

Answers

EXAMPLE 1A – ADAMS

1. How is the ACA Worksheet completed?

At the top of the ACA Worksheet, answer the first question (asking about Marketplace coverage) No and the second question (asking about exemption) No. Since everyone had coverage for every month of the year, mark the first bubble for each person to indicate that they had coverage or exemption for the entire year. It doesn't matter that Janey had multiple sources of coverage because she had coverage for at least one day of every month. Ava is considered to have had full-year coverage or exemption because she had coverage for the full months after her birth (October – December).

2. What is the amount on Form 1040, Line 61?

Line 61 should be blank. The box should be checked for full-year coverage.

3. Is it necessary to complete Form 8965? If so, which exemption is claimed and for whom?

No, it's not necessary to complete Form 8965 because everyone had coverage in every month in which they had a coverage requirement.

EXAMPLE 1B

4. How is the ACA Worksheet completed?

At the top of the ACA Worksheet, answer the first question (asking about Marketplace coverage) No and the second question (asking about exemption) No. For Fred and Sandy, mark the first bubble indicating that they had coverage or exemption for the entire year. For Janey, mark the second bubble to note that she had coverage/exemption in some months and a shared responsibility payment in other months. Then check the boxes beside January, February and March to indicate that an SRP applies in those months. (Based on the information given, she does not appear to be eligible for an exemption. Note that Janey does not qualify for the short coverage gap exemption (Code B) because her gap in coverage was not *less than* 3 months.) For Ava, mark the first bubble because she had coverage or exemption all year.

<u>JANEY ADAMS</u>	<input type="radio"/> Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year
	<input checked="" type="radio"/> Had minimum essential coverage and / or is applying for or was granted an exemption for part of the year
	<input type="radio"/> Did not have minimum essential coverage and is not claiming an exemption for any part of the year
Check the boxes for each month this person did not have minimum essential coverage and is NOT claiming an exemption on Form 8965	<input checked="" type="checkbox"/> January <input checked="" type="checkbox"/> February <input checked="" type="checkbox"/> March <input type="checkbox"/> April <input type="checkbox"/> May <input type="checkbox"/> June <input type="checkbox"/> July
	<input type="checkbox"/> August <input type="checkbox"/> September <input type="checkbox"/> October <input type="checkbox"/> November <input type="checkbox"/> December
<u>AVA ADAMS</u>	<input checked="" type="radio"/> Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year

5. What is the amount on Form 1040, Line 61?

Line 61 is \$122. This is 2% of income above the filing threshold for the three months Janey was uninsured. On Page 2 of the ACA Worksheet, do not add Janey's income on Line 7 because her income is below the tax filing threshold.

5 Multiply line 4 by \$325 for each month, maximum of \$975	325	325	325	0	0	0	0	0	0	0	0	0	0
6 Sum of the number of boxes checked on line 1 above for the year													3
7 Modified AGI for this return Enter the total modified AGI for any dependent included in this return who is required to file a tax return - F3 if zero Household income													45000
8 Filing threshold													20600
9 Subtract line 8 from line 7													24400
10 Multiply line 9 by 2%													488
11 Is line 10 more than \$975? <input type="checkbox"/> Yes. Multiply line 10 by the number of months for which line 1 is more than zero. <input checked="" type="checkbox"/> No. Amount calculated based on worksheet B													1464
12 Divide line 11 by 12													122
13 Multiply line 6 by \$207													621
14 Smaller of line 12 or line 13													122

6. Is it necessary to complete Form 8965? If so, which exemption is claimed and for whom?

Yes, use Form 8965 to complete an exemption for Ava. In Part III, write her full name and SSN and use Code H for months January through August. (She is also eligible for an exemption in September but doesn't need to claim it because she had coverage for at least one day of that month.) An exemption was not necessary in Example 1A because we were able to check the box on Line 61 to indicate that everyone on the return had coverage all year. Here, we can't check the box due to Janey's three months without coverage. Therefore, we need to indicate the exemption for the months when Ava did not have a coverage requirement and did not have coverage. See Pub 4012, ACA-6, for the description of when to use Code H.

Part III: Coverage Exemptions Claimed on Your Return for Individuals																
If you and / or a member of your tax household are claiming an exemption on your return, complete Part III. If you need more space, use the continuation sheet to list additional individuals.																
a Name	b SSN	c Exemption type	d Full year	e Jan	f Feb	g Mar	h Apr	i May	j Jun	k Jul	l Aug	m Sep	n Oct	o Nov	p Dec	
8 AVA ADAMS		H	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>								

EXAMPLE 2 – BACON

1. How is coverage noted on the ACA Worksheet for Jonah?

Determine that he is eligible for an exemption for having household income below the filing threshold. Then, answer the second general question at the top, regarding adding Form 8965, Yes. Also, mark the first bubble to indicate full year coverage or exemption.

Did the taxpayer, spouse, or any dependent receive insurance through the Marketplace? See Form 8962	<input type="radio"/> Yes <input checked="" type="radio"/> No
Was the taxpayer, spouse, or any dependent granted a Marketplace exemption or do you want to apply for a Marketplace, household income, or gross income exemption? See Form 8965	<input checked="" type="radio"/> Yes <input type="radio"/> No
JONAH BACON	<input checked="" type="radio"/> Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year <input type="radio"/> Had minimum essential coverage and / or is applying for or was granted an exemption for part of the year <input type="radio"/> Did not have minimum essential coverage and is not claiming an exemption for any part of the year
Check the boxes for each month this person did not have minimum essential coverage and is NOT claiming an exemption on Form 8965	<input type="checkbox"/> January <input type="checkbox"/> February <input type="checkbox"/> March <input type="checkbox"/> April <input type="checkbox"/> May <input type="checkbox"/> June <input type="checkbox"/> July <input type="checkbox"/> August <input type="checkbox"/> September <input type="checkbox"/> October <input type="checkbox"/> November <input type="checkbox"/> December

2. What is the amount on Form 1040, Line 61?

Line 61 is blank.

3. Is it necessary to file Form 8965? If so, which exemption is claimed?

Yes, it is necessary to file Form 8965. TaxWise will automatically check Yes to claim the exemption on Line 7a if household income is below the filing threshold. Always review Form 8965 to make sure it is correct.

Part II: Coverage Exemptions for Your Household Claimed on Your Return	
Filing threshold	10300
Household income from ACA worksheet	8500
Estimated gross income entered in this return	8500
7a Are you claiming an exemption because your household income is below the filing threshold?	<input checked="" type="radio"/> Yes <input type="radio"/> No
b Are you claiming a hardship exemption because your gross income is below the filing threshold?	<input type="radio"/> Yes <input type="radio"/> No

EXAMPLE 3 – CENDRICK

1. Does it matter that Anna has documentation of her own coverage but not of Cindy Lou's coverage?

No, it doesn't matter. If you determine based on the interview that Cindy Lou had coverage, it's not necessary to see the Form 1095-B or -C to prove her months of coverage.

2. Mark enrolled and paid for Cindy Lou's coverage. Is Anna eligible to report Cindy Lou's coverage on her tax return?

Yes. Anna is properly claiming her daughter as a dependent and she can report whatever form of health insurance coverage her daughter had, even if she didn't fill out the enrollment paperwork herself and hasn't been responsible for paying the premium.

3. How can Anna obtain evidence of Cindy Lou's coverage?

If Anna would like to see evidence of coverage, she can ask Mark for the Form 1095-B or -C indicating Cindy Lou's coverage. But Anna may have other ways to document coverage, such as Cindy Lou's insurance card or insurance benefit statements that show that insurance paid for an office visit or prescription.

EXAMPLE 4A – DALLAS

1. How is coverage noted on the ACA Worksheet?

For Gregory, check the first box to indicate coverage or exemption all year. After completing the Affordability Worksheet and discovering her eligibility for the Code A Affordability exemption, do the same for Alice.

2. What is the amount on the Part A, Line 4 of the Affordability Worksheet?

\$3,462. Remember to add \$1,008, the amount of Gregory’s salary reduction agreement, on Line 2 to get the correct household income in Line 3.

Part A: Affordability Threshold	
1 Household income from ACA worksheet	42000
2 Premiums paid through a salary reduction arrangement and excluded from gross income	1008
3 Total of lines 1 and 2	43008
4 Affordability threshold	3462

3. What is the amount in the table in Part B of the Affordability Worksheet for January through December?

\$5,096 for each month. This is the cost of the employer-sponsored insurance available to Alice (\$98/wk x 52). We use the entire yearly cost for each month because we are comparing it to the affordability threshold – an annualized figure. Make sure you use an “apples-to-apples” comparison.

For each individual, coverage is unaffordable for the month and the individual is exempt if the Required Contribution Amount below is more than the Affordability Threshold in Part A. You must complete Part III of Form 8965 to apply for the coverage exemption.						
Members of your tax household	ALICE					
January	5096	0	0	0	0	
February	5096	0	0	0	0	
March	5096	0	0	0	0	
April	5096	0	0	0	0	
May	5096	0	0	0	0	
June	5096	0	0	0	0	
July	5096	0	0	0	0	
August	5096	0	0	0	0	
September	5096	0	0	0	0	
October	5096	0	0	0	0	
November	5096	0	0	0	0	
December	5096	0	0	0	0	

4. Is it necessary to complete Form 8965? If so, which exemption is claimed?

Yes, Alice is eligible for the Affordability Exemption (code A), claimed in Part III of Form 8965. She can claim code A because the annualized premium of employer-sponsored coverage available to her (\$5,096) is greater than the affordability threshold (\$3,462).

5. What is the amount on Form 1040, Line 61?

Line 61 is blank.

EXAMPLE 4B

6. For January through July, which plan cost is used to determine affordability in the table in Part B of the Affordability Worksheet? For August through December?

When a person has offers of coverage from different sources, look at the priority list on the Affordability Worksheet to determine which to use.

- 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). The policy must cover everyone in your tax household for whom a personal exemption is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption.
 - 3 The amount from the Marketplace Coverage Affordability Worksheet

For January to July, use the cost of employer-sponsored coverage offered to Alice from her own employer. Remember to annualize the amount (\$150/month x 12) since we're comparing to a percentage of year-end income. Each of those months should have the amount \$1,800.

For August to December, use the annualized cost of family coverage through Gregory's employer. That amount is \$5,096.

For each individual, coverage is unaffordable for the month and the individual is exempt if the Required Contribution Amount below is more than the Affordability Threshold in Part A. You must complete Part III of Form 8965 to apply for the coverage exemption.

Members of your tax household	ALICE					
January	1800	0	0	0	0	0
February	1800	0	0	0	0	0
March	1800	0	0	0	0	0
April	1800	0	0	0	0	0
May	1800	0	0	0	0	0
June	1800	0	0	0	0	0
July	1800	0	0	0	0	0
August	5096	0	0	0	0	0
September	5096	0	0	0	0	0
October	5096	0	0	0	0	0
November	5096	0	0	0	0	0
December	5096	0	0	0	0	0

7. For which months is Alice eligible for an exemption? How does she claim it?

Alice is eligible for an exemption August through December because her cost of coverage is greater than her affordability threshold in Part A of the Affordability Worksheet. She is not eligible for an exemption in January through July because her insurance cost (\$1800) is less than her Affordability threshold (\$3,462).

She claims the exemption on Form 8965, Part III, by entering her name, SSN, code A and checking the months August through December.

8. How is the ACA Worksheet completed for Alice?

ALICE DALLAS

- Had minimum essential coverage and / or is applying for or was granted an exemption for the entire year
- Had minimum essential coverage and / or is applying for or was granted an exemption for part of the year
- Did not have minimum essential coverage and is not claiming an exemption for any part of the year

Check the boxes for each month this person did not have minimum essential coverage and is **NOT** claiming an exemption on Form 8965

- | | | | | | | |
|---|--|---|---|---|--|--|
| <input checked="" type="checkbox"/> January | <input checked="" type="checkbox"/> February | <input checked="" type="checkbox"/> March | <input checked="" type="checkbox"/> April | <input checked="" type="checkbox"/> May | <input checked="" type="checkbox"/> June | <input checked="" type="checkbox"/> July |
| <input type="checkbox"/> August | <input type="checkbox"/> September | <input type="checkbox"/> October | <input type="checkbox"/> November | <input type="checkbox"/> December | | |

9. What is the amount on Form 1040, Line 61?

\$250

EXAMPLE 5A – EVANS

1. What lowest cost bronze plan (LCBP) premium is entered on Line 1 of the Marketplace Affordability Worksheet?

\$139. Since Max is not eligible for another exemption or for employer-sponsored coverage, we look at the cost of the LCBP available in the Marketplace. We find this using the tool at: www.healthcare.gov/taxes/tools/bronze (or, if you have a state-based marketplace, use your state’s tool). When using the tool, remember to follow the instructions for calculating the age. Max is 31 years old at the end of the tax year, but enter age 30 into the tool because that was his age in the first month of the year when he had neither an offer of employer-sponsored coverage nor an exemption.

2. What second lowest cost silver plan (SLCSP) premium is entered on Line 10 of the Marketplace Affordability Worksheet?

\$190. The SLCSP is needed to calculate how much premium tax credit Max would have been eligible for, had he applied. This reduces the cost of the LCBP. Use the tool at: www.healthcare.gov/taxes/tools/silver (or, if you have a state-based marketplace, use your state’s tool).

This tool serves multiple audiences. Because of that, the language assumes enrollment in a Marketplace plan. For example, the tool asks the user to “Select the months in 2014 [2015] that this family member was both enrolled in marketplace coverage and wasn’t eligible for other coverage outside the marketplace.” Read this as: “Select the months in 2014 [2015] that this family member was uninsured and wasn’t eligible for other coverage outside the marketplace.” We *exclude* from the SLCSP anyone who is enrolled in *or eligible for* government-sponsored or employer-sponsored coverage. It can be difficult to know whether someone might have been eligible for Medicaid, in particular. Based on his year-end income, Max would not have been eligible for Medicaid, even though he had no income for several months of the year.

3. What number is on Part B, Line 3 of the Affordability Worksheet?

\$96. This number was the result of the Marketplace Affordability Worksheet. (Note that this is the annualized premium Max would pay for the LCBP, after taking into account the available premium tax credits.) Since Max’s situation didn’t change throughout the year, this annualized premium is entered for January through December. The annualized premium Max would pay (\$96/year) is less than his affordability threshold in Part A, Line 4 of the Affordability Worksheet (\$1,409). Therefore, Max does not qualify for an exemption based on affordability. The two affordability worksheets were completed to investigate the possibility that Max would qualify for an affordability exemption, but since Max doesn’t qualify, Form 8965 is not prepared. On the ACA Worksheet, mark the third bubble for no coverage or exemption all year.

4 Affordability threshold		1409				
Part 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 monthly premium is the same for the whole year, enter the annual premium in the space for each month. If the premiums cover only part of the year, use the Annualized Premium Worksheet to determine what the annualized premium would be for each month.						
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). The policy must cover everyone in your tax household for whom a personal exemption is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption.						
3 The amount from the Marketplace Coverage Affordability Worksheet						96
For each individual, coverage is unaffordable for the month and the individual is exempt if the Required Contribution Amount below is more than the Affordability Threshold in Part A. You must complete Part III of Form 8965 to apply for the coverage exemption.						
Members of your tax household	MAX					
January	96	0	0	0	0	0
February	96	0	0	0	0	0

4. What is the amount on Form 1040, Line 61?
\$325.

5	Multiply line 4 by \$325 for each month, maximum of \$975	325	325	325	325	325	325	325	325	325	325	325	325
6	Sum of the number of boxes checked on line 1 above for the year												12
7	Modified AGI for this return Enter the total modified AGI for any dependent included in this return who is required to file a tax return - F3 if zero Household income												17500
8	Filing threshold												10300
9	Subtract line 8 from line 7												7200
10	Multiply line 9 by 2%												144
11	Is line 10 more than \$975? <input type="checkbox"/> Yes. Multiply line 10 by the number of months for which line 1 is more than zero. <input checked="" type="checkbox"/> No. Amount calculated based on worksheet B												3900
12	Divide line 11 by 12												325
13	Multiply line 6 by \$207												2484
14	Smaller of line 12 or line 13												325

EXAMPLE 5B

5. What is the result (Line 4) of the Annualized Premium Worksheet?

\$2,292. The total premium that would have been paid during the part-year period is \$1,530 (\$85/pay period x 18 pay periods). The number of full month in the part-year period is 8 (May through December). The annualized premium is \$2,292 (or \$2,295, depending on rounding).

Annualized Premium Worksheet

 Complete a separate worksheet for each part-year period.

1. Enter the premiums paid during the part-year period _____

2. Enter the number of full months in the part-year period _____

3. Divide line 1 by line 2 _____

4. Multiply line 3 by 12.0. This is your annualized premium _____

6. Does Max qualify for the affordability exemption for any months of 2015?

Yes, he qualifies for the affordability exemption in April through December because the annualized premium cost of \$2,292 for those months is greater than the affordability threshold of \$1,409.

Part A: Affordability Threshold	
1 Household income from ACA worksheet	17500
2 Premiums paid through a salary reduction arrangement and excluded from gross income	0
3 Total of lines 1 and 2	17500
4 Affordability threshold	1409

For each individual, coverage is unaffordable for the month and the individual is exempt if the Required Contribution Amount below is more than the Affordability Threshold in Part A. You must complete Part III of Form 8965 to apply for the coverage exemption.

Members of your tax household	MAX					
January	96	0	0	0	0	0
February	96	0	0	0	0	0
March	96	0	0	0	0	0
April	2292	0	0	0	0	0
May	2292	0	0	0	0	0
June	2292	0	0	0	0	0
July	2292	0	0	0	0	0
August	2292	0	0	0	0	0
September	2292	0	0	0	0	0
October	2292	0	0	0	0	0
November	2292	0	0	0	0	0
December	2292	0	0	0	0	0

He claims the exemption on Form 8965, Part III, by entering his name, SSN, code A and checking the months April through December.

Part III: Coverage Exemptions Claimed on Your Return for Individuals															
If you and / or a member of your tax household are claiming an exemption on your return, complete Part III. If you need more space, use the continuation sheet to list additional individuals.															
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
Name	SSN	Exemption type	Full year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
8 MAX EVANS		A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>								

7. What is the amount on Form 1040, Line 61?
\$81.

5 Multiply line 4 by \$325 for each month, maximum of \$975	325	325	325	0	0	0	0	0	0	0	0	0	0	0
6 Sum of the number of boxes checked on line 1 above for the year														3
7 Modified AGI for this return														17500
Enter the total modified AGI for any dependent included in this return who is required to file a tax return - F3 if zero														0
Household income														17500
8 Filing threshold														10300
9 Subtract line 8 from line 7														7200
10 Multiply line 9 by 2%														144
11 Is line 10 more than \$975?														
<input type="checkbox"/> Yes. Multiply line 10 by the number of months for which line 1 is more than zero.														
<input checked="" type="checkbox"/> No. Amount calculated based on worksheet B														975
12 Divide line 11 by 12														81
13 Multiply line 6 by \$207														621
14 Smaller of line 12 or line 13														81

EXAMPLE 6 – GORDON

1. What second lowest cost silver plan (SLCSP) premium is entered on Line 10 of the Marketplace Affordability Worksheet?

Zero. Enter the LCBP on Line 1 of the Marketplace Affordability Worksheet, select that Summer lives in the lower 48 states, and the worksheet will calculate her income in relation to the federal poverty line. At an income of 111% FPL in California, a state that expanded Medicaid, Summer is eligible for Medicaid. Therefore, she’s not included in the Line 10 calculation. Hit F3 to confirm that Line 10 is intended to be blank.

2. What is the amount on Line 13 of the Marketplace Affordability Worksheet?

\$1,992.

3. Can Summer claim the affordability exemption for the year?

Yes, because her annualized Marketplace premium of \$1,992 for each month of the year is greater than the Affordability threshold of \$1,047.

She claims the exemption on Form 8965, Part III, by entering her name, SSN, and code A for the entire year.

Part A: Affordability Threshold						
1 Household income from ACA worksheet						13000
2 Premiums paid through a salary reduction arrangement and excluded from gross income						0
3 Total of lines 1 and 2						13000
4 Affordability threshold						1047
Part B: Required Contribution Amount						
<p>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 monthly premium is the same for the whole year, enter the annual premium in the space for each month. If the premiums cover only part of the year, use the Annualized Premium Worksheet to determine what the annualized premium would be for each month.</p> <p>Options (use the first that applies to each member of your tax household, including you, for each month)</p> <p>1 The lowest cost self-only policy offered to each member of your tax household by his or her employer.</p> <p>2 The lowest cost family policy offered by your employer or your spouse’s employer (if you are filing a joint return). The policy must cover everyone in your tax household for whom a personal exemption is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption.</p> <p>3 The amount from the Marketplace Coverage Affordability Worksheet</p>						
						1992
<p>For each individual, coverage is unaffordable for the month and the individual is exempt if the Required Contribution Amount below is more than the Affordability Threshold in Part A. You must complete Part III of Form 8965 to apply for the coverage exemption.</p>						
Members of your tax household	SUMMER GOR					
January	1992	0	0	0	0	0
February	1992	0	0	0	0	0
March	1992	0	0	0	0	0
April	1992	0	0	0	0	0

EXAMPLE 7 – FINCH

1. On the Marketplace Affordability Worksheet, which family members are included in Line 1? What is the amount on Line 1?

Mary Ellen, Jacob and Allison are included on Line 1. Jacob and Allison are included because they did not have an offer of employer-sponsored insurance and were not exempt (even though they both had insurance coverage). The amount on Line 1 is \$1,066.

2. On the Marketplace Affordability Worksheet, which family members are included in Line 10? What is the amount on Line 10?

Only Mary Ellen is included on Line 10. Jacob and Allison are not included because they were enrolled in other coverage and were not eligible for a premium tax credit. Her SLCSP is \$585.

3. What is Mary Ellen's annualized premium (the result of the Marketplace Affordability Worksheet)?

The result of the Marketplace Affordability Worksheet is \$7,644. Carry this amount to every month on the Affordability Worksheet because Mary Ellen was uninsured and eligible for Marketplace insurance in each month.

4 Affordability threshold		1771				
Part 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 monthly premium is the same for the whole year, enter the annual premium in the space for each month. If the premiums cover only part of the year, use the Annualized Premium Worksheet to determine what the annualized premium would be for each month.						
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). The policy must cover everyone in your tax household for whom a personal exemption is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption.						
3 The amount from the Marketplace Coverage Affordability Worksheet						7644
For each individual, coverage is unaffordable for the month and the individual is exempt if the Required Contribution Amount below is more than the Affordability Threshold in Part A. You must complete Part III of Form 8965 to apply for the coverage exemption.						
Members of your tax household	MARY ELLEN					
January	7644	0	0	0	0	0
February	7644	0	0	0	0	0
March	7644	0	0	0	0	0

4. Is Mary Ellen eligible for the affordability exemption?

Yes. Mary Ellen's annualized marketplace premium is greater than the affordability threshold on the Affordability Worksheet. Therefore, Mary Ellen qualifies for a Code A exemption.

File Form 8965. In Part III, include Mary Ellen's full name, social security number and Code A for the full year. Make sure that the ACA Worksheet reflects that everyone had coverage or exemption for the entire year by marking the first bubble for each individual.

5. What is the amount on Form 1040, Line 61?

Line 61 is blank. Mary Ellen qualifies for exemption for every month she was uninsured. Complete Form 8965 and enter Code A for the entire year for Mary Ellen.

EXAMPLE 8 – COOK

1. Billy lived in Texas at the beginning of the year. Is he eligible for the exemption for residing in a state that did not expand Medicaid (Code G)?

No, he doesn't qualify because household income is higher than 138% FPL (\$27,310 for a family of 3). (The federal poverty level can be found on page ACA-13 of Publication 4012.) Remember that for this exemption, Doug's non-taxable social security income is included in household income. That brings their household income to \$41,200. The Code G exemption does not apply. If his household had income under 138% FPL, he would have been eligible for the exemption for the entire year, even though he lived in a non-expansion state for only part of the year.

2. On the Marketplace Affordability Worksheet, who is included on Line 1 of the Marketplace Affordability Worksheet?

Billy and Doug are included on Line 1. Neither had an offer of employer-sponsored coverage or qualified for an exemption. Mabel is not included on Line 1 because she had an offer of employer-sponsored coverage. (She would be excluded from Line 1 whether or not she enrolled in the coverage offered by her employer.)

3. What is the amount on Line 1?

We're testing two time periods: January through May, when Doug and Billy lived in different zip codes, and June through August, when Doug and Billy lived in the same zip code. Because Billy lived in two different zip codes, the amount on Line 1 is not consistent through the year, and we'll need to do two versions of the Marketplace Affordability Worksheet, one for each time period. Doug's LCBP is \$491 per month for the whole time period. Billy's LCBP while he lived in Texas is \$83 per month. His LCBP while living in Arizona was \$104 per month.

<u>LCBP</u>	<u>Doug</u>	<u>Billy</u>	<u>Total (Amt on Line 1)</u>
Jan	\$ 491	\$ 83	\$ 574
Feb	\$ 491	\$ 83	\$ 574
Mar	\$ 491	\$ 83	\$ 574
Apr	\$ 491	\$ 83	\$ 574
May	\$ 491	\$ 83	\$ 574
June	\$ 491	\$ 104	\$ 595
July	\$ 491	\$ 104	\$ 595
Aug	\$ 491	\$ 104	\$ 595

Therefore, the amount on Line 1 for the months January through May is \$574. For June through August, it's \$595. TWO 2015 doesn't allow multiple Marketplace Affordability Worksheets as of 1/5/16. Complete the worksheet for the first time period, then re-enter values for the second time period.

4. On the Marketplace Affordability Worksheet, who is included on Line 10?

No one! Doug and Mabel both have other coverage. Billy was eligible for Medicaid for the entire year, according to the facts. Line 10 is zero in both time periods.

5. Is Billy eligible for an exemption based on affordability?

Yes. The annualized premium for each month is greater than the affordability threshold of \$1,771. File Form 8965. In Part III, enter Billy's name, social security number, and Code A for the months January through August. On the ACA Worksheet, select the first bubble for Billy because he had exemption or coverage all year.

Part A: Affordability Threshold

1 Household income from ACA worksheet	22000
2 Premiums paid through a salary reduction arrangement and excluded from gross income	0
3 Total of lines 1 and 2	22000
4 Affordability threshold	1771

Members of your tax household	BILLY					
January	6888	0	0	0	0	0
February	6888	0	0	0	0	0
March	6888	0	0	0	0	0
April	6888	0	0	0	0	0
May	6888	0	0	0	0	0
June	7140	0	0	0	0	0
July	7140	0	0	0	0	0
August	7140	0	0	0	0	0
September	0	0	0	0	0	0
October	0	0	0	0	0	0
November	0	0	0	0	0	0
December	0	0	0	0	0	0

6. What is the amount on Form 1040, Line 61?

Zero. There is no shared responsibility payment.

EXAMPLE 9 – TESTER

1. What is the net premium tax credit?

\$1,038. Complete Form 8962. On Line 9, answer No. (Because Form 1095-A includes only people whose exemption is claimed on the tax return, there is no shared allocation.) On Line 10, answer No because the amounts are not the same each month, due to the birth of their son. Enter the information from both Forms 1095-A into Lines 12-23. The net premium tax credit (Line 26) is the amount of additional PTC the taxpayer will receive. This amount transfers to Form 1040, Line 69.

Part I: Annual and Monthly Contribution Amount										
<p>1 Tax family size</p> <p>2a Modified AGI</p> <p style="padding-left: 20px;">b Enter total of your dependents' modified AGI</p> <p>3 Household income</p> <p>4 Federal poverty line - check the appropriate box for the state you resided in. If you moved during 2015 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.</p> <p style="padding-left: 20px;"><input type="checkbox"/> Alaska <input type="checkbox"/> Hawaii <input checked="" type="checkbox"/> Other 48 states and DC</p> <p>5 Household income as a percentage of Federal poverty line</p> <p>6 Is the result on line 5 401%? See instructions if the result is less than 100%.</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> No. Continue to line 7.</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes. You are not eligible to receive PTC. If advance payment of the PTC was made, skip lines 7 and 8 and go to line 9. If you did not receive any advance payment of PTC, stop here.</p> <p style="padding-left: 20px;">If the percentage on line 5 is less than 100%, did the taxpayer meet the requirements under "Estimated household income at least 100% of the Federal poverty line" or "Alien lawfully present in the United States" in the instructions? <input type="radio"/> Yes <input type="radio"/> No</p> <p>7 Applicable figure from the table in the instructions</p> <p>8a Annual contribution amount. Multiply line 3 by line 7</p> <p style="padding-left: 20px;">b Monthly contribution amount. Divide line 8a by 12</p>	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="border-top: 1px solid black;">3</td></tr> <tr><td style="border-top: 1px solid black;">36875</td></tr> <tr><td style="border-top: 1px solid black;">0</td></tr> <tr><td style="border-top: 1px solid black;">36875</td></tr> <tr><td style="border-top: 1px solid black;">19790</td></tr> <tr><td style="border-top: 1px solid black;">186%</td></tr> <tr><td style="border-top: 1px solid black;">0.0569</td></tr> <tr><td style="border-top: 1px solid black;">2098</td></tr> <tr><td style="border-top: 1px solid black;">175</td></tr> </table>	3	36875	0	36875	19790	186%	0.0569	2098	175
3										
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36875										
19790										
186%										
0.0569										
2098										
175										
Part II: Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit										
<p>9 Are you allocating policy amounts with another taxpayer or do you want to use the alternative calculation for year of marriage? (see instructions)</p> <p style="padding-left: 20px;"><input type="radio"/> Yes. Skip to Part IV, Shared Policy Allocation, or Part V, Alternative Calculation for Year of Marriage</p> <p style="padding-left: 20px;"><input checked="" type="radio"/> No. Continue to line 10.</p> <p>10 Check the "Yes" box below if ALL of the following conditions apply (see instructions).</p> <p style="padding-left: 20px;">a You were enrolled in a qualified health plan for all 12 months during 2015;</p> <p style="padding-left: 20px;">b Your enrollment premium was the same for every month of 2015. Your enrollment premium is reported in Part III, column A, lines 21 through 32, of Form 1095-A;</p> <p style="padding-left: 20px;">c Your SLCSP premium is the same for every month of 2015. Your SLCSP premium is reported in Part III, column B, lines 21 through 32, of Form 1095-A. (See missing or incorrect SLCSP premium on Form 1095-A in the instructions).</p> <p style="padding-left: 20px;"><input type="radio"/> Yes. Continue to line 11. Compute your annual PTC. Skip lines 12 - 23 and continue to line 24.</p> <p style="padding-left: 20px;"><input checked="" type="radio"/> No. Continue to lines 12 - 23. Compute your monthly PTC and continue to line 24.</p>										

	A Monthly enrollment premiums Form 1095-A lines 21 - 32 column a	B Monthly applicable SLCSP premium 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	480	446	175	271	271	60
13 February	480	446	175	271	271	60
14 March	480	446	175	271	271	60
15 April	560	560	175	385	385	340
16 May	560	560	175	385	385	340
17 June	560	560	175	385	385	340
18 July	560	560	175	385	385	340
19 August	560	560	175	385	385	340
20 Sept	560	560	175	385	385	340
21 October	560	560	175	385	385	340
22 Nov	560	560	175	385	385	340
23 Dec	560	560	175	385	385	340
24 Total premium tax credit						4278
25 Advance payment of PTC						3240
26 Net premium tax credit						1038

2. Is it necessary to complete Form 8965 to claim a coverage exemption?

No. Roman had coverage in all of the full months after birth and his parents otherwise had coverage all year. On the ACA Worksheet, mark that they all had coverage all year. TaxWise should check the box on Form 1040, Line 61.