayer(s) provide mor than 50% of support for	list on page 3 eer Preparer Did the tax pay more that half the cost maintaining a home for this
11. Have you or your spouse: Part II – Marital Status and H 1. As of December 31 of 2015, were you: 2. List the names below of: • everyone who lived with you I • anyone you supported but did Name (first, last) Do not enter your name or spouse's name below (a)	a a dousehold S S S N N N N N N N N N N N N N N N N	a. Been a vid d Informat lingle (This i flarried a lingle (This i flar	tim of ide ion ncludes r a. Did you b. Was yo Date of fir rated [fear of sp ou or you year Number of months lived in your hom last year (d)	egistere I live with ur marri hal decre bate of s bouse's of US Citizen (yes/no	d domestin your spoage recogage recogage recogage recogarate in death Resident of US. Canada, or Mexico last year (yes/no) (f) YES	c partners use durin nized unc nized unc nized unc single or Married as of 12/31/1 (S/M) (g) S	Ships, civing any parder the law ce agreen Full-time student 1 last year (yes/no) (h) YES	unions, or t of the last vs of the stanent If add Totally and Permanently Disabled (yes/no)	other formassix months te(s) you all titional space To be collis this person a qualifying child/relative of any other person?	or 2015? re filing in? re is needed mpleted the person provide more than 50% of his/her own support?	ips under Ye d check he y a Certif Did this person have less than \$4,000 of income?	es No es No ere and ed Volunt Did the taxpayer(s) provide mor than 50% or support for this person?	list on page 3 eer Prepare Did the taxpayer(s) e pay more tha half the cost maintaining a home for this person?
11. Have you or your spouse: Part II – Marital Status and H 1. As of December 31 of 2015, were you: 2. List the names below of: • everyone who lived with you I • anyone you supported but did Name (first, last) Do not enter your name or spouse's name below (a) TRINA GRAVES 0.3	a a dousehold S S S N N N N N N N N N N N N N N N N	i. Been a vice d Information of the information of	tim of ide ion ncludes r a. Did you b. Was yo Date of fir rated [fear of sp ou or you year Number of months lived in your hom last year (d)	egistere i live with our marrinal decre Date of s ouse's our spouse of US Citizen (yes/no	d domestin your spoage recogage recogage recogage recogarate in death Resident of US. Canada, or Mexico last year (yes/no) (f)	c partners use durin nized unc nized unc nized unc ninized unc saintenand saintenand Single or Married as of 12/31/1 (S/M)	Ships, civing any parder the law ce agreen Full-time student last year (yes/no)	unions, or of the last vs of the standard of t	other formassix months te(s) you all titional space To be collis this person a qualifying child/relative of any other person?	or 2015? re filing in? re is needed mpleted the person provide more than 50% of his/her own support?	ips under Ye d check he y a Certif Did this person have less than \$4,000 of income?	es No es No ere and ed Volunt Did the taxpayer(s) provide mor than 50% or support for this person?	list on page 3 eer Prepare Did the taxpayer(s) e pay more tha half the cost maintaining a home for this person?

			Page 2
Yes	No	Unsure	Check appropriate box for each question in each section
Part I	III – In	ncome –	Last Year, Did You (or Your Spouse) Receive
\boxtimes			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year?
	×		2. (A) Tip Income?
	×		3. (B) Scholarships? (Forms W-2, 1098-T)
	×		4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
-	X		Perfund of state/local income taxes? (Form 1099-G)

Sheryl's intake sheet, page 3:

_			Check appropriate box for each question in each section	
irt \	/I - He	alth Ca	re Coverage - Last year, did you, your spouse, or dependent(s)	
XI.			Have health care coverage?	
	×		2. Receive one or more of these forms? (Check the box)	
			3. Have coverage through the Marketplace (Exchange)? [Provide Form 1095-A]	
]	X		3a. If yes, Have an exemption granted by the Marketplace? [Provide exemption certificate number (ECN)]	
0			3b. If Yes, Receive an advanced payment from the Marketplace to help pay your monthly health care payments?	
◁	П		3c. If yes, Is everyone listed on your Form 1095-A being claimed on this tax return?	

Form **1095-A**

Health Insurance Marketplace Statement

	VOID
--	------

OMB No. 1545-2232

2015

Department of the Treasury Internal Revenue Service ▶ Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a.

CORRECTED

		Labri						
 Marketplace identifier 	2 Marketplace-assigned policy number	oer 3 Policy issuer's name						
XXXXX	XXXXXX	XXXXXXXXXX						
4 Recipient's name		5 Recipient's SSN	6 Recipient's date of birth					
SHERYL GRAVES	3461	605-XX-XXXX	06/17/1979					
7 Recipient's spouse's name		8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth					
10 Policy start date	11 Policy termination date	12 Street address (including apartr	ment no.)					
01/01/2015	12/31/2015	321 MARTIN ROAD	4 /					
13 City or town	14 State or province	15 Country and ZIP or foreign post	tal code					
YOUR CITY	YOUR STATE	YOUR ZIP						

Part II Covered Individuals

A. Covered individual name	B. Covered individual SSN	C. Covered individual date of birth	D. Coverage start date	E. Coverage termination date
16 SHERYL GRAVES	605-XX-XXXX	06/17/1979	01/01/2015	12/31/2015
TRINA GRAVES	606-XX-XXXX	03/01/1999	01/01/2015	12/31/2015
18 TRAVIS GRAVES	607-XX-XXXX	12/25/2000	01/01/2015	12/31/2015
19				
20				

Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January	\$587.00	\$774.00	\$492.00
22 February	\$587.00	\$774.00	\$492.00
23 March	\$587.00	\$774.00	\$492.00
24 April	\$587.00	\$774.00	\$492.00
25 May	\$587.00	\$774.00	\$492.00
26 June	\$587.00	\$774.00	\$492.00
27 July	\$587.00	\$774.00	\$492.00
28 August	\$587.00	\$774.00	\$492.0
29 September	\$587.00	\$774.00	\$492.00
30 October	\$587.00	\$774.00	\$492.00
31 November	\$587.00	\$774.00	\$492.00
32 December	\$587.00	\$774.00	\$492.00
33 Annual Totals	\$7,044.00	\$9,288.00	\$5,904.00

Results - Approaching the ACA

Complete the volunteer section of Sheryl's intake sheet on page 1:

anyone you supported bu Name (first, last) Do not enter your name or spouse's name below		Relationship to you (for example: son, daughter, parent, none, etc)		Citizen (yes/no)	of US, Canada,	Single or Married as of 12/31/15 (S/M)			Is this person a qualifying child/relative of any other person? (yes/no)	Did this person provide more than 50% of his/ her own support?	Did this person have less than \$4,000	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no/N/A)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person?
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(yearno)	(yes/no)		(yes/nore/)	(yes/no)
TRINA GRAVES	03/01/1999	DAUGHTE	R 12	YES	YES	s	YES	NO	NO	NO	YES	YES	YES
TRAVIS GRAVES	12/25/2000	SON	12	YES	YES	s	YES	NO	NO	NO	YES	YES	YES
MONIQUE FLOYD	05/05/1944	MOTHER	12	YES	YES	s	NO	NO	NO	NO	YES	YES	YES
		ers are traine report unet									ls.	,	
Catalog Number 52121E					www.it	s.gov					For	m 13614-C	(Rev. 10-201

Complete Part VI of Sheryl's intake sheet after confirming her insurance coverage:

Name (List dependents in the same order as in Part II)	Coverage Entire Year	No Coverage	Part Year Coverage (circle months with coverage)	Exemption(circle months exemption applies)	Notes
Taxpayer employer coverage	×		JFMAMJJASOND	JFMAMJJASOND	
Spouse			JFMAMJJASOND	JFMAMJJASOND	
Dependent	×		JFMAMJJASOND	JFMAMJJASOND	TRINA
Dependent	×		JFMAMJJASOND	JFMAMJJASOND	TRAVIS
Dependent	×		J F M A M J J A S O N D	JFMAMJJASOND	MONIQUE
andent			JEMAMJJASOND	J F M A M J J A S O N D	

Sheryl's completed Affordable Care Act Worksheet (1040 ACA Wkt) is shown below. Because Sheryl, Trina, Travis all had minimum essential coverage all year purchased through the Marketplace, check both the "Full" and the "Mkt" box for each of them. Monique had minimum essential coverage that was not purchased through the Marketplace, so only the "Full" box is checked for her. The boxes that indicate Trina and Travis are under age 18 are a calculated entry in Practice Lab and populate automatically.

	Full	None	Mkt	Exm	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
SHERYL GRAVES Under age 18 at beginning of month	•	С	V													
Under age 18 at beginning of month	C	C		П			Е									
TRINA GRAVES Under age 18 at beginning of month	•	C	~	П	 		 		 				_ -		 	
TRAVIS GRAVES Under age 18 at beginning of month	•	C	~	П	 			~		 						
MONIQUE FLOYD Under age 18 at beginning of month	•	C		П												

The software will check the "Full-year coverage" box to indicate that everyone listed on the ACA worksheet had insurance all year.

60 a	Household employment taxes. Schedule H		0						
b	First-time homebuyer credit repayment. Form 5405								
61	Health care: individual responsibility Full-year coverage:	~	0						
62	Taxes from Form 8959 Form 8960								

There is no amount on the individual responsibility line because all members of the tax household had full year coverage.

Results – Premium Tax Credit Form 8962

You do not need to enter an amount on line 2b because none of Sheryl's dependents were required to file a return.

Pai	rt 1: Annual and Monthly Contribution Amount	
1	Familysize	4
2a		36429
b	Enter total of your dependents' modified AGI	0
3	Household income	36429
4	Federal poverty line - check the appropriate box for the state you resided in. If you moved during 2014 and you lived in Alaska and / or Hawaii, or if filing jointly and you and your spouse lived in different states, check all of the boxes that apply. The table that results in the highest income will be used.	
	☐ Alaska ☐ Hawaii ☑ Other 48 states and DC	23850
5	Household income as a percentage of Federal povertyline	153 %
6	Is the result on line 5 less than or equal to 400%? See instructions if result is less than 100%. ✓ Yes. Continue to line 7. ✓ No. You are not eligible to receive the PTC. If you received advance payment of PTC, skip lines 7 and 8 and go to line 9. If you did not receive any advance payment of PTC, stop here. If the percentage on line 5 is less than 100%, did the taxpayer	
	qualify for the PTC under the requirements in the instructions? \square Yes. \square No.	
7	Applicable figure from the table in the instructions	0.0416
8a	Annual contribution for health care - multiply line 3 by line 7	1515
b	Monthly contribution for health care - divide line 8a by 12	126

Part 2: Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium **Tax Credit** Did you share a policy with another taxpayer or get married during the year and want to use the alternative calculation? (see instructions) C Yes. Skip to Part 4, Share Policy Allocation, or Part 5, Alternative Calculation for Year of Marriage No. Continue to line 10. Do all Forms 1095-A for your tax household include coverage for January through December with no changes in monthly amounts shown in lines 21 - 32, columns A and B? Continue to line 11. Compute your annual PTC. Skip lines 12 - 23 and continue to line 24. ○ No. Continue to lines 12 - 23. Compute your monthly PTC and continue to line 24. **Annual Calculation** A Premium **B** Annual C Annual D Annual E Annual Annual contribution am ount premium maximum premium advance am ount of Form 1095-A am ount premium tax paymentof SLCSP Line 8A line 33A assistance credit PTC Form 1095-A allowed Form 1095-A line 33B line 33C 11 Annual 9288 7773 7044 totals 7044 1515 5904 22 Nov 0 0 0 0 0 0 0 0 0 0 23 Dec 0 0 24 7044 Total premium tax credit 25 Advance payment of PTC 5904 26 Net premium tax credit 1140 Column C of the 1095-A is Sheryl's total premium tax credit is greater than the entered in Column F of Form advance credit payments, so the additional credit amount 8962. carries to the Net premium tax credit line on her Form 1040, page 2. This amount will be added to her refund or decrease her balance due. AMARIANTAL OTHER MAN OFCOME. CONTOURNE OF IL 68 0 American opportunity credit. Form 8863 1140 69 Net premium tax credit. Form 8962 70 Amount paid with request for extension of time to file 0

Example 6 – Premium Tax Credit with Advance Payments for Part-Year Coverage

Interview Notes

- Charles and Shay Baldwin are married with two dependent children, Nathaniel and Karly, who live with them all year. Their SSNs are:
 - Charles 609-XX-XXXX
 - Shay 610-XX-XXXX
 - Nathaniel 611-XX-XXXX
 - Karly 612-XX-XXXX
- · Charles' Form W-2 shows:
 - Box 1 = \$33,500
 - Box 2 = \$1,820
- Shay's W-2 shows:
 - Box 1 = \$17,750
 - Box 2 = \$1,153
- Charles' and Shay's employers do not offer health insurance coverage. In early March, Charles enrolled
 in a plan through the Marketplace that covered him, Shay, and both children with an effective date of
 April 1. He selected the second lowest cost silver plan. They received the benefit of advance payments
 of the premium tax credit for their coverage. During the year, Charles received an unexpected raise in
 pay. They did not notify the Marketplace. The family has no other income or deductions.
- They received a marketplace exemption for January, February, and March.
 - Charles' ECN is A23BC4
 - Shay's ECN is A34BC5
 - Nathaniel's ECN is A45BC6
 - Karly's ECN is A56BC7

Directions

Review the interview notes, complete the volunteer sections of the intake sheet, and start a new return using Practice Lab or TaxWise software. Complete the Main Info sheet, and any Forms W-2 using the information provided in the interview notes and intake sheet excerpts. Allow TaxWise to calculate all other entries for the Form W-2, child tax credit, and EIC. Then complete the following steps:

- 1. Complete Affordable Care Act Worksheet (1040 ACA Wkt)
- 2. Complete Form 8965
- 3. Complete Form 8962
- 4. Compare your result to the screen shots on the following pages

(October 2015)		In		Department of the Treasury - Internal Revenue Service Interview & Quality Review Sheet								OMB Number 1545-1964		
You will need: • Tax Information such a: • Social security cards o: • Picture ID (such as valie	ITIN letters	for all pers	sons on y			You a comp	are respon	te pages 1- nsible for th accurate inf estions, ple	e informa ormation.	tion on yo				
Part I – Your Personal Inforn	nation					Tr.					7071			
Your first name CHARLES									☑ Ye	you a U.S. citizen? Yes				
2. Your spouse's first name SHAY				st name					Telepho	one numbe	ls you ⊠ Ye	your spouse a U.S. citizen? Yes ☐ No		
3. Mailing address 775 BANKS ST		11.7				Apt #	City YOUR CI	TY			State YS		IP code OUR ZIP	
 Your Date of Birth 12/03/1981 	title R SERVIC	E REP	- 1	6. Last ye b. Totally		you: nanently o	disabled [] Yes 🔀		time stude Legally blin				
7. Your spouse's Date of Birth 06/10/1985 8. Your spouse's job CASHIER			le		ARC		your spous] Yes ⊠		time stude Legally blin		_	
10. Can anyone claim you or y	our spouse o	n their tax	return?	☐ Yes	⊠ N	10	Unsure	-						
11. Have you or your spouse:		. Been a vi		ntity thef	t? 🗆 Y	'es [₫ No	b. Adopted	a child?	☐ Yes	No			
Part II – Marital Status and	l Househol	d Informa	tion											
were you:		ivorced egally Sepa	b. Was yo Date of fin	ur marria al decre ate of se	ge recog e eparate m	nized un		t of the last s			⊠ Ye	S COLUMN	☐ Unsu	
2 Liet the names below of:		ather then	S E	r ennuee	1.4	Di como		16 - 1-17	Manal anna	e is neede	d check he	ere 🗌 and li		
 List the names below of: everyone who lived with year 				Spouse	11	10	10	If addi	III					
 everyone who lived with year anyone you supported but 	did not live v	vith you last	year			L	Ω		To be co	mpleted b			er Prepare	
everyone who lived with ye anyone you supported but Name (first, last) Do not enter your name or spouse's name below	Date of Birth (mm/dd/yy)	vith you last Relationship I you (for example: son daughter, parent, none, etc)	Number of months lived in your home last year	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	227.22	Student 5 last year (yes/no)	Totally and Permanently Disabled (yes/no)	III	Did this person provide more than 50% of his/ her own support?	Did this person have less than \$4,000 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no/N/A)	Did the taxpayer(s) pay more tha half the cost maintaining a home for this person?	
everyone who lived with ye anyone you supported but Name (first, last) Do not enter your name or spouse's name below (a)	Date of Birth (mm/dd/yy)	vith you last Relationship t you (for example: son daughter, parent, none, etc) (c)	Number of months lived in your home last year	(US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Married a of 12/31/1 (S/M)	s Student 5 last year (yes/no)	Totally and Permanently Disabled (yes/no)	To be co is this person a qualifying child/relative of any other person?	Did this person provide more than 50% of his/ her own	Did this person have less than \$4,000 of income?	Did the taxpayer(s) provide more than 50% of support for this person?	taxpayer(s) pay more that half the cost of maintaining a home for this	
everyone who lived with ye anyone you supported but Name (first, last) Do not enter your name or spouse's name below	Date of Birth (mm/dd/yy)	vith you last Relationship tyou (for example: son daughter, parent, none, etc) (c) SON	Number of months lived in your home last year	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Married a of 12/31/1 (S/M)	Student 5 last year (yes/no)	Totally and Permanently Disabled (yes/no)	To be co is this person a qualifying child/relative of any other person?	Did this person provide more than 50% of his/ her own support?	Did this person have less than \$4,000 of income?	Did the taxpayer(s) provide more than 50% of support for this person?	Did the taxpayer(s) pay more tha half the cost maintaining a home for this person?	

			Page 2					
Yes	No	Unsure	Check appropriate box for each question in each section					
Part I	III – In	come -	Last Year, Did You (or Your Spouse) Receive					
×			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 2					
	×		2. (A) Tip Income?					
	×		3. (B) Scholarships? (Forms W-2, 1098-T)					
	×		4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)					
-	X		/Bt Refund of state/local income taxes? (Form 1099-G)					

Page 3 of the intake sheet:

es/	No	Unsure	Check appropriate box for each question in each section	
art '	VI - H	ealth Ca	rre Coverage - Last year, did you, your spouse, or dependent(s)	
X			Have health care coverage?	
	×		2. Receive one or more of these forms? (Check the box)	
X			3. Have coverage through the Marketplace (Exchange)? [Provide Form 1095-A]	
×			3a. If yes, Have an exemption granted by the Marketplace? [Provide exemption certificate number (ECN)]	
×			3b. If Yes, Receive an advanced payment from the Marketplace to help pay your monthly health care payments?	
×			3c. If yes, Is everyone listed on your Form 1095-A being claimed on this tax return?	

Form 1095-A

Health Insurance Marketplace Statement

ī	VOID
	VOID

OMB No. 1545-2232

2015

Department of the Treasury Internal Revenue Service

► Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a.

CORRECTED

Part I	Recipient	Information	

1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name	
XXXXX	XXXXX	XXXXXXXXXX	
4 Recipient's name		5 Recipient's SSN	6 Recipient's date of birth
CHARLES BALDWIN	3461	609-XX-XXXX	12/03/1981
7 Recipient's spouse's name		8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth
SHAY BALDWIN		610-XX-XXXX	06/10/1985
10 Policy start date	11 Policy termination date	12 Street address (including apartme	ent no.)
04/01/2015	12/31/2015	775 BANKS ST	
13 City or town	14 State or province	15 Country and ZIP or foreign postal	code
YOUR CITY	YOUR STATE	YOUR ZIP	

Part II Covered Individuals

A. Covered individual name	B. Covered individual SSN	C. Covered individual date of birth	D. Coverage start date	E. Coverage termination date
16 CHARLES BALDWIN	609-XX-XXXX	12/03/1981	04/01/2015	12/31/2015
SHAY BALDWIN	610-XX-XXXX	06/10/1985	04/01/2015	12/31/2015
18 NATHANIEL BALDWIN	611-XX-XXXX	04/04/2004	04/01/2015	12/31/2015
19 KARLY BALDWIN	612-XX-XXXX	04/29/2006	04/01/2015	12/31/2015
20				

Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January			
22 February			
23 March			
24 April	\$789.00	\$789.00	\$507.00
25 May	\$789.00	\$789.00	\$507.00
26 June	\$789.00	\$789.00	\$507.00
27 July	\$789.00	\$789.00	\$507.00
28 August	\$789.00	\$789.00	\$507.00
29 September	\$789.00	\$789.00	\$507.00
30 October	\$789.00	\$789.00	\$507.00
31 November	\$789.00	\$789.00	\$507.00
32 December	\$789.00	\$789.00	\$507.00
33 Annual Totals	\$7,101.00	\$7,101.00	\$4,563.00
	work Reduction Act Notice see senar	rate instructions Cat No. 60	7030 Form 1095-A (2015

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60703Q

Form **1095-A** (2015)

Results - Approaching the ACA

Complete the volunteer section of the Baldwins' intake sheet, Part II:

ala not nito i	with you last y	ear	11 .		I = D			To be co	mpleted t	y a Certifi	ed Voluntee	er Preparer
(mm/dd/yy)	you (for example: son, daughter, parent, none, etc)	months lived in your home last year	Citizen (yes/no)	of US, Canada, or Mexico last year (yes/no)		Student last year (yes/no)	Permanently Disabled (yes/no)	person a qualifying child/relative of any other	50% of his/ her own support?	of income?		Did the taxpayer(s) pay more that half the cost of maintaining a home for this person? (yes/no)
04/04/2004		12	YES	YES	S	YES	NO	NO	NO	YES	YES	YES
04/29/2006	DAUGHTER	12	YES	YES	s	YES	NO	NO	NO	YES	YES	YES
										ls.		
	(b) 04/04/2004 04/29/2006	(mm/dd/yy) you (for example: son, daughter, parent, none, etc) (b) (c) 04/04/2004 SON 04/29/2006 DAUGHTER	(mm/dd/yy) you (for example: son, daughter, parent, none, etc) (b) (c) (d) (dd) (04/04/2004 SON 12 04/29/2006 DAUGHTER 12		(mm/dd/yy) you (for example: son, lived in your home last year etc) (c) (d) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f)	(mm/dd/yy) you (for example: son, daughter, parent, none, etc) (c) (d) (e) (f) (g) 04/04/2004 SON 12 YES YES S 04/29/2006 DAUGHTER 12 YES YES S Volunteers are trained to provide high quality service a	(mm/dd/yy) you (for example: son, daughter, parent, none, etc) (c) (d) (e) (f) (g) (h) (h)	(mm/dd/yy) you (for example: son, daughter, parent, none, etc) (yes/no) (yes/no)	(mm/dd/yy) you (for example: son, daughter, parent, none, etc) (b) (c) (d) (e) (f) (g) (h) (ii) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (h) (i) (i) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (yes/no) (y	(mm/dd/yy) you (for example: son, daughter, parent, none, etc) (b) (c) (d) (e) (d) (e) (f) (g) (h) (i) (i) (yes/no) (yes/	(mm/dd/yy) you (for example: son, daughter, parent, none, etc) (d) (e) (f) (g) (h) (i) (i) (yes/no) (yes/no)	(mm/dd/yy) you (for example; son, daughter, parent, none, etc) (d) (e) (f) (g) (h) (i) (ii) (yes/no) (yes/no)

Complete the volunteer section of the Baldwins' intake sheet, Part VI:

Name (List dependents in the same order as in Part II)	Coverage Entire Year	No Coverage	Part Year Coverage (circle months with coverage)	Exemption(circle months exemption applies)	Notes
Taxpayer			JFMAMJJASOND	J F M A M J J A S O N D	
Spouse			J F M A M J J A S O N D	J F M A M J J A S O N D	
Dependent			JFMANJJASOND	J F M A M J J A S O N D	NATHANIEL
Dependent			J F M A M Į Į A Ş Q Ņ D	Į F M A M J J A S O N D	KARLY
Dependent				JFMAMJJASOND	,
endent		-	I F M A M J J A S O N O	IFMAMILASOND	

Charles and Shay's completed Affordable Care Act Worksheet (1040 ACA Wkt) is shown below. Because Charles, Shay, Nathaniel and Karly all had minimum essential coverage purchased through the Marketplace from April through December, and they qualify for an exemption for January, February and March, check both the "Mkt" and "Exm" boxes for each of them. Since there is no shared responsibility to calculate, do not check any other boxes. The boxes that indicate Nathaniel and Karly are under age 18 are a calculated entry in Practice Lab and populate automatically.

	Full	None	Mkt	Exm	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CHARLES BALDWN	0	C	~	~	П			П				П		П	П	П
Under age 18 at beginning of month																
SHAY BALDWIN	C	0	~	~	П	П	П			П			П			Г
Under age 18 at beginning of month					П											
NATHANIEL BALDWN	0	0	~	~					Г	П						Г
Under age 18 at beginning of month					V	✓	7	~	V	~	V	V	~	V	V	┍
KARLY BALDWIN	0	0	~	~							П					
Under age 18 at beginning of month					~	~	V	~	~	~	~	~	~	✓	~	~

Results - Exemptions, Form 8965

Each member of the family received a coverage exemption from the Marketplace for the months of January, February, and March. See Part I of the Baldwin's completed Form 8965:

하지 못하면 하다가 하다 하는 것이 그렇게 되었다면 하다 하는 것이 되었다. 그는 사람이 아니라 하나 없는 것이 되었다.	ons for Individuals old have an exemption granted by the Marketplace, h * are for e-filing only and will not be included on th	
a Name of individual	b SSN	c Exemption certificate number
1 CHARLES BALDWIN	609-XX-XXX	A23BC4
2 SHAY BALDWIN	610-XX-XXXX	A34BC5
3 NATHANIEL BALDWIN	611-XX-XXXX	A45BC6
KARLY BALDWIN	612-XX-XXXX	A56BC7
6		S

Results - Premium Tax Credit, Form 8962

See Parts 1, 2 and 3 of Charles and Shay's completed Form 8962 below.

Par	rt 1: Annual and Monthly Contribution Amount	
1	Familysize	40
15	Modified AGI	51250
	Enter total of your dependents' modified AGI	0
3	Household income	51250
4	Federal poverty line - check the appropriate box for the state you resided in. If	
	you moved during 2014 and you lived in Alaska and / or Hawaii, or if filing jointly	
	and you and your spouse lived in different states, check all of the boxes that apply.	
	The table that results in the highest income will be used.	
	☐ Alaska ☐ Hawaii ☐ Other 48 states and DC	23850
5	Household income as a percentage of Federal povertyline	215 %
6	Is the result on line 5 less than or equal to 400%? See instructions if result is	
	less than 100%.	
	Yes. Continue to line 7.	
	☐ No. You are not eligible to receive the PTC. If you received advance payment	
	of PTC, skip lines 7 and 8 and go to line 9. If you did not receive any	
	advance payment of PTC, stop here.	
	If the percentage on line 5 is less than 100%, did the taxpayer	
0-6	qualify for the PTC under the requirements in the instructions? \Box Yes. \Box No.	
7	Applicable figure from the table in the instructions	0.0687
	Annual contribution for health care - multiply line 3 by line 7	3521
b	Monthly contribution for health care - divide line 8a by 12	293
Par	rt 2: Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium	2
1 41	Tax Credit	3
9	Did you share a policy with another taxpayer or get married during the year and want to u	use the
	alternative calculation? (see instructions)	
	Yes. Skip to Part 4, Share Policy Allocation, or Part 5, Alternative Calculation for Y	∕ear
	of Marriage	
	No. Continue to line 10.	
10	Do all Forms 1095-A for your tax household include coverage for January through Decer	n ber with
	no changes in monthly amounts shown in lines 21 - 32, columns A and B?	
	Yes. Continue to line 11. Compute your annual PTC. Skip lines 12 - 23 and conti	
	No. Continue to lines 12 - 23. Compute your monthly PTC and continue to line 2	4.

	Monthly C	alculation		AL .	a e	į.	ų.
		A Monthly premium amount Form 1095-A lines 21 - 32, column A	B Monthly premium amount of SLCSP Form 1095-A lines 21 - 32, column B	C Monthly contribution amount Line 8B or alternative marriage contribution	D Monthly maximum premium assistance	E Monthly premium tax credit allowed	F Monthly advance payment of PTC Form 1095-A lines 21 - 32, column C
12	January	0	O	0	0	0	0
13	February	0	0	0	0	0	0
14	March	0	0	0	0	0	0
15	April	789	789	293	496	496	507
16	May	789	789	293	496	496	507
17	June	789	789	293	496	496	507
18	July	789	789	293	496	496	507
19	August	789	789	293	496	496	507
20	Sept	789	789	293	496	496	507
21	October	789	789	293	496	496	507
22	Nov	789	789	293	496	496	507
23	Dec	789	789	293	496	496	507
24	Total prem	ium tax credit					4464
25	X2 - 32	ayment of PTC					4563
26		um tax credit					0

Part 3 of Form 8962 reconciles advance premium tax credit payments.

Pa	nrt 3: Repayment of Advance Payment of the Premium Tax Credit	934
27	Excess advance payment of PTC	99
28	Repayment limitation	1500
29	Excess advance payment premium tax credit repayment	99

In this case, Charles failed to report an increase in pay to the Marketplace. This resulted in excess advance premium tax credit payments. This excess will decrease their refund or increase their balance due.

45	Alternative minimum tax. Attach Form 6251	0
46	Excess advance premium tax credit repayment. Form 8962	99

The "Full-year coverage" box is not checked.

61	Health care: individual responsibility	Full-year coverage:	0
	The state of the s		