



2014 CHANGES TO THE 1040 INDIVIDUAL TAX FORM DUE TO THE AFFORDABLE CARE ACT

As we approach the 2014 tax filing season, there are a few changes to the Form 1040, as well as new forms that will need to be completed and attached. These changes are a result of the individual tax mandate of the Affordable Care Act (ACA).

2014 is the first year in which individuals must specify whether or not they have health care coverage, qualify for an exemption, or must make a shared responsibility payment as outlined in the ACA. A majority of taxpayers have what is deemed to be “qualifying health care coverage” under the Act and will only need to check a box on their return indicating so. Others may have a bit more to consider. Below is a brief synopsis.

Individual Responsibility

Qualifying Coverage - Qualifying coverage includes most employer-sponsored coverage, coverage obtained through a Marketplace, and coverage through most government sponsored programs. Check the box on Form 1040, line 61, if you, your spouse, or dependents had qualifying health care coverage for all of the 2014 tax year.

Exemption from Requirement - Those who go without health care coverage or have a gap in coverage may qualify for an exemption if one of the following applies:

- They do not have access to affordable coverage
- They have a gap of less than three (3) consecutive months without coverage; or
- They qualify for one of several exemptions as outlined per the ACA

In order to claim an exemption from the health care coverage requirement for some or all of 2014, complete **Form 8965 - Health Coverage Exemptions** and attach it to your Form 1040.

Shared Responsibility Payment - Individuals with no qualifying coverage or qualifying exemption may need to make an individual shared responsibility payment when they file their individual income tax return. Calculate a shared responsibility payment for any month in 2014 for which you, your spouse or dependents did not have coverage or qualify for a health coverage exemption. This payment is also calculated and reported on **Form 8965 - Health Coverage Exemptions** and attached to your Form 1040.

Premium Tax Credit

The premium tax credit is an advanceable, refundable **tax credit** designed to help eligible individuals and families with low or moderate income afford health insurance purchased through the Health Insurance Marketplace (Exchange) beginning in 2014.

If one obtained health insurance through the Health Insurance Marketplace, they will receive a **Form 1095-A**. It is issued by the Marketplace and must be provided to taxpayers by January 31, 2015. Save this form to assist in calculating your premium tax credit.

Advance payments of the premium tax credit may have been made to the insurance company on the taxpayer's behalf. If advance payments were made, the taxpayer must file a 2014 tax return and calculate the correct amount of premium for the tax year on **Form 8962**. If you are due additional premium, it will be provided to you via an income tax refund. If your advance premium exceeded the correct amount, you must remit the difference with your income tax return.

Additional information can be found on the IRS website at <http://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Individual-Shared-Responsibility-Provision>.

*If you have any questions about this content, or are interested in learning more about your 1040 Independent Tax Forms and the Affordable Care Act, we welcome you to contact our experts from **SC&H Group's Personal Income Tax services team here.***

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