

Understanding the Health Care Subsidies

Basic Information

Starting in 2014, if you get your health insurance coverage through the Health Insurance Marketplace, you may be eligible for the Premium Tax Credit. This tax credit can help make purchasing health insurance coverage more affordable for people with moderate incomes. The open enrollment period to purchase health insurance coverage for 2014 through the Marketplace runs from Oct. 1, 2013, through March 31, 2014.



The Department of Health and Human Services administers the requirements for the Marketplace and the health plans they offer. For more information about your coverage options, financial assistance and the Marketplace, visit HealthCare.gov.

Eligibility

In general, you may be eligible for the credit if you meet all of the following:

- buy health insurance through the Marketplace;
- are ineligible for coverage through an employer or government plan;
- are within certain income limits;
- file a joint return, if married; and
- cannot be claimed as a dependent by another person.

If you are eligible for the credit, you can choose to:

- Get It Now: have some or all of the estimated credit paid in advance directly to your insurance company to lower what you pay out-of-pocket for your monthly premiums during 2014; or
- Get It Later: wait to get all of the credit when you file your 2014 tax return in 2015.

Getting the Credit

To qualify for the credit, you must get insurance through the Marketplace.

During enrollment through the Marketplace, using information you provide about your projected income and family composition for 2014, the Marketplace will estimate the amount of the Premium Tax Credit you will be able to claim for the 2014 tax year that you will file in 2015.

You will then decide whether you want to have all, some or none of your estimated credit paid in advance directly to your insurance company.

The credits extend to 400% of the poverty level so it is important for many people to see if they qualify.

Here is some guidance on eligibility income levels. The numbers are different for residents of Alaska and Hawaii.

- \$11,490 (100%) up to \$45,960 (400%) for one individual.
- \$15,510 (100%) up to \$62,040 (400%) for a family of two.
- \$23,550 (100%) up to \$94,200 (400%) for a family of four.

Change in Circumstances

Report income and family size changes to the Marketplace throughout the year. Reporting changes will help make sure you get the proper type and amount of financial assistance and will help you avoid getting too much or too little in advance. Receiving too much or too little in advance can affect your refund or balance due when you file your 2014 tax return in 2015.

For example, if you do not report income or family size changes to the Marketplace when they happen in 2014, the advance payments may not match your actual qualified credit amount on your federal tax return that you will file in 2015. This might result in a smaller refund or balance due.

Claiming the Credit on Your Federal Tax Return

For any tax year, if you receive advance credit payments in any amount or if you plan to claim the premium tax credit, you must file a federal income tax return for that year. This means if you normally do not have to file a tax return you will need to if you want to receive the credit or if you claimed the advance credits.

If you choose to get it now: When you file your 2014 tax return in 2015, you will subtract the total advance payments you received during the year from the amount of the Premium Tax Credit calculated on your tax return. If the Premium Tax Credit computed on the return is more than the advance payments made on your behalf during the year, the difference will increase your refund or lower the amount of tax you owe. If the advance credit payments are more than the Premium Tax Credit, the difference will increase the amount you owe and result in either a smaller refund or a balance due.

If you choose to get it later: You will claim the full amount of the Premium Tax Credit when you file your 2014 tax return in 2015. This will either increase your refund or lower your balance due.

More Information

More detailed information about the credit is available in our [Questions and Answers](#).

In addition, the Department of the Treasury and the IRS issued the following legal guidance related to the Premium Tax Credit:

