

Affordable Care Act Updates Tax Preparers Should Know About

By Chuck McCabe
SEPTEMBER 18, 2014

As we make our way towards the 2015 tax season, the Affordable Care Act and how it will affect the upcoming season seems to be coming clearer... little by little.... While there are still a number of questions to be answered, we thought we'd compile some updates from the past couple of months to help keep you up to speed.

Premium Tax Credits Still Under Scrutiny

There's been quite a bit of back and forth about a disputed provision of the Affordable Care Act – the one where millions of Americans get tax subsidies. The dispute is whether people who qualify for tax credits and bought insurance through the federal exchange because their state did not set up a marketplace, will receive them. The law says that you qualify for tax credits if you buy insurance on an exchange “established by the state.” The dispute is in the part of the clause that ends in “established by the state.”

In July, a three-judge panel from the D.C. Circuit Court ruled that those who qualified for subsidies and purchased insurance on federal exchanges because their states did not set up an exchange, would not receive those subsidies because they did not purchase insurance through a state exchange.

The Obama Administration has requested that the U.S. Circuit Court of Appeals for the District of Columbia re-hear the case in front of the full complement of judges. That request was granted and the re-hearing is set for December 17th.

[More on the re-hearing.](#)

[Accounting Today on the implication of the ruling.](#)

More Paperwork!

If your clients purchased health insurance through any of the exchanges, there will be a new form they have to bring you from their insurance exchange before you can file their tax return. The form is called 1095-A and it lists everyone in the household who has coverage and what the government paid for each person in subsidies.

In addition to this form, your standard 1040 is going to have a few changes to it.

Line 46: You will need to report the excess of any premium tax credit received throughout the year.

Line 62: You will need to report whether your client has the minimum essential coverage or owes a penalty.

Line 69: You will need to report the amount of the Premium Tax Credit

Form 8962 is the Premium Tax Credit (PTC) Form. This form is to be used to claim the Premium Tax Credit or reconcile any PTC amounts received in advance during the year to cover health care premiums.

Finally, Form 8965 is the Health Coverage Exemption Form. This form is used to report exemptions from insurance requirements.

More on the new forms can be found on the [AICPA blog](#).

Possible Delay?

Many organizations are speculating a delay to the tax season due to the need for Form 1095-A before filing tax returns. [CPA Practice Advisor](#) speculates that these forms will not be sent out by their January 31st deadline, thus delaying the start to the season.

About the Author

Charles E. (“Chuck”) McCabe, a 40+ year veteran tax industry executive, has managed hundreds of tax preparation offices. Chuck earned his B.S. degree in management from Adelphi University and Executive M.B.A. degree from Pace University. He is a national speaker, teacher and author on small business and tax practice management. Chuck is founder & CEO of Peoples Income Tax, Inc. and The Income Tax School, Inc. Additional information may be obtained by contacting Chuck McCabe at 1.800.984.1040 or by emailing cmccabe@TheIncomeTaxSchool.com, or by visiting the ITS website www.TheIncomeTaxSchool.com.

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