

HCTT- 2014-04: The Individual Shared Responsibility Payment – An Overview

Internal Revenue Service (IRS) sent this bulletin at 03/20/2014 07:30 AM EDT



IRS Tax Tips

March 20, 2014

Useful Links:

[IRS.gov Home](#)

[1040 Central](#)

[Help For Hurricane Victims](#)

News Essentials

[What's Hot](#)

[News Releases](#)

[IRS - The Basics](#)

[IRS Guidance](#)

[Media Contacts](#)

[Facts & Figures](#)

[Problem Alerts](#)

[Around The Nation](#)

[e-News Subscriptions](#)

The Newsroom Topics

[Tax Tips](#)

[Radio PSAs](#)

[Fact Sheets](#)

[Armed Forces](#)

[Disaster Relief](#)

[Scams / Consumer Alerts](#)

Issue Number: HCTT- 2014-04 Inside This Issue

The Individual Shared Responsibility Payment – An Overview

Starting January 2014, you and your family must either have health insurance coverage throughout the year, qualify for an exemption from coverage, or make a payment when you file your 2014 federal income tax return in 2015. Many people already have qualifying health insurance coverage and do not need to do anything more than maintain that coverage in 2014.

Qualifying coverage includes coverage provided by your employer, health insurance you purchase in the Health Insurance Marketplace, most government-sponsored coverage, and coverage you purchase directly from an insurance company. However, qualifying coverage does not include coverage that may provide limited benefits, such as coverage only for vision care or dental care, workers' compensation, or coverage that only covers a specific disease or condition.

You may be exempt from the requirement to maintain qualified coverage if you:

- Have no affordable coverage options because the minimum amount you must pay for the annual premiums is more than eight percent of your household income,
- Have a gap in coverage for less than three consecutive months, or
- Qualify for an exemption for one of several other reasons, including having a hardship that prevents you from obtaining coverage, or belonging to a

IRS Resources[Compliance & Enforcement News](#)[Contact My Local Office](#)[Filing Options](#)[Forms & Pubs](#)[Frequently Asked Questions](#)[News](#)[Taxpayer Advocate](#)[Where to File](#)[IRS Social Media](#)

A special hardship exemption applies to individuals who purchase their insurance through the Marketplace during the initial enrollment period for 2014 but due to the enrollment process have a coverage gap at the beginning of 2014.

For any month in 2014 that you or any of your dependents don't maintain coverage and don't qualify for an exemption, you will need to make an individual shared responsibility payment with your 2014 tax return filed in 2015.

However, if you went without coverage for less than three consecutive months during the year you may qualify for the short coverage gap exemption and will not have to make a payment for those months. If you have more than one short coverage gap during a year, the short coverage gap exemption only applies to the first.

If you (or any of your dependents) do not maintain coverage and do not qualify for an exemption, you will need to make an individual shared responsibility payment with your return. In general, the payment amount is either a percentage of your income or a flat dollar amount, whichever is greater. You will owe 1/12th of the annual payment for each month you (or your dependents) do not have coverage and are not exempt. The annual payment amount for 2014 is the greater of:

- 1 percent of your household income that is above the tax return threshold for your filing status, such as Married Filing Jointly or single, or
- Your family's flat dollar amount, which is \$95 per adult and \$47.50 per child, limited to a maximum of \$285.

The individual shared responsibility payment is capped at the cost of the national average premium for the bronze level health plan available through the [Marketplace](#) in 2014. You will make the payment when you file your 2014 federal income tax return in 2015.

For example, a single adult under age 65 with household income less than \$19,650 (but more than \$10,150) would pay the \$95 flat rate. However, a single adult under age 65 with household income greater than \$19,650 would pay an annual payment based on the 1 percent rate.

More Information

Find out more about the individual shared responsibility provision, as well as other tax-related provisions of the health care law at www.irs.gov/aca.

For more information about your coverage options, financial assistance and the Marketplace, visit HealthCare.gov.

[Back to Top](#)

Thank you for subscribing to IRS Tax Tips, an IRS e-mail service. For more information on federal taxes please visit IRS.gov.

This message was distributed automatically from the IRS Tax Tips mailing list. **Please Do Not Reply To This Message.**