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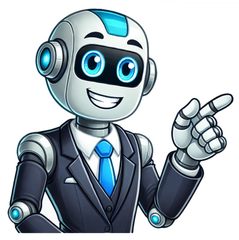

Instructions on 8962

Form 8962 plays a crucial role for individuals who have received premium tax credits to help cover health insurance costs through the Health Insurance Marketplace. Completing this form accurately ensures taxpayers receive the correct credit amount, avoiding potential repayment or underpayment issues. Coverage Requirements To qualify for the premium tax credits associated with Form 8962, individuals must meet specific requirements set by the Affordable Care Act (ACA). Taxpayers must purchase health insurance through the Health Insurance Marketplace to be eligible. The plan must be a qualified health plan, excluding Medicaid, Medicare, or employer-sponsored plans. Eligibility for these credits also depends on household income, which must fall between 100% and 400% of the federal poverty line. This income range is adjusted annually based on household size and state of residence. For example, in 2024, a family of four in the contiguous United States would need a household income between approximately $27,750 and $111,000 to qualify. Taxpayers should confirm current thresholds when filing. Additionally, taxpayers must not qualify for other minimum essential coverage, such as government programs or employer-sponsored insurance, to claim these credits. Married taxpayers must file jointly unless exceptions apply, such as being a victim of domestic abuse or spousal abandonment. Household Income Details Determining household income is essential for accurately completing Form 8962, as it directly affects the amount of premium tax credits a taxpayer can claim. Household income includes the modified adjusted gross income (MAGI) of the taxpayer, their spouse, and any dependents required to file a tax return. MAGI is calculated by adding back certain deductions, such as non-taxable Social Security benefits, tax-exempt interest, and excluded foreign income, to the adjusted gross income (AGI). Taxpayers must carefully review all income sources, including wages, dividends, and rental income, to ensure accurate reporting. Financial documents, such as W-2s and 1099s, are critical for this process. Some deductions, like student loan interest, do not impact MAGI, so taxpayers should focus only on those relevant to eligibility for premium tax credits. Key Form Sections Form 8962 consists of several parts that calculate and reconcile premium tax credits. Part I Part I focuses on annual and monthly contribution amounts. Taxpayers calculate their expected contribution toward health insurance premiums based on household income. Using a sliding scale, the expected contribution increases with income. For instance, in 2024, a household at 150% of the federal poverty line might have an expected contribution rate of 4%, while a household at 400% could face a rate closer to 9.5%. Accurate input of income and family size is critical for determining the applicable percentage. Part II Part II calculates the premium tax credit. Taxpayers input monthly premium amounts for their qualified health plan and the benchmark plan premium, which is the second-lowest cost silver plan in their area. The difference between the benchmark plan premium and the taxpayer's expected contribution determines the monthly premium tax credit. Form 1095-A provides the necessary details about health coverage, including premium amounts and benchmark plan information. Part III Part III addresses the reconciliation of advance payments of the premium tax credit. Taxpayers compare advance payments to the actual premium tax credit calculated in Part II. If advance payments exceed the calculated credit, taxpayers may need to repay the excess, subject to repayment caps based on income levels. If advance payments are less than the calculated credit, taxpayers can claim the additional amount on their tax return. Reviewing advance payment amounts from Form 1095-A ensures accurate reconciliation. Reconciliation of Advance Credits Reconciling advance credits ensures taxpayers align advance payments with their actual eligibility. Discrepancies often arise due to changes in income, family size, or employment status during the year. Taxpayers who underestimated income may need to repay excess credits, while those who overestimated income may claim additional credits when filing their tax return. Official Submission Guidelines Once Form 8962 is completed, it must be submitted with the taxpayer's annual tax return. Taxpayers who received advance premium tax credits are required to file Form 8962, even if their income falls below the standard filing threshold. Failure to file can delay tax return processing and disqualify taxpayers from receiving future credits. Taxpayers should attach Form 8962 to their Form 1040 or 1040-SR. Electronic filing is recommended to reduce errors and expedite processing. Tax preparation software often integrates Form 8962, streamlining data transfer from Form 1095-A. However, taxpayers must double-check all information for accuracy, as discrepancies can trigger IRS correspondence or audits. For those filing by mail, including all required forms and schedules is essential to avoid delays. Taxpayers should consult the IRS instructions for Form 8962 to ensure compliance. This article offers a concise overview of Form 8962, the Premium Tax Credit (PTC) form, for the year 2023, including eligibility criteria, calculation, and reconciliation of advance payments. In this article, we'll provide information on Form 8962 and a step-by-step guide on how to fill it out, ensuring you claim your eligible premium tax credit and reconcile any advance payments received during the tax year. What is Form 8962? Form 8962 is a tax document for taxpayers to calculate and reconcile the Premium Tax Credit (PTC) with any advance payments received from the Health Insurance Marketplace. It helps ensure the correct PTC amount is claimed on tax returns. This form is crucial for those who received advance payments (APTC) or want to claim the PTC. It includes instructions for using information from Form 1095-A to calculate the credit and manage changes that might affect eligibility. Completing Form 8962 accurately helps taxpayers avoid errors and claim the right credit amount. Who Must File Form 8962? Individuals who need to file Form 8962 are those who are taking the Premium Tax Credit (PTC) or for whom Advance Payment of the Premium Tax Credit (APTC) was paid. This includes individuals who have health insurance coverage through the Health Insurance Marketplace and meet certain income criteria that make them eligible for the PTC. Additionally, individuals who had changes in their circumstances that could affect their premium tax credit must file Form 8962 to reconcile the credit with any APTC received. Form 8962 Tax Filing Deadlines and Due Dates Form 8962 due date aligns with the tax return filing deadline, typically April 15th of the year following the tax year being reported. If an extension is filed, the due date for Form 8962 will also be extended accordingly. Form 8962 Late Payment Penalty While there isn't a specific late payment penalty for Form 8962 itself, it's important to note that this form must be filed with your annual income tax return. Therefore, any penalties associated with late filing or payment of taxes would apply to your overall tax return, which includes Form 8962. To avoid potential penalties, ensure that you file your tax return, along with Form 8962 if required, by the designated deadline. Step-by-Step Instructions for Form 8962 Here are the step-by-step instructions for filling out Form 8962: Determine Your Tax Family Size (Line 1): Include yourself, your spouse if filing jointly, and any dependents you claim on your tax return. Calculate Your Household Income (Lines 2a and 2b): Sum your modified adjusted gross income (AGI) and that of any dependents who are required to file a tax return. Determine the Federal Poverty Line Percentage (Line 5): Use Worksheet 2 to calculate your household income as a percentage of the federal poverty line. Calculate Your Monthly Contribution Amount (Line 8b): Based on your income level, determine the percentage of your income that you are expected to contribute towards health insurance premiums. Complete the Premium Tax Credit Claim and Reconciliation (Part II): Enter the required information from Form 1095-A and calculate the PTC you are eligible for, as well as any excess APTC that must be repaid. Repayment of Excess Advance Payment of the Premium Tax Credit (Part III): If you received more APTC than you were eligible for, calculate the amount that must be repaid. Allocation of Policy Amounts (Part IV): If applicable, allocate policy amounts between your tax family and another tax family. Alternative Calculation for Year of Marriage (Part V): If you got married during the tax year, determine if you are eligible for an alternative calculation method that may reduce the amount of excess APTC you must repay. The instructions also emphasize the importance of using the correct figures from Form 1095-A, ensuring accurate calculations, and avoiding common mistakes to ensure the correct PTC amount is claimed or repaid. How to Submit Form 8962 To submit Form 8962, first gather all necessary information, including your Form 1095-A and completed tax return. Calculate your Premium Tax Credit (PTC) using Form 1095-A and complete Form 8962 by following the specific instructions provided for each line. Once completed, attach Form 8962 to your federal income tax return and submit it to the IRS by the filing deadline. Ensure accuracy, report any changes in circumstances, avoid common mistakes, and keep copies of all relevant documentation for your records. Need Help with Other Finance or Startup Questions? Pilot provides specialized bookkeeping, CFO, and tax services to numerous startups and growing companies. Having processed over 10 million transactions, our experience in supporting business success is unmatched. As the leading startup-oriented accounting firm in the U.S., we are ready to support your growth. To find out more about what Pilot can do for you, please get in touch with our sales team below or visit our demo! Form 8962, also known as the Premium Tax Credit (PTC) form, is used to reconcile and calculate the premium tax credit for those who have health insurance through the Health Insurance Marketplace. Form 8962 must be completed if you received advance payments of the premium tax credit (APTC) or if you want to claim the credit on your tax return. In today's post, I'm giving you step-by-step instructions to correctly complete and file Form 8962. What is the Premium Tax Credit? Before we get to the instructions, let's make sure we're all on the same page about what this credit is used for. If your family has what the IRS considers to be a "low or moderate income" and you obtained health insurance through the Health Insurance Marketplace, which most people just call "the Marketplace," then you likely qualify for the premium tax credit. The necessary income level required varies by household size and state, but to give you an idea, in 2023, if you have a family of four and your family's annual income is between $30,000 and $120,000, then you'll likely qualify for the PTC in all 50 states. The PTC is a refundable tax credit that you can use to help pay for your health insurance. The amount you receive for your credit depends on factors such as your household income and family size. When you enroll in health insurance through the Marketplace, they will determine the amount you can receive for your PTC. Then you can decide if you want to pay all or some of that credit in advance to your health insurance company in order to lower your monthly premium. This is called advance payment of the premium tax credit, or APTC. You can also choose to not use the APTC and instead apply the whole credit to your income tax return when you file your taxes. If you choose to use the APTC, you'll need to complete Form 8962 and attach it to your tax return. Since the credit amount you received in advance was based on your projected income and situation, Form 8962 is used to reconcile that amount with the amount you can actually claim based on your true and final household income and family size. Even if you didn't go the APTC route, you may want to complete Form 8962 anyway to see if you're eligible for the tax credit, especially if your circumstances or income changed during the year. Simply follow these Form 8962 instructions to make sure you don't miss any steps: Step 1: Gather Required Documents Before you start filling out Form 8962, make sure you have the following documents and information on hand: If you did not receive your Form 1095 or you need it reprinted, you can call the Marketplace 24 hours a day (excluding some holidays) at 1-800-318-2596, or you can access your tax forms through your HealthCare.gov account online. Step 2: Provide Personal Information At the top of Form 8962, enter your name and Social Security number. Step 3: Calculate the Annual and Monthly Contribution Amounts in Part I of Form 8962 Line 1: Use your tax return to enter the size of your tax family on line 1. This number generally includes you, your spouse (if filing jointly), and your dependents. Line 2a: Use your tax return to enter your modified adjusted gross income (MAGI) on line 2a. Use Worksheet 1-1 in the IRS' Form 8962 instructions to help you calculate your MAGI by adding your AGI and some tax-exempt interest or excluded income that's not part of your AGI. Line 2b: Now you'll use your tax return to enter the MAGI for your dependents, if applicable. Use Worksheet 1-2 in the IRS' Form 8962 instructions to help you calculate any reportable MAGI. Line 3: Enter the sum of lines 2a and 2b. If the number is less than 0, just enter 0. Line 4: Check the correct box to indicate your state of residence in the tax year for which you're filing the form. Then enter the poverty line amount from the appropriate table in the Form 8962 instructions that applies to your state of residence. If you moved to Hawaii or Alaska during the tax year for which you're filing, or if you and your spouse are filing jointly and one of you lives in a state with a higher rate, then enter the higher amount. Line 5: Use Worksheet 2 in the IRS' Form 8962 instructions to calculate your household income as a percentage of the federal poverty line. Line 6: This line doesn't exist. Enter nothing here. Line 7: Enter the decimal number from Table 2 in the IRS' Form 8962 instructions that applies to the number you entered in line 5. Line 8a: Multiply the number you entered in line 3 by the number you entered in line 7 and round to the nearest whole number. Enter that number on line 8a. Line 8b: Divide the number you entered in line 8a by 12 and round to the nearest whole number. Enter that number on line 8b. Step 4: Complete Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit in Part II of Form 8962 Line 9: Determine whether you need to "allocate policy amounts" with another taxpayer. You'll need to do this if your health insurance policy covered at least one person in your tax family and at least one person in another tax family. You may also need to do this if the family members listed on your Form 1095-A as having been covered under your health insurance policy isn't correct or another tax family received a Form 1095-A that lists a member of your tax family. Check the appropriate box and then use Table 3 in the IRS' Form 8962 instructions to determine which calculation you should use. Line 10 "No" Checkbox: If you were enrolled in a health plan for fewer than 12 months of the year, check the "No" box, skip line 11, and then complete lines 12 through 23. Line 10 "Yes" Checkbox: If all of the following are true for you and every member of your tax family, check the "Yes" box, complete line 11 and skip lines 12-23: You were enrolled in a health plan for all 12 months of the year. Your premium was the same for all 12 months of the year. Your Second Lowest Cost Silver Plan (SLCSP) premium was the same for all 12 months of the year. Line 10 Missing or Incorrect Information: If you believe that there is missing or incorrect information on your Form 1095, follow the steps listed in the IRS' Form 8962 instructions for your specific situation. Step 5: Determine Repayment of Excess APTC in Part III of Form 8962 Line 27: If line 25 is more than line 24, subtract line 24 from line 25 and enter the difference on line 27. Line 28: Use Table 5 in the IRS' Form 8962 instructions to enter the appropriate amount for your situation. Line 29: Look at the amounts on lines 27 and 28. Enter the smaller of those two amounts on line 29. If line 28 is blank, just enter the amount from line 27 on line 29. You should also enter the same number from line 29 on line 2 of your Form 1040 (your tax return). Step 6: If Applicable, Determine Allocation of Policy Amounts in Part IV of Form 8962 Lines 30 through 34: If you need to determine and report your allocation of policy amounts follow the specific examples in the IRS' Form 8962 instructions that apply to you. Step 7: If Applicable, Complete the Alternative Calculation for Year of Marriage in Part V of Form 8962 You may choose to complete the alternative calculation if you answered "Yes" to all five questions in Table 4 or you checked the "Yes" box on line 14 of Worksheet 3 in the IRS' Form 8962 instructions. Lines 35 and 36: Use IRS Publication 974 to help make these calculations. Step 8: Attach Form 8962 to Your Tax Return Once you've completed Form 8962, attach it to your federal tax return (Form 1040 or 1040-SR). Ensure that all other required forms, schedules, and supporting documents are included as well. Step 9: Review and File Before submitting your tax return, review all the information on Form 8962 to ensure accuracy and completeness. Double-check calculations and verify that you've entered the correct amounts. Make a copy or scan and save your tax return and all supporting documents for your records. Then, file your tax return either by mail or electronically, according to the instructions provided by the IRS. If you need help or have questions filing your return or reconciling your premium tax credit, contact an accountant you can trust. Filing Form 8962 correctly is essential for individuals who received advance payments of the premium tax credit or want to claim the credit on their tax returns. By following these step-by-step instructions, you can accurately complete Form 8962 and reconcile your premium tax credit. Taxpayers who obtain qualifying health insurance coverage and meet certain income thresholds may be eligible for a premium tax credit to help offset the cost of maintaining health care. Some taxpayers may even qualify for an advance premium tax credit. To determine this, you must complete IRS Form 8962, Premium Tax Credit.In this article, we'll walk through everything you need to know about IRS Form 8962, including:Step-by-step instructions on how to complete IRS Form 8962 as part of your tax returnHow to calculate federal taxes you may owe or credits you may claim with your tax returnSpecial situations that may impact the amount of the premium tax credit you can takeLet's start with an overview of this tax form.There are five parts to this two-page tax form:Part I: Annual and Monthly Contribution AmountPart II: Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax CreditPart III: Repayment of Excess Advance Payment of the Premium Tax CreditPart IV: Allocation of Policy AmountsPart V: Alternative Calculation for Year of MarriageBefore we start at the top with Part I, let's complete the information at the top of the form. Enter your taxpayer name as shown on your tax return, as well as your Social Security number. If you entered an individual taxpayer identification number (ITIN) on your tax return, you may use that number here.Just above Part I, you'll see a box marked A. Before we discuss Box A, let's talk about how the premium tax credit works for married taxpayers.Generally, married taxpayers must file a joint income tax return in order to claim the premium tax credit. However, there are two sets of exceptions for certain taxpayers who are married and filing a joint tax return.You may file your return as if you are unmarried and make a premium tax credit claim if one of the following applies to you:You file a separate return from your spouse on Form 1040 or Form 1040-SR because you meet the requirements for married persons who live apart under Head of Household in the Instructions for Form 1040.You file a separate tax returnYou paid over half the cost of keeping up a home for the tax yearYour home was the main home of your child, stepchild, or foster child for more than half of the tax yearYou can claim the child as a dependent, or you could do so except that the child's other parent can also do so under IRS guidelinesYou file as single on your Form 1040-NR because you meet the requirements for the exception for married persons who live apart under Married Filing Separately in the Instructions for Form 1040-NRException 2 exists for victims of domestic abuse or spousal abandonment. If you are a victim of domestic abuse or spousal abandonment, you can file a return as married filing separately and take the premium tax credit if all of the following apply to you: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.You check the box on Line A of your Form 8962 to certify that you are a victim of domestic abuse or spousal abandonment.You have not previously used this exception to claim the premium tax credit for 3 consecutive years.According to the form instructions, you should check this box to claim the premium tax credit under the following conditions:You are married filing a separate tax returnYou are a victim of domestic abuse or spousal abandonment,You qualify for Exception 2, outlined aboveLet's move on to Part I.In Part I, we'll calculate the expected contribution amounts based upon your modified adjusted gross income in relation to the federal poverty level.Determine the number of individuals in your tax family using your tax return. Your tax family generally includes:YourselfYour spouse if you're filing a joint tax returnYour dependentsIf another taxpayer can claim either yourself, your spouse, or another family member as a dependent on their federal tax return, then you cannot include the same person in your family size calculation for this form.Enter your modified adjusted gross income (MAGI) for purposes of claiming the premium tax credit.You can use Worksheet 1-1, located in the Form 8962 instructions to calculate your MAGI. For your convenience, we've included the steps, line by line, below.Enter your AGI* from Form 1040, 1040-SR, or 1040-NR, Line 11Enter any tax-exempt interest from Form 1040, 1040-SR, or 1040-NR, Line 2aEnter any amounts from IRS Form 2555, Lines 45 and 50Form 1040 or 1040-SR filers: If Line 6a is more than Line 6b, subtract Line 6b from Line 6a and enter the resultAdd Lines 1 through 4.*-If you are filing IRS Form 8814, Parents' Election To Report Child's Interest and Dividends, then you may need to make some adjustments. If Line 4 on Form 8814 exceeds $1,250, then you must enter the sum of the following income items in the calculation for Line 2b below, instead of Line 2a:The sum of the tax-exempt interest from Form 8814, Line 1bThe lesser of Form 8814,Line 4, orLine 5; and anyNontaxable social security benefits your child receivedEnter on the combined modified AGI for your dependents who are required to file an income tax return because their income meets the income tax return filing threshold.You can use Worksheet 2-1, located in the Form 8962 instructions to calculate your dependents' MAGI. For your convenience, we've included the steps, line by line, below.Enter the AGI* for your dependents from Form 1040, 1040-SR, or 1040-NR, Line 11Enter any tax-exempt interest for your dependents from Form 1040, 1040-SR, or 1040-NR, Line 2aEnter any amounts for your dependents from Form 2555, Lines 45 and 50For each dependent filing Form 1040 or 1040-SR: If Line 6a is more than Line 6b, subtract Line 6b from Line 6a and enter the resultAdd Lines 1 through 4. Enter here and on Form 8962, Line 2b*-This requirement only applies to dependents who must file a tax return because their income meets the income tax filing threshold.Add the income amounts from Line 2a and Line 2b. Enter the total here. If the total is negative, enter '0.'Based upon your family size and state of residence, you'll need to enter the applicable federal poverty line amount from the applicable table:Table 1-1: Federal Poverty Line for the 48 Contiguous States and the District of ColumbiaTable 1-2: Federal Poverty Line for AlaskaTable 1-3: Federal Poverty Line for HawaiiAdditionally, check the appropriate table that you used.If you used Table 1-1, be sure to check Box c under Line 4.ScreenshotIf you used Table 1-2, be sure to check Box a under Line 4.ScreenshotIf you used Table 1-3, be sure to check Box b under Line 4.ScreenshotYou may use Worksheet 2 from the form instructions to calculate your household income as a percentage of the federal poverty line (see below).To simplify this, you can:Multiply the Line 4 amount by 4 (400% of the federal poverty line)Compare this result to the number on Line 3If the Line 3 amount is more than 4 times the Line 4 amount: Then your household income exceeds 400% of the federal poverty line. Enter 401 on Line 5.If the Line 3 amount is less than or equal to 4 times the Line 4 amount: Then divide your household income (Line 3) by the federal poverty line number, then multiply by 100.Enter this number on Line 5.ScreenshotDo not enter anything into Line 6.If the Line 5 amount is 150 or less, enter 0.0000.For Line 5 amounts that are 400 or greater, enter 0.0850.If the Line 5 amount is between 150 and 400, then use the Applicable Figure table, located below, to determine your applicable figure.ScreenshotMultiply Line 3 by Line 7. Round this figure to the nearest whole dollar amount, then enter this number in Line 8a.ScreenshotDivide Line 8a by 12. Enter this number in Line 8b.In Part II, we'll calculate the amount of tax credit you should claim, and reconcile any advance payments of the premium tax credit (APTC). Let's start with Line 9.Are you allocating policy amounts with another taxpayer or do you want to use the alternative calculation for year of marriage?If Yes, then you'll need to complete either Part IV or Part V (or both), depending on the circumstances. If you need to complete both parts, complete Part IV in its entirety. Then go to Part V.Select the appropriate link below to learn more before proceeding to the next part.If No, then proceed to Line 10, below.You need to allocate policy amounts (enrollment premiums, second-lowest cost silver plan premiums, and/or advance payments of the premium tax credit) reported to you on Form 1095-A, Health Insurance Marketplace Statement, between your tax family and another tax family if:The policy covered at least one individual in your tax family and at least one individual in another tax family; andEither:You received a Form 1095-A for the policy that does not accurately represent the members of your tax family who were enrolled in the policyMeaning that it either lists someone who is not in your tax family or does not list a member of your family who was enrolled in the policy, orThe other tax family received a Form 1095-A for the policy that includes a member of your tax familyA qualified health plan may have covered at least one individual in your tax family and one individual not in your tax family if:You got divorced during the yearYou are married but filing a separate return from your spouseYou or an individual in your tax family was enrolled in a qualified health plan by someone who is not part of your tax familyExample: Your ex-spouse who enrolled a child whom you are claiming as a dependent, orYou or an individual in your tax family enrolled someone not part of your tax family in a qualified health planExample: You enrolled a child whom your ex-spouse is claiming as a dependent.If you select 'Yes,' you'll have to determine which allocation rule you'll use when completing Part IV. You can select from the following allocation rules in Table 3:Table 3 helps taxpayers determine which rules to use when allocating policy amounts.You can find additional information about allocating multiple policy amounts in the Form 8962 instructions and in IRS Publication 974, Premium Tax Credit.Having done this, you can proceed to Part IV, below.If you got married during the tax year and APTC was paid for an individual in your tax family, you may want to use the alternative calculation for year of marriage. The alternative calculation is an optional calculation that may allow you to repay less excess APTC than you would under the general rules.Follow the instructions in Table 4 below to determine whether you qualify for the alternative calculation.Table 4 helps determine if you can lower your APTC repayments by using the alternative calculation method.If you need to allocate policy amounts and are also using the alternative calculation for year of marriage, follow the instructions in Table 3 and complete Part IV before you follow the instructions for Table 4 and complete Part V.You may check 'Yes' in Line 10, enter your annual totals in Line 11 and skip Lines 12-23 if you meet all of the following eligibility criteria:You were enrolled in the qualified health plan for all 12 months during the calendar year.Your enrollment premium was the same for every month of the yearAs reported on IRS Form 1095-A, Part III, Column A, Lines 21 through 32Your SLCSP premium was the same for every month of the tax year.As reported on IRS Form 1095-A, Part III, Column B, Lines 21 through 32If you do not meet the eligibility criteria, then you must skip Line 11 and go to Lines 12-23, below.If you have missing or incorrect SLCPS premium information, then you will have to determine the correct applicable SLCPS, and whether it remains the same for each month. There are two tax situations in which incorrect information might be reported to you on IRS Form 1095-A.If no APTC was paid for your or your family member's health coverage, the SLCSP premium reported in Part III, Column B, Lines 21 through 32, of Form 1095-A may be wrong, left blank, or reported as 0.You can use IRS Publication 974 to determine your applicable SLCSP premium for each month. If you obtained Marketplace coverage for your health insurance plan, then you can use the Tax Tool on the Healthcare.gov website.If your correct applicable SLCSP premium is not the same for all 12 months, check the "No" box and continue to Lines 12 through 23.If you had a change in circumstances during the year that you did not report to the Marketplace, the SLCSP premium reported in Part III, Column B, Lines 21 through 32, of Form 1095-A may be wrong.Examples of changes in circumstances that may affect your applicable SLCSP premium include the following:You enrolled an individual newly added to your tax family during the year, such as a new babyAn individual in your tax family was enrolled in your qualified health plan for some of the year, but not the entire year.An individual in your coverage family became eligible for or lost eligibility for employer coverage or other minimum essential coverage (MEC) during the tax year.You are including an individual in your tax family for the year of coverage, but you did not indicate to the Marketplace at enrollment that you would do so.You indicated to the Marketplace at enrollment that you would include an individual in your tax family for the year of coverage, but you are not doing so.An individual enrolled in the coverage died during the year.You changed your address during the year.If you checked the "Yes" box on Line 10 and you are completing Line 11, do not complete Lines 12 through 23. Once you complete Line 11, skip to Line 24.If you checked the "No" box on Line 10 and you are completing Lines 12 through 23, do not complete Line 11. Start with Line 12.If your tax filing status is married filing separately, but you did not check Box A, then skip Columns (a) through (e). You only need to complete Column (f), later.Otherwise, complete each column in order.Enter the annual enrollment premiums from Form 1095-A, Line 33, Column A. If you have more than one Form 1095-A, add the amounts together and enter the total here.This amount is the total of your enrollment premiums for the year, including the portion paid by APTC.Enter the annual applicable SLCSP premium from Form 1095-A, Line 33, Column B.If you have more than one Form 1095-A, enter the amount as follows:If individuals in your coverage family enrolled in more than one policy in the same state, you will receive a Form 1095-A for each policy.The Marketplace should have entered the same SLCSP premium, which applies to all members of your coverage family, on each Form 1095-A.Enter the amount from column B of only one Form 1095-A. Do not add the amounts from each form.For individuals enrolled in qualified health plans in different states, add together the amounts from Column B of the Forms 1095-A from each state and enter the total here.Enter the amount from Line 8a, above.Subtract the Column (c) amount from Column (b). If the result is a negative number, enter '0.'Enter the lesser of either:Enter the APTC amount from Form 1095-A, Line 33, Column C.If you have more than one Form 1095-A, add the amounts together and enter the total here.ScreenshotFor each month of the calendar year, you'll need to enter the corresponding information for each of the columns, as described below.Enter on Lines 12 through 23, Column (a), the monthly premium amounts reported on Form 1095-A, Lines 21 through 32, column A, for the corresponding month.If you have more than one Form 1095-A affecting a particular month, add the amounts together for that month. Enter the total on the appropriate line for Column (a).This amount is the total of your enrollment premiums for the month, including the portion paid by APTC.You are not allowed a monthly credit amount for any month that the enrollment premiums for the month were not paid by the due date of your federal income tax return.If a -0- appears on any of Lines 21 through 32, column A, of Form 1095-A, you may not have paid your enrollment premiums for the month by the due date of the premium. If so, and the premiums for the month are not paid by the due date of your return, enter -0- for the month on the appropriate line for Column (a).Enter the amount of the monthly applicable SLCSP premium reported on Form 1095-A, lines 21 through 32, column B, for the corresponding month.If you have more than one Form 1095-A showing coverage in a particular month, use the following rules to determine the amounts to enter on Column (b) for that month.If individuals in your coverage family enrolled in separate policies in the same state, you will receive a Form 1095-A for each policy. The Marketplace should have entered the same SLCSP premium, which applies to all members of your coverage family for coverage that month, on each Form 1095-A.Enter the amount from column B of only one Form 1095-A. Do not add the amounts from each form.If you got married during the tax year and you and your spouse (or eligible individuals in your tax family) were enrolled in separate qualified health plans during months prior to your first full month of marriage, add together the amounts from Form 1095-A, column B, for each plan (or plans) and enter the total.If you completed Part V below, use the instructions in IRS Publication 974 for the entries to makefor your pre-marriage months.Add together the amounts from column B of Forms 1095-A from each state and enter the total in Column (b) on the appropriate line.If you completed Part IV, add the amounts of applicable SLCSP premium allocated to you, if any, using the allocation percentage you entered on Lines 30 through 33, column (f), to the applicable SLCSP premium shown on the Form(s) 1095-A that you did not allocate.You are not entitled to a monthly credit for any month in which a -0- appears on Form 1095-A, on any of Lines 21 through 32, column A, because your enrollment premiums were not paid.For any month in which you did not pay enrollment premiums, enter -0- on the appropriate line on Column (b).If you did not complete Part V, enter your monthly contribution amount from Line 8b on Lines 12 through 23, Column (c).Leave Column (c) of any of Lines 12 through 23 blank if Columns (a) and (b) of the corresponding line is blank.If you completed Part V, see Publication 974 for how to complete Column (c).Subtract Column (c) from Column (b). If the result is negative, enter '0' for that month.For each month, enter the smaller of:Enter the amount of the monthly APTC reported on Form 1095-A, Lines 21 through 32, column C in Column (f) for the corresponding month.If you completed Part IV, include only the amounts of the monthly APTC allocated to you, if any, using the allocation percentage you entered on Lines 30 through 33, column (g), below. Combine this amount with the amount of the credit for other policies that you did not allocate.If you completed Line 11, enter the amount from Line 11, Column (e).If you completed Lines 12-23, then add the Column (e) amounts together from all lines, then enter the total here.If you completed Line 11, enter the amount from Line 11, Column (f).If you completed Lines 12-23, then add the Column (f) amounts together from all lines, then enter the total here.If Line 24 is greater than Line 25, then subtract Line 25 from Line 24. Enter the difference here andon Schedule 3, Line 9 as a refundable credit.If Line 24 equals Line 25, enter '0' and stop here.If Line 25 is greater than Line 24, leave this line blank. Go to Line 27 to calculate repayment of excess advance credit payments.In Part III, we'll determine how much, if any, excess advance premium tax credit repayments you have to report on Schedule 2 and repay when filing your federal return.If Line 25 is greater than Line 24, subtract Line 24 from Line 25. Enter the difference here.Your repayment of advanced premium tax credit payments may be limited, unless your household income exceeds 400% of the federal poverty level, as indicated in Line 5.If Line 5 is greater than 400, then skip Line 28. You can enter the Line 27 number on Line 29 and on IRS Schedule 2, Line 2.If Line 5 is less than 400, then use the following repayment limitation table to determine your Line 28 amount.If you were married at the end of the tax year but are filing separately from your spouse, the repayment limitations shown in Table 5 apply to you and your spouse separately based on the household income reported on each tax return.Enter the smaller of Line 27 or Line 28 here and on Schedule 2, Line 2. If Line 28 is blank, carry down the Line 27 amount and enter it here.ScreenshotIn Part IV, you can complete allocation of policy amounts for up to 4 policy amount allocations. We'll outline instructions step by step for Lines 30 through 34 as a group.You'll complete each allocation in the same manner. Let's break down the information that goes into each column.Enter the Marketplace-assigned policy number from Form 1095-A, Line 2.If the policy number on the Form 1095-A is more than 15 characters, enter only the last 15 characters.Enter the SSN of the taxpayer with whom you are allocating policy amounts. This SSN may or may not be reported on your Form 1095-A, depending on your relationship to the other taxpayer.Enter the first month you are allocating policy amounts.For example, if you were enrolled in a policy with your former spouse from January through June, enter "01" in Column (c).ScreenshotEnter the last month you are allocating policy amounts.For example, if you were enrolled in a policy with your former spouse from January through June, enter "06" in Column (d).If your allocation situation requires you to allocate the enrollment premiums on Form 1095-A, Lines 21 through 32, column A, enter your allocation percentage for that policy in Column (e).Enter your allocation percentage as a decimal rounded to two places (for example, for 40%, enter "0.40"). Otherwise, leave column (e) blank.If your allocation situation requires you to allocate the applicable SLCSP premium on Form 1095-A, Lines 21 through 32, column B, enter your allocation percentage for that policy in Column (f).Enter your allocation percentage as a decimal rounded to two places (for example, for 67%, enter "0.67").If you have completed your required allocations of policy amounts shown on Forms 1095-A using Lines 30 through 33, check the "Yes" box.If you must make more than four allocations of policy amounts shown on Forms 1095-A, checkthe "No" box. Attach a statement to your return providing the information shown on Lines 30 through 33, Columns (a) through (g), for each additional allocation.To elect the alternative calculation for year of marriage, you'll need to complete Lines 35 and 36, below. However, you must first determine whether you are eligible to do so.ScreenshotElecting the alternative calculation is optional, but may reduce the amount of excess APTC you must repay. If you determine that the alternative calculation does not reduce the amount of APTC that you must repay, then you do not need to use it.To be eligible to make this election, you must meet either of the following conditions.You answered "Yes" to all five questions in Table 4.You checked the "Yes" box on Line 14 of Worksheet 3, located belowYou may use the alternative calculation method if you check Yes on Line 14 of Worksheet 3.Follow the instructions below for each column, using Worksheet I from IRS Publication 974.ScreenshotEnter the family size from Worksheet I, Line 1.Enter the amount from Worksheet I, Line 7.Enter the month from Worksheet I, Line 8.Enter the month from Worksheet I, Line 9.Follow the instructions below for each column, using Worksheet III from IRS Publication 974.ScreenshotEnter the family size from Worksheet III, Line 1.Enter the amount from Worksheet III, Line 7.Enter the month from Worksheet III, Line 8.Enter the month from Worksheet III, Line 9.Check out our video for an in-depth walkthrough of IRS Form 8962. If you're like most people, you push through the stress of filing, only to be hit with a bigger bill than expected—then put it all behind you until the same cycle repeats next year.But what if you could change the game?Tax planning puts you in control. It's about being proactive, not reactive—taking small, smart steps throughout the year to reduce your tax burden, increase your savings, and keep more of your hard-earned money working for you.Here's what effective tax planning helps you do: Avoid the surprise of a high tax bill Understand how your income and decisions affect your taxes Strategically lower your tax liability over time If you received health insurance through the Health Insurance Marketplace, you may need to file Form 8962 with your tax return. This form determines whether you qualify for the Premium Tax Credit (PTC) or if you need to repay any excess premium subsidies received during the year.In this guide, we'll walk you through the step-by-step process of completing Form 8962, ensuring you comply with tax regulations and maximize your potential credit.Table of ContentsForm 8962, officially called the Premium Tax Credit (PTC) form, is required for individuals who:Enrolled in a Marketplace health plan and received Advance Premium Tax Credit (APTC) payments.Want to claim the Premium Tax Credit when filing their taxes.This form helps reconcile the advance payments received with the actual amount of credit you qualify for based on your final income for the year.Important: If you received Form 1095-A from the Marketplace, you must use it to fill out Form 8962.Before filling out Form 8962, ensure you have the following:Form 1095-A (Health Insurance Marketplace Statement)Your tax return information (income, deductions, and filing status)Proof of income (W-2s, 1099s, self-employment records)At the top of Form 8962, enter:Your name (as it appears on your tax return)Your Social Security Number (SSN)Line 1: Enter your modified adjusted gross income (MAGI) from your tax return.Line 2: If filing jointly, add your spouse's MAGI.Line 3: Household income is the sum of Line 1 and Line 2.Your MAGI includes wages, self-employment income, and tax-exempt interest.Line 4: Find the federal poverty level (FPL) based on your household size.Line 5: Divide your household income by the FPL to determine your income percentage.Line 6: Refer to IRS tables to determine your applicable percentage range based on Line 5.Line 7: Enter the final applicable percentage.This percentage is used to calculate the maximum premium you should have paid for your Marketplace health insurance.Line 8: Enter the annual premium amount from Form 1095-A.Line 9: Enter the second-lowest cost Silver Plan (SLCSP) premium from Form 1095-A.Line 10: Multiply household income by the applicable percentage to find the maximum amount you should pay for health insurance.Line 11: Subtract Line 10 from Line 9 to find your Premium Tax Credit (PTC) amount.Line 12: Enter the total Advance Premium Tax Credit (APTC) received from Form 1095-A.Lines 13-23: If your APTC was too high or too low, use these lines to calculate whether you owe additional tax or qualify for more credit.Line 26: This is your final Premium Tax Credit adjustment.If you received too much APTC, you may have to repay part or all of it when filing your return.If you owe money back to the IRS, this section calculates how much you need to repay.Line 27: Enter any repayment limitations.Line 28: Final repayment amount.Line 29: If the APTC was too high, this is the amount you owe in additional tax.If your income is low, you may qualify for repayment limitations.Forgetting Form 1095-A: This form is essential as it contains the insurance details needed for Form 8962.Using incorrect income information: Ensure your MAGI is correctly calculated using all sources of income.Misreporting household size: Your premium tax credit is based on the number of dependents.Not reconciling APTC: If you received an advance credit, you must file Form 8962, even if you don't typically owe taxes.Form 8962 must be filed along with your annual tax return (Form 1040).The deadline for filing your tax return is April 15, 2025 (unless you file for an extension).If you received APTC, you must file Form 8962 to avoid issues with future Marketplace coverage.Filing taxes can be complicated, especially when reconciling premium tax credits. Working with a tax professional can help you maximize your credits, avoid penalties, and ensure compliance with IRS regulations.Tax services and bookkeeping professionals can assist with:Premium Tax Credit CalculationsIncome verificationIRS complianceFiling assistanceFiling Form 8962 is essential for anyone who received Marketplace health insurance and advance tax credits. Understanding how to calculate your Premium Tax Credit, reconcile advance payments, and avoid errors can help you save money and stay compliant with IRS rules.If you're unsure about filing or need assistance, consulting with tax professionals can simplify the process and ensure you get the best tax outcome possible.