

## Affordable Care Act

In March of 2010 Congress passed health care legislation which has become known as the “Affordable Care Act” or ACA. For purposes of filing your **2014** tax returns and beyond you may be eligible for a new refundable credit called the “Premium Assistance Credit” (PAC). You are eligible if you have obtained your insurance coverage through the government’s “market place” or American Health Benefits Exchange. Each state was required to establish an exchange no later than January 1, 2014. For those states that did not do so, there is a Federal Exchange through which insurance can be obtained. The credit is available if the insurance you obtained meets the requirements of “minimal essential coverage” as provided in the legislation. About 8 million individuals have acquired insurance coverage through the Exchanges and about 6.7 million are eligible for the premium assistance credit and you may be one of them. The credit is based on your modified adjusted gross income which will be determined when we prepare your 2014 federal income tax return in 2015. If you are eligible for the credit then you may have already benefitted by it in the form of an “advanced” PAC where the government has paid a portion of your monthly premiums directly to the insurance provider. In order to determine whether you will receive additional credit or have to give some of the credit back because your income actually increased over what was reported when you applied for the coverage, there will be a reconciliation calculation at the time we prepare your return.

Even if you are not eligible for the PAC everyone is required to have health insurance coverage beginning January 1, 2014 and there could be a penalty imposed for not having coverage. Even if you have coverage you will need to report that fact on your 2014 Form 1040 and we will be required to fill out extra forms with your return as a result of this new legislation. Your insurance provider will be sending you a required government report which you will need to provide to us in order to properly prepare your return.