



## Questions and Answers on the Premium Tax Credit

FS-2022-13, February 2022

This Fact Sheet updates frequently asked questions (FAQs) for the Premium Tax Credit

These FAQs revisions and additions are as follows:

- Updated The Basics FAQs: Q1, Q3, Q4
- Updated Eligibility FAQs: Q5, Q7, Q8, Q9, Q11
- Updated Reporting, Claiming and Reconciling FAQs: Q24, Q26, Q27
- Updated Suspension of Repayment of Excess Advance Payments of the Premium Tax Credit (Excess APTC) for Tax Year 2020 FAQs: Q33
- New Unemployment Compensation 2020 and 2021 FAQs: Q38 through Q45 (added 24 February, 2022)

*These FAQs are being issued to provide general information to taxpayers and tax professionals as expeditiously as possible. Accordingly, these FAQs may not address any particular taxpayer's specific facts and circumstances, and they may be updated or modified upon further review. Because these FAQs have not been published in the Internal Revenue Bulletin, they will not be relied on or used by the IRS to resolve a case. Similarly, if an FAQ turns out to be an inaccurate statement of the law as applied to a particular taxpayer's case, the law will control the taxpayer's tax liability. Nonetheless, a taxpayer who reasonably and in good faith relies on these FAQs will not be subject to a penalty that provides a reasonable cause standard for relief, including a negligence penalty or other accuracy-related penalty, to the extent that reliance results in an underpayment of tax. Any later updates or modifications to these FAQs will be dated to enable taxpayers to confirm the date on which any changes to the FAQs were made. Additionally, prior versions of these FAQs will be maintained on [IRS.gov](http://IRS.gov) to ensure that taxpayers, who may have relied on a prior version, can locate that version if they later need to do so.*

More information about [reliance is available](#). These FAQs were announced in [IR-2022-44](#).

## Questions and Answers about the Premium Tax Credit

- [The Basics: Questions 1-4](#)
- [Eligibility: Questions 5-18](#)
- [Computing the Amount: Questions 19-23](#)
- [Reporting, Claiming and Reconciling: Questions 24-30](#)
- [Suspension of Repayment of Excess Advance Payments of the Premium Tax Credit \(Excess APTC\) for Tax Year 2020: Questions 31-37](#)
- [Unemployment Compensation 2020 and 2021: Questions 38-45](#)

### The Basics

#### **Q1. What is the premium tax credit? (updated February 24, 2022)**

A1. The premium tax credit is a refundable tax credit designed to help eligible individuals and families with low or moderate income afford health insurance purchased through the [Health Insurance Marketplace](#), also known as the Exchange. The size of your premium tax credit is based on a sliding scale. Those who have a lower income get a larger credit to help cover the cost of their insurance. When you enroll in Marketplace insurance, you can choose to have the



Marketplace compute an estimated credit that is paid to your insurance company to lower what you pay for your monthly premiums (advance payments of the premium tax credit, or APTC). Or, you can choose to get all of the benefit of the credit when you file your tax return for the year. If you choose to have advance payments of the premium tax credit made on your behalf, you will reconcile the amount paid in advance with the actual credit you compute when you file your tax return for the year. Either way, you will complete Form 8962, Premium Tax Credit (PTC) and attach it to your tax return for the year.

**Note:** For tax year 2020 only, you are not required to attach Form 8962 with your 2020 tax return unless your PTC is more than the APTC paid on your behalf for 2020 (called net premium tax credit or net PTC) and you are claiming net PTC. See link below for information specific to tax year 2020.

The credit is “refundable” because, if the amount of the credit is more than the amount of your tax liability, you will receive the difference as a refund. If you owe no tax, you can get the full amount of the credit as a refund. However, if advance credit payments were made to your insurance company and your actual allowable credit on your return is less than your advance credit payments, the difference, subject to certain repayment caps, will be subtracted from your refund or added to your balance due for tax years other than 2020.

See the new [Coronavirus Tax Relief section](#) on this page for information specific to tax year 2020.

## **Q2. What is the Health Insurance Marketplace?**

A2. The Health Insurance Marketplace, also called simply the Marketplace, is the place where you will find information about private health insurance options, purchase health insurance, and obtain help with premiums and out-of-pocket costs if you are eligible. The Department of Health and Human Services (HHS) administers the requirements for the Marketplace and the health plans offered. Generally, you purchase health insurance at the Marketplace during an open enrollment period. After an open enrollment period is over, individuals who experience certain life events may qualify for a special enrollment period to buy a health plan through a Marketplace. For details about who is eligible for a special enrollment period, for information about future open enrollment periods, and to learn more about the Marketplace, visit [HealthCare.gov](http://HealthCare.gov).

## **Q3. How do I get advance payments of the premium tax credit? (updated February 24, 2022)**

A3. When you or a family member applies for Marketplace coverage, the Marketplace will estimate the amount of the premium tax credit that you may be able to claim for the tax year, using information you provide about your family composition, projected household income, and other factors, such as whether those whom you are enrolling are eligible for other, non-Marketplace coverage. Based upon that estimate, you can decide if you want to have all, some, or none of your estimated credit paid in advance directly to your insurance company to lower your monthly premiums. If you choose to have advance credit payments made on your behalf, you will be required to file Form 8962 with your income tax return to reconcile the amount of advance payments with the premium tax credit that you may claim based on your actual household income and family size, with an exception for certain taxpayers whose 2020 APTC is more than their 2020 PTC. See the [Coronavirus Tax Relief section](#) on this page for information specific to tax year 2020.

If you do not opt for advance credit payments or the Marketplace determines that you were not eligible for advance payments at the time of enrollment, you should determine if you are eligible to claim the credit because your circumstances changed during the year. To claim the credit, you must file Form 8962 when you file your tax return for the year, which will either lower the amount of taxes owed on that return or increase your refund.



## **Q4. What happens if my income, family size or other circumstances changes during the year? (updated February 24, 2022)**

Q4. The actual premium tax credit for the year will differ from the advance credit amount estimated by the Marketplace if your family size or household income as estimated at the time of enrollment is different from the family size or household income you report on your return. The more your family size or household income differs from the Marketplace estimates used to compute your advance credit payments, the more significant the difference will be between your advance credit payments and your actual credit. Other changes in circumstances, such as marriage or divorce, may also affect your credit amount. If your actual allowable credit on your return is less than your advance credit payments, the difference, subject to certain repayment caps, will be subtracted from your refund or added to your balance due for years other than 2020. If your actual allowable credit is more than your advance credit payments, the difference will be added to your refund or subtracted from your balance due.

Notifying the Marketplace about changes in circumstances as soon as they occur will allow the Marketplace to update the information used to determine your expected amount of the premium tax credit and adjust your advance payment amount. This adjustment will decrease the likelihood of a significant difference between your advance credit payments and your actual premium tax credit. Changes in circumstances that can affect the amount of your actual premium tax credit include:

- Increases or decreases in your household income. Events that could result in a significant increase to household income include:
  - Lump sum payments of Social Security benefits, including Social Security Disability Insurance
  - Lump sum taxable distributions from an individual retirement account or other retirement arrangement
  - Debt forgiveness or cancellation, such as the cancellation of credit card debt.
- Marriage
- Divorce
- Birth or adoption of a child
- Other changes to your household composition
- Gaining or losing eligibility for government sponsored or employer sponsored health care coverage
- Moving to another address

## Eligibility

### **Q5. Who is eligible for the premium tax credit? (updated February 24, 2022)**

Q5. You are eligible for the premium tax credit if you meet all of the following requirements:

- Have household income that falls within a certain range (see [Q7](#)) or for 2021, you, or your spouse (if filing a joint return), received, or were approved to receive, unemployment compensation for any week beginning during 2021.
- Do not file a Married Filing Separately tax return ((unless you qualify for a special rule that allows certain victims of domestic abuse and spousal abandonment to claim the premium tax credit using the Married Filing Separately filing status (see [Q9](#) and [Q10](#));
- Cannot be claimed as a dependent by another person; and
- In the same month, you, or a family member:
  - Enroll in coverage (excluding “catastrophic” coverage) through a Marketplace



- Are not able to get affordable coverage through an eligible employer-sponsored plan that provides minimum value (see [Q11](#) and [Q12](#))
- Are not eligible for coverage through a government program, like Medicaid, Medicare, CHIP or TRICARE
- Pay the share of premiums not covered by advance credit payments

## **Q6. Who is a family member for purposes of the premium tax credit?**

A6. For purposes of the premium tax credit, your “family” consists of yourself, your spouse if filing jointly, and all other individuals whom you claim as dependents. Your “family size” is the number of individuals in your “family.”

## **Q7. What are the income limits? (Updated February 24, 2022)**

A7. In general, individuals and families may be eligible for the premium tax credit if their household income for the year is at least 100 percent but no more than 400 percent of the federal poverty line for their family size. For tax year 2021, if a taxpayer or the taxpayer’s spouse (if filing a joint return), received, or was approved to receive, unemployment compensation for any week beginning during 2021, the amount of the taxpayer’s household income is considered to be no greater than 133 percent of the federal poverty line for his or her family size and the taxpayer is considered to have met the household income requirements for being allowed a premium tax credit.

For tax years 2021 and 2022, section 9661 of the American Rescue Plan Act of 2021 (ARPA), enacted on March 11, 2021, temporarily expanded eligibility for the premium tax credit by eliminating the requirement that a taxpayer’s household income may not be more than 400 percent of the federal poverty line. Under this rule, taxpayers with household income of more than 400 percent of the federal poverty line for their family size may be allowed to claim a premium tax credit, if otherwise eligible (see question 5).

Note: The federal poverty guidelines — sometimes referred to as the “federal poverty line” or FPL — state an income amount considered poverty level for the year based on family size. The Department of Health and Human Services (HHS) determines the federal poverty guideline amounts annually. The government generally adjusts the income limits annually for inflation. The Federal Register publishes a chart reflecting these amounts at the beginning of each calendar year. You can also find this information on the [HHS website](#). HHS provides three federal poverty guidelines: one for residents of the 48 contiguous states and D.C., one for Alaska residents and one for Hawaii residents. For purposes of the premium tax credit, eligibility for a certain year is based on the most recently published set of federal poverty guidelines on the first day of the annual open enrollment period. For example, the tax credit for 2018 is based on the 2017 FPL. See the instructions for Form 8962 for more information.

See the [Unemployment Compensation](#) section: Questions 38 – 45 for information specific to unemployment compensation.

## **Q8. What is household income? (updated February 24, 2022)**

A8. For purposes of the premium tax credit, your household income is your modified adjusted gross income plus that of every other member of your family (see [Q6](#)) who is required to file a federal income tax return. Modified adjusted gross income is the adjusted gross income on your federal income tax return plus any excluded foreign income, nontaxable Social Security benefits (including tier 1 railroad retirement benefits), and tax-exempt interest received or accrued during the taxable year. It does not include Supplemental Security Income (SSI). See [Q41](#) and [Q42](#) for information about unemployment compensation and household income.

If the source of your income is within Puerto Rico or was effectively connected with the conduct of a trade or business within Puerto Rico, the income is not included in your modified adjusted gross income and is not used in determining



your household income. This limitation is specific to the computation of modified adjusted gross income for purposes of the premium tax credit. For additional information see [Publication 570](#).

See the [Unemployment Compensation](#) section: Questions 38-45 for information specific to unemployment compensation.

## **Q9. Am I definitely ineligible for the premium tax credit if I'm married but I file my tax return using the filing status married filing separately? (updated February 24, 2022)**

A9. No. If you are married and you file your tax return using the filing status married filing separately, you may be eligible for the premium tax credit if you meet the criteria in [section 1.36B-2\(b\)\(2\) of the Income Tax Regulations](#), which allows certain victims of domestic abuse and spousal abandonment to claim the premium tax credit using the married filing separately filing status. You can claim this relief from the joint filing requirement if you meet all of the following criteria:

- You are living apart from your spouse at the time you file your tax return.
- You are unable to file a joint return because you are a victim of domestic abuse or spousal abandonment (see [Q13](#)).
- You certify on your return that you are a victim of domestic abuse or spousal abandonment.

To certify that you are a victim of domestic abuse or spousal abandonment and qualify for relief from the joint return filing requirement, you should check the box at the top of [Form 8962, Premium Tax Credit \(PTC\)](#), which you will use to claim the credit. You should not attach documentation of the abuse or abandonment to your tax return but should keep any documentation you may have with your tax return records. For examples of what documentation to keep, see [Publication 974, Premium Tax Credit \(PTC\)](#). Taxpayers may claim this relief from the joint filing requirement for no more than three consecutive years. For more information on this relief, see the instructions to Form 8962, Premium Tax Credit (PTC).

**Note:** Generally, a married taxpayer who lives apart from his or her spouse for the last six months of the taxable year is considered unmarried if he or she files a separate return, maintains as the taxpayer's home a household that is also the main home of a dependent child for more than half the year, and furnishes over half the cost of the household during the taxable year.

## **Q10. For purposes of the relief from the joint filing requirement for certain victims of domestic abuse and spousal abandonment, how are domestic abuse and spousal abandonment defined?**

A10. Domestic abuse includes physical, psychological, sexual, or emotional abuse, including efforts to control, isolate, humiliate, and intimidate, or to undermine the victim's ability to reason independently. All the facts and circumstances are considered in determining whether an individual is abused, including the effects of alcohol or drug abuse by the victim's spouse. Depending on the facts and circumstances, abuse of the victim's child or other family member living in the household may constitute abuse of the victim.

A taxpayer is a victim of spousal abandonment for a taxable year if, taking into account all facts and circumstances, the taxpayer is unable to locate his or her spouse after reasonable diligence.

## **Q11. How do I know if the insurance offered by my employer is affordable? (updated February 24, 2022)**



A11. An employer-sponsored plan generally is affordable if the portion of the annual premium you must pay for self-only coverage that satisfies the minimum value requirement (see [Q12](#)) does not exceed 9.5 percent of your household income, but this percentage is adjusted annually. For plan years beginning in:

- 2015, the percentage is 9.56 percent – see [Revenue Procedure 2014-37](#) PDF
- 2016, the percentage is 9.66 percent – see [Revenue Procedure 2014-62](#) PDF
- 2017, the percentage is 9.69 percent – see [Revenue Procedure 2016-24](#) PDF
- 2018, the percentage is 9.56 percent – see [Revenue Procedure 2017-36](#) PDF
- 2019, the percentage is 9.86 percent – see [Revenue Procedure 2018-34](#) PDF
- 2020, the percentage is 9.78 percent – see [Revenue Procedure 2019-29](#) PDF
- 2021, the percentage is 9.83 percent – see [Revenue Procedure 2020-36](#) PDF
- 2022, the percentage is 9.61 percent – see [Revenue Procedure 2021-36](#) PDF

(See [Q8](#), [Q41](#) and [Q42](#)) for what is included in household income.) The affordability test applies only to the portion of the annual premiums for self-only coverage and does not include any additional cost for family coverage. If the employer offers multiple health coverage options, the affordability test applies to the lowest-cost option available to you that also satisfies the minimum value requirement. If your employer offers any wellness programs (including programs based on a health factor or requiring that the wellness incentive be earned), the affordability test is based on the premium you would pay if you received the maximum discount for any tobacco cessation programs and did not receive any other discounts based on wellness programs.

If your employer offers affordable self-only coverage, generally you are not eligible for the premium tax credit. However, the regulations under Internal Revenue Code section 36B provide an employee safe harbor for certain affordability determinations made by the Marketplace. Under the employee safe harbor, employer-sponsored coverage is treated as unaffordable for you if (1) you provided accurate information to the Marketplace about the cost of employer-sponsored coverage and (2) the Marketplace determined that you were eligible for advance payments of the premium tax credit (APTC) because employer-sponsored coverage was unaffordable based on your projected household income. Under these circumstances, you would still be eligible for the premium tax credit if you meet the other eligibility criteria even though the employer-sponsored coverage would have been affordable based on your actual household income. The employee safe harbor does not apply to you if, with reckless disregard for the facts, you provided incorrect information to a Marketplace concerning the portion of the annual premium for self-only coverage for the employee under the plan.

## **Q12. How do I know if the insurance offered by my employer provides minimum value?**

A12. An employer-sponsored plan provides minimum value if the plan covers at least 60 percent of the expected total allowed costs for covered services. The plan also must provide substantial coverage of in-patient hospitalization and physician services. Beginning in 2014, your employer is required to provide you with a document called a Summary of Benefits and Coverage. That document will give you information about the benefits and coverage under your employer-sponsored plan, including whether the plan provides minimum value. Also, under the Fair Labor Standards Act, most employers will provide employees with a one-time notice about their options in the Marketplace and their potential eligibility for a premium tax credit. This one-time notice will include information about whether the employer has a plan that provides minimum value.

**Q13. Employer X offers affordable, minimum value coverage to X's employees. X has stated, however, that if Employee attempts to enroll in the employer-sponsored coverage, X will terminate Employee's employment. Is Employee considered eligible for X's employer-sponsored coverage and, consequently, ineligible for a premium tax credit?**



A13. No. The regulations under § 36B provide that an individual is not considered eligible for employer-sponsored coverage unless the individual may enroll in the coverage. Employee cannot enroll in X's employer-sponsored coverage unless Employee is an employee of X, and X will terminate Employee's employment if Employee attempts to enroll in X's coverage. Consequently, Employee cannot enroll in X's coverage and is not considered eligible for X's employer-sponsored coverage. Employee will be allowed a premium tax credit if Employee meets the other eligibility requirements for the credit.

**Q14. Spouse is married to Employee. Employee's employer, Y, offers affordable, minimum value coverage to Y's employees and their family members. Y has stated, however, that if Employee attempts to enroll Spouse in the employer-sponsored coverage, Y will terminate Employee's employment. Is Spouse considered eligible for Y's employer-sponsored coverage and, consequently, ineligible for a premium tax credit?**

A14. No. The regulations under § 36B provide that an individual is not considered eligible for employer-sponsored coverage unless the individual may enroll in the coverage. Spouse cannot be enrolled in Y's employer-sponsored coverage unless Employee is an employee of Y, and Y will terminate Employee's employment if Employee attempts to enroll Spouse in Y's coverage. Consequently, Spouse cannot be enrolled in Y's coverage and is not considered eligible for Y's employer-sponsored coverage. Spouse will be allowed a premium tax credit if Spouse meets the other eligibility requirements for the credit.

**Q15. Employee is married to Spouse and they have one child (Dependent). Employee's employer, Y, offers coverage to its employees and their family members, and the coverage provides minimum value and is affordable for Employee, Spouse and Dependent. Y's plan permits spouses and dependents to enroll in the employer-sponsored coverage only if the employee enrolls in the coverage. Employee chooses not to enroll in Y's employer-sponsored coverage, and, as a result, Spouse and Dependent are not permitted to enroll in Y's coverage under the rules of Y's plan. If the Spouse or Dependent enrolls in Marketplace coverage, are they eligible for a premium tax credit?**

A15. No. Spouse and Dependent are not eligible for a premium tax credit for their Marketplace coverage. The regulations under § 36B provide that an employee who may enroll in an eligible employer-sponsored plan and an individual who may enroll in the plan because of a relationship to the employee (a related individual) are eligible for minimum essential coverage under the employer-sponsored plan if the plan is affordable and provides minimum value. Additionally, an employee and a related individual are not eligible for a premium tax credit for their Marketplace coverage if they could have enrolled in employer-sponsored coverage that is affordable and provides minimum value. Because all three family members could have enrolled in Y's employer-sponsored coverage through Employee's enrollment, and the coverage was affordable and provided minimum value, they are not eligible for a premium tax credit for their Marketplace coverage.

**Q16. Am I eligible for the premium tax credit if I enroll in coverage through an employer and also enroll in coverage through the Marketplace?**

A16. If you enroll in an employer-sponsored plan, including retiree coverage, that is minimum essential coverage you are not eligible for the premium tax credit for your Marketplace coverage, even if the employer plan is unaffordable or fails to provide minimum value. You may be eligible for a premium tax credit for coverage of another member of your family who enrolls in Marketplace coverage and is not enrolled in the employer plan.

**Q17. Can I get the premium tax credit subsidy for coverage through a Marketplace if I am eligible for coverage through my former employer, such as COBRA or retiree coverage?**



A17. If your coverage is from a former employer, such as COBRA or retiree coverage, you can decline the employer coverage, even if it is affordable and provides minimum value, and may be eligible for the premium tax credit for Marketplace coverage.

**Q18. What if the retiree coverage consists of a retiree-only health reimbursement arrangement (HRA)?**

A18. If you are provided a retiree-only HRA, you cannot claim a premium tax credit for the months you are provided the HRA.

## Computing the Amount

**Q19. Am I allowed a premium tax credit if my employer provides me with a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) for one or more months of the year?**

A19. If you enroll in Marketplace coverage and are provided a QSEHRA that constitutes affordable coverage, you are not allowed a premium tax credit for your Marketplace coverage for the months the QSEHRA constitutes affordable coverage. If the QSEHRA does not constitute affordable coverage and you are allowed a premium tax credit for a month you are provided the QSEHRA, you must reduce your PTC for the month by the monthly permitted benefit provided to you under the QSEHRA. [Notice 2017-67](#) PDF, questions 65-71, provides more information on how to determine if a QSEHRA is affordable and how to compute your premium tax credit if the QSEHRA is unaffordable.

**Q20. How is the amount of the premium tax credit computed?**

A20. The amount of the premium tax credit is generally equal to the premium for the second lowest cost silver plan available through the Marketplace that applies to the members of your coverage family, minus a certain percentage of your household income. However, the credit cannot be more than the premiums for the Marketplace plan or plans in which you or your family enroll (called your enrollment premiums). Your coverage family consists of the members of your family who are enrolled in coverage through the Marketplace and ineligible for non-Marketplace coverage such as Medicare, Medicaid or affordable employer-sponsored coverage. (See [Q6](#) for information on who is in your family.)

**Q21. What is the second lowest cost silver plan if only one silver plan is available where I reside, or the premiums for the two lowest cost silver plans are exactly the same?**

A21. If there is only one silver plan, that plan is treated as the second lowest cost silver plan. If the two lowest cost silver plans have identical premiums, that premium is the premium for the second lowest cost silver plan.

**Q22. I am a smoker. Is the amount of my premium tax credit based on the higher premiums for smokers?**

A22. Higher premiums for smokers are not counted in determining the amount of the second lowest cost silver plan that applies to your family. Therefore, if the monthly premium for the applicable second lowest cost silver plan is \$1,200 for smokers and \$900 for non-smokers, the \$900 non-smoker premium is the second lowest cost silver plan premium used to compute your credit. However, the amount of your enrollment premiums, which might limit the amount of your premium tax credit, are the amount you are actually being charged. For example, if your monthly enrollment premiums are \$650 because you are a tobacco user but would be \$500 if you did not use tobacco, the monthly enrollment premiums you use in computing your premium tax credit are \$650.

**Q23. Am I eligible for the premium tax credit for my coverage if I enroll in the middle of the month?**





A23. To be eligible for a credit amount for a particular month, you generally must be enrolled in a qualified health plan through the Marketplace on the first day of that month. However, if an individual enrolls in a qualified health plan and the enrollment is effective on the date of the individual's birth, adoption, or placement for adoption or in foster care, or on the effective date of a court order, the individual is treated as enrolled as of the first day of that month.

## Reporting, Claiming and Reconciling

### **Q24. Will I have to file a federal income tax return and attach Form 8962 to get the premium tax credit for a tax year other than the 2020 tax year (updated February 24, 2022)**

A24. Yes. For tax years other than 2020, if you have APTC in any amount, you must file a [Form 8962](#), and attach it to your federal income tax return for that year. You will use Form 8962 to reconcile the difference between the APTC made on your behalf and the actual amount of the credit that you may claim on your return. This filing requirement applies whether or not you would otherwise be required to file a return.

For tax years other than 2020, if APTC is made on behalf of you or an individual in your family, and you do not file a tax return, you will not be eligible for APTC to help pay for your Marketplace health insurance coverage in future years. This means that you will be responsible for the full cost of your monthly premiums.

To claim a premium tax credit for any tax year in which no APTC was paid on your behalf, you must file a Form 8962 and attach it to your federal income tax return for the year you claim the premium tax credit. Also, for all tax years, if APTC is paid on your behalf but your premium tax credit is more than the APTC, you have net PTC. To claim a net PTC, you must file a Form 8962 and attach it to your federal income tax return for the year. Claiming a net PTC will lower the amount of tax you owe or increase your refund to the extent it is more than the amount of tax you owe.

See the [Coronavirus Tax Relief section](#) on this page for information specific to tax year 2020.

### **Q25. If I get insurance through the Marketplace, how will I know if need to file a federal tax return and what to report on my return?**

A25. If you purchased coverage through the Marketplace you should receive [Form 1095-A, Health Insurance Marketplace Statement](#) from your Marketplace by early February. If this form shows APTC was paid on behalf of a member of your family, you are required to complete Form 8962, Premium Tax Credit (PTC), to reconcile those advance credit payments. Form 1095-A provides information you will need when completing Form 8962. If you have questions about the information on Form 1095-A, or about receiving Form 1095-A, you should contact your [Marketplace](#) directly. The IRS will not be able to answer questions about the information on your Form 1095-A or about missing or lost forms.

Filing electronically is the easiest way to file a complete and accurate tax return. Electronic Filing options include free Volunteer Assistance, IRS Free File, commercial software and professional assistance.

### **Q26. How do I reconcile APTC with the actual premium tax credit on my return? (updated February 24, 2022)**

A26. When you complete your tax return, you will figure your credit and compare it to the amount of APTC on Form 8962. If your actual allowable credit on your return is less than your APTC, called excess APTC, the difference, subject to certain repayment caps, will be subtracted from your refund or added to your balance due. If your actual allowable credit is more than your APTC, the difference will be added to your refund or subtracted from your balance due. (See [Q4](#) for information on changes in circumstances and [Q31](#) for information on reconciling for 2020).



## **Q27. What are the repayment caps? (updated February 24, 2022)**

A27. The repayment caps limit how much of the excess APTC you must repay and are based on your household income and filing status. For tax years other than 2020, if your household income reported on your tax return is 400 percent of the FPL (which is based on household income and family size) or higher, you must repay the full amount of APTC that exceeds your premium tax credit. See [Publication 974](#) PDF for more information on the repayment caps.

## **Q28. If I am not allowed a premium tax credit because I file my tax return using the married filing separately filing status (and I do not qualify for the relief described in questions 9 and 10), do I include my spouse in my family size when determining if there is a cap on the amount I must repay?**

A28. If you use the married filing separately filing status, your family size includes your spouse only if you claim a personal exemption deduction for your spouse. Otherwise, your family size does not include your spouse.

## **Q29. What happens if I have a balance due from an excess advance payment of the premium tax credit, but I cannot afford to make the payment when filing my tax return?**

A29. The vast majority of individuals who need to repay excess advance payments will satisfy that balance through a reduction in their expected income tax refund. However, if you owe a balance in excess of your refund, you should be aware that the IRS routinely works with taxpayers who owe amounts they cannot afford to pay. The ability to make a payment arrangement for these underpayments is identical to the provisions for other tax balances. See [Publication 4849, Can't Pay the Tax You Owe?](#) PDF for further information on how to pay your past due federal income tax liability.

## **Q30. I enrolled in a qualified health plan with APTC based on a Marketplace determination or assessment that I was ineligible for Medicaid or CHIP coverage. Subsequently, I was determined eligible for Medicaid and was enrolled for several months while I was enrolled in the qualified health plan. Am I treated as eligible for Medicaid and therefore ineligible for the premium tax credit for these months?**

A30. Generally, no. If a Marketplace makes a determination or assessment that an individual is ineligible for Medicaid or CHIP and eligible for APTC when the individual enrolls in a qualified health plan, the individual is treated as not eligible for Medicaid or CHIP for purposes of the premium tax credit for the duration of the period of coverage under the qualified health plan (generally, the rest of the plan year). Accordingly, if you were enrolled in both Medicaid coverage and in a qualified health plan for which advance credit payments were made for one or more months of the year following a Marketplace determination or assessment that you were ineligible for Medicaid, you can claim the premium tax credit for these months, if you are otherwise eligible. The Marketplace may periodically check state Medicaid data to identify consumers who may be dual-enrolled, and direct them to return to the Marketplace to discontinue their APTC. If you believe that you may currently be enrolled in both Medicaid and a qualified health plan with advance credit payments, you should contact the Marketplace immediately.

## Suspension of Repayment of Excess Advance Payments of the Premium Tax Credit (Excess APTC) for Tax Year 2020

## **Q31. Who should file Form 8962 with their 2020 tax return? (added May 14, 2021)**

A31. If you are claiming net Premium Tax Credit (PTC) on Form 1040 or 1040-SR, Schedule 3, Line 8, you must file Form 8962 with your return and report net PTC on Line 26. You are eligible to claim net PTC if:



- You are allowed a PTC for 2020 but were not eligible for, or chose not to receive the benefit of, APTC at enrollment in Marketplace coverage for 2020, or
- You received the benefit of APTC for 2020 but your PTC allowed for 2020 is more than the APTC paid on your behalf for 2020.

The IRS needs the information on Form 8962 to process the tax return for taxpayers claiming a net PTC. If you have net PTC and receive a letter asking for more information, you should respond to the letter so that the IRS can finish processing your 2020 tax return and, if applicable, issue any refund due.

### **Q32. Who should not file Form 8962 with their 2020 tax return? (added May 14, 2021)**

A32. If you have excess APTC for 2020, you should not file Form 8962 when you file your 2020 tax return and you should not include an amount on Form 1040 or Form 1040-SR, Schedule 2, Line 2. The IRS will process your tax return without Form 8962 and will not add any excess APTC repayment amount to the 2020 tax liability. You should disregard letters from the IRS asking for a missing Form 8962 if you have excess APTC for tax year 2020.

If your total PTC on Form 8962, line 24, is less than your APTC on line 25, then you are not eligible for net PTC. For tax year 2020 only, you don't have to repay the excess APTC amount. **Do not file** Form 8962 with your return. The amount that you would have entered on Form 8962, line 29, is the amount of your excess APTC that you are now not required to repay due to the American Rescue Plan Act. Do not complete Part III of Form 8962, and do not follow the instructions for that part. Leave line 2 of Schedule 2 (Form 1040) blank.

### **Q33. I received the benefit of APTC in 2020. I already filed my 2020 tax return and reported and paid my excess APTC repayment amount. Should I file an amended return to get this money back? (updated February 24, 2022)**

A33. No. If you have already filed your 2020 tax return and reported excess APTC or made an excess APTC repayment, you do not need to file an amended tax return or contact the IRS. The IRS will reduce the excess APTC repayment amount to zero with no further action needed by you. The IRS will refund the excess APTC repayment amount you paid on your 2020 tax return and you'll get a letter from the IRS explaining the changes we made.

There is no need to contact the IRS about this issue. This effort to issue refunds to those who paid an excess APTC repayment amount on their 2020 return is ongoing and will continue.

### **Q34. I filed my 2020 tax return and got a letter from the IRS asking for Form 8962 because I have excess APTC. What should I do? (updated February 24, 2022)**

A34. If you filed your 2020 tax return and received a letter about a missing Form 8962 for 2020, you may disregard the letter if you have excess APTC for 2020. The IRS will process tax returns without Form 8962 for tax year 2020 by reducing the excess APTC repayment amount to zero. There is no need to contact the IRS. Your 2020 tax return will be adjusted to reflect this change with no further action needed by you and no further contact from the IRS about this change to your return.

### **Q35. I filed my 2020 tax return without Form 8962 and did not get a letter from the IRS asking for it but think I have excess APTC. What should I do? (added May 14, 2021)**

A35. If you reported an excess APTC repayment amount on your 2020 tax return, but didn't file Form 8962, the IRS will reduce the excess APTC repayment amount to zero and process the return even if you didn't get a letter about a missing Form 8962. The IRS will process the 2020 tax return without Form 8962. There is no need to contact the IRS. Your 2020



tax return will be adjusted to reflect this change with no further action needed by you and no further contact from the IRS about this change to your return.

If you filed your 2020 tax return without reporting an excess APTC repayment amount or attaching Form 8962 and think you may have excess APTC for tax year 2020, you don't need to contact the IRS. The IRS will not include an amount for excess APTC repayment and will process your 2020 return without Form 8962. If you do receive an IRS letter about excess APTC repayment for tax year 2020, you may disregard the letter.

**Q36. I filed my 2020 tax return, claimed a net PTC, and received a letter from the IRS. What should I do? (added May 14, 2022)**

A36. Do not disregard the letter from the IRS if you are claiming a net PTC. If you have net PTC for 2020, you should review and respond to the IRS letter so that the IRS can finish processing your 2020 tax return and, if applicable, issue any refund due.

If you computed PTC on your return that's more than the APTC paid on your behalf during 2020, the difference is a net PTC. Claiming a net PTC will increase your refund or lower the amount of tax you owe. Net PTC is reported on Form 1040, Schedule 3, Line 8. Taxpayers claiming a net PTC must file Form 8962 and report an amount on Line 26 of the form when filing their 2020 tax return.

If you claimed a net PTC, you must file Form 8962 when you file your 2020 tax return. If you filed a 2020 tax return and claimed a net PTC but did not file Form 8962 with your return, you should respond to the IRS letter you received or will soon receive. The IRS may need more information to process your 2020 return if there's an amount claimed on Form 1040 or 1040-SR, Schedule 3, Line 8.

**Q37. What should I do if I have excess APTC for a tax year other than 2020? Do I need to report or repay that excess amount and file Form 8962? (added May 14, 2021)**

A37. The suspension of the requirement to repay excess APTC applies only for tax year 2020. If you received the benefit of APTC for a tax year other than 2020, you must file Form 8962 to reconcile your APTC and PTC for the year when you file that tax year's federal income tax return even if you otherwise are not required to file a tax return for that year. The IRS continues to process prior year tax returns and correspond for missing information. If the IRS sends you a letter about a 2019 Form 8962, that means we need more information from you to finish processing your 2019 tax return. You should respond to the letter so that the IRS can finish processing the tax return and, if applicable, issue any refund you may be due.

## Unemployment Compensation – 2020 and 2021

### 2020 Unemployment Compensation

**Q38. Under ARPA, I am an eligible taxpayer who was allowed to exclude from income up to \$10,200 of unemployment compensation for the 2020 tax year. Is the \$10,200 of unemployment compensation also excluded from my modified adjusted gross income for purposes of computing the premium tax credit for 2020? (added February 24, 2022)**

A38. Yes. ARPA allowed an exclusion of up to \$10,200 of unemployment compensation received by an eligible taxpayer in 2020 on their 2020 Form 1040, 1040-SR, or 1040-NR. If you are an eligible taxpayer, the \$10,200 of unemployment



compensation also is excluded from your modified adjusted gross income for purposes of computing the premium tax credit for 2020.

**Q39. I already filed my 2020 tax return and attached Form 8962 without excluding \$10,200 of unemployment compensation on the return. Should I file an amended return to report the exclusion? (added February 24, 2022)**

A39. ARPA allowed an exclusion of up to \$10,200 of unemployment compensation received by an eligible taxpayer in 2020 on their 2020 Form 1040, 1040-SR, or 1040-NR. Beginning in July 2021, the IRS reviewed tax returns filed prior to the enactment of ARPA to identify tax returns on which both excludible unemployment compensation and excess APTC repayments was reported by the taxpayer. Taxpayers received letters from the IRS, generally within 30 days of the adjustment, informing them of what kind of adjustment was made (such as a refund, a payment of IRS debt payment or a payment offset for other authorized debts) and the amount of the adjustment. For taxpayers who reported both excludible unemployment income and APTC, the adjustment should have covered both items even though the IRS's communication to the taxpayer may have mentioned only unemployment compensation.

However, if, because of the excluded unemployment compensation, taxpayers are now eligible for deductions or credits not claimed on the original return, they should file a Form 1040-X, Amended U.S. Individual Income Tax Return for tax year 2020. See 2020 Unemployment Compensation Exclusion FAQs — [Topic D: Amended Return](#) (Form 1040-X) for more information.

## 2021 Unemployment Compensation

**Q40. I received, or was approved to receive, unemployment compensation for a week beginning during 2021. Is the amount of my household income considered to be no greater than 133 percent of the federal poverty line for my family size and am I considered to have met the income limits for premium tax credit eligibility? (added February 24, 2022)**

A40. Yes. If you, (or your spouse (if filing a joint return)), received, or were approved to receive, unemployment compensation for any week beginning during 2021, the amount of your household income is considered to be no greater than 133 percent of the federal poverty line for your family size and you are considered to have met the household income requirements for being allowed a premium tax credit.

Check the box on line A, above Part I of 2021 Form 8962, if you, or your spouse (if filing a joint return), received, or were approved to receive, unemployment compensation for any week beginning during 2021. By checking this box, you are certifying that you, or your spouse (if filing a joint return), received, or were approved to receive, unemployment compensation for any week beginning during 2021. For more information, see Publication 974. Keep any supporting documentation related to the receipt of or approval to receive unemployment compensation with your tax return records.

**Q41. I claim a dependent on my tax return. My dependent was the only person in my family who received or was approved to receive unemployment compensation for a week beginning during 2021. Have I met the household income limits for premium tax credit eligibility and am I considered an applicable taxpayer because of my dependent's unemployment compensation? (added February 24, 2022)**

A41. No, your dependent's receipt of, or approval to receive, unemployment compensation during 2021 does not cause you to meet the household income limits for premium tax credit eligibility or make you an applicable taxpayer. As discussed in question 40, under section 36B(g)(1) (section 9663 of ARPA), if you or your spouse (if filing a joint return)



received or were approved to receive unemployment compensation for a week beginning during 2021, the amount of your household income is considered to be no greater than 133 percent of the federal poverty line for your family size and you are an applicable taxpayer for purposes of being allowed a premium tax credit. Therefore, if your dependent was the only person in your family who received or was approved to receive unemployment compensation for a week beginning during 2021, you cannot check the box on line A, above Part I of 2021 Form 8962.

**Q42. If my dependent was the only person in my family who received or was approved to receive unemployment compensation for a week beginning during 2021, is my dependent's unemployment compensation included in determining the amount of my household income? (added February 24, 2022)**

A42. It depends. As discussed in question 8 [add link], your household income is your modified adjusted gross income plus that of the other members of your family required to file a federal income tax return, and modified adjusted gross income is adjusted gross income plus certain untaxed items. Unemployment compensation is included in modified adjusted gross income and the section 36B(g)(1) unemployment rule does not affect the determination of modified adjusted gross income. Consequently, if your dependent received unemployment compensation for 2021 and is required to file a tax return for 2021, your household income would include your dependent's unemployment compensation. If your dependent is not required to file a tax return for 2021, your household income would not include your dependent's unemployment compensation.

**Q43. I received or was approved to receive unemployment compensation in 2021 and my household income was less than 100 percent of the federal poverty line. Am I eligible for the premium tax credit? (added February 24, 2022)**

A43. Yes, if you meet the other eligibility requirements (see [Q5](#)), you are eligible for a premium tax credit for 2021, because you are treated as an applicable taxpayer.

**Q44. I applied for unemployment compensation for 2021 but my initial application was denied. I appealed the decision and in 2022 was approved to receive my 2021 unemployment compensation. Am I eligible to check the box on line A, above Part I of 2021 Form 8962 relating to unemployment compensation? (added February 24, 2022)**

A44. Yes. You were approved to receive unemployment compensation for a week beginning during 2021 and are eligible to check the box on line A, above Part I of 2021 Form 8962. Keep the letter or other documentation you received that shows your appeal resulted in your approval to receive your 2021 unemployment compensation.

**Q45. I received unemployment compensation in 2021 but had to repay it because my state could not verify my employment status. Am I considered to have received unemployment compensation for a week beginning in 2021? (added February 24, 2022)**

A45. It depends. If in 2021 you paid back all of the unemployment compensation you received in 2021, you did not receive unemployment compensation for a week beginning in 2021. But if you did not pay back all of the 2021 unemployment compensation until 2022, you received unemployment compensation for a week beginning in 2021 and are eligible to check the box on line A, above Part I of 2021 Form 8962.