

Don't Lose Your Insurance Subsidy in 2016 Because You Haven't Filed Your 2014 Return!

Article Highlights:

- Insurance Subsidy
- Advance Premium Tax Credit
- Non-filers
- 2016 Consequences of Not Filing

If you are one of the over 1 million individuals who received an Obamacare health insurance premium subsidy last year and have yet to file your 2014 tax return, you are risking your opportunity to receive a subsidy in 2016.

The subsidy, which is paid by the government to your insurer to reduce the premiums you owe, is actually an advance payment of the premium tax credit (PTC) based upon your "estimated" income for the year. Your actual PTC is based on your "actual" income as determined on your tax return. If the advance PTC (subsidy) was less than the actual PTC as determined on your tax return, you are entitled to the difference. On the other hand, if your actual PTC is less than the advance amount, you may owe Uncle Sam some or all of the difference.

Whether you are entitled to additional PTC or owe some back cannot be determined without filing your return. The IRS estimates that 710,000 individuals who received an advance PTC have yet to file a 2014 return or did not file an extension. Add that to the approximately 360,000 taxpayers who received an advance PTC and have filed an extension, and there are over 1 million individuals who need to reconcile their 2014 PTC who have not yet filed.

Because the Marketplace will determine eligibility for advance PTC for the 2016 coverage year during the fall of 2015, if you haven't filed your 2014 return yet, you can substantially increase your chances of avoiding a gap in receiving this help if you file your 2014 tax return as soon as possible, even if you have an extension until October 15th.

Navigating the complicated Obamacare forms developed by the IRS is difficult for many taxpayers, and most seek professional assistance. The IRS is currently sending letters to individuals who received advance PTC subsidies and have yet to file. The letter encourages taxpayers to file within 30 days of the date of the letter in order to avoid a gap in receiving advance payments of the PTC in 2016.

It is never a good idea not to file, even if you owe and can't pay. The IRS just gets more aggressive as time goes on. So whether you don't feel you can do your own return, are afraid you may owe some of the PTC back, or think you may be subject to penalties for failing to have health insurance coverage, we encourage you to give this office a call. There are penalty exceptions for being uninsured, or if you owe a PTC repayment there's a possibility it can be reduced, and it may all work out OK. Procrastinating isn't going to change the outcome and could put your 2016 advance PTC at risk. Who knows, you may even be entitled to more PTC and a refund.