

Advance Premium Tax Credit (APTC) fact sheet

The Advance Premium Tax Credit is a tax credit you can use to help lower the monthly cost of your health insurance. This tax credit is only available when you get your plan through HealthCare.gov and is based on your income and household size. The Advance Premium Tax Credit is also called APTC. You may have heard it called Payment Assistance in the past.

The amount of APTC you get depends on family income and size.

You may qualify for APTC if:

- Your employer does **not** offer health insurance or employer based income is deemed unaffordable.
- You do **not** receive Medicare
- Your family does **not** make more than the yearly income below

| FAMILY SIZE | YEARLY INCOME |
|-------------|---------------|
| 1 | \$47,080 |
| 2 | \$63,720 |
| 3 | \$80,360 |
| 4 | \$97,000 |
| 5 | \$113,640 |
| 6 | \$130,280 |

*If your income is near these amounts you may still qualify.

There are two ways to take the Premium Tax Credit.

1) Take it Now!

- Sign up for health insurance at healthcare.gov
- Choose to take all or part of your credit in advance
- File your taxes the following year, including information about APTC

Advantage: Lower your health insurance bill each month!

Example:

"if I take the tax credit now, I lower my monthly health insurance bill to \$60"

| | |
|---------------------------|----------------------|
| Monthly Premium | \$300 |
| Monthly Tax Credit | <u>-\$240</u> |
| New Monthly Cost | \$ 60 |

2) Take it later!

- Sign up for health insurance at healthcare.gov
- File your taxes the following year and subtract your tax credit from the tax you owe or get a bigger refund if you don't owe anything.

Advantage: Lower the amount you pay at tax time!

Example:

"if I take the same tax credit later, I pay the full \$300 monthly health insurance bill now, but I get a bigger refund after I file my taxes.

| | |
|--------------------------|----------------|
| Yearly Tax Credit | \$2880 |
| Tax Due amount | <u>-\$ 900</u> |
| IRS Refund | \$1,980 |

You may have to pay it back

If you take the Advance Premium Tax Credit, changes to your family size or income – or even a new job that offers health insurance – could mean you are getting the wrong amount of APTC. To make sure you get the right amount, report when you have changes. Go online to healthcare.gov or call 1-800-318-2596. You can also contact 1-855-459-6328, TTY: 1-855-326-4654 with questions about how to report changes.

Family size can change when you get married, have a baby or no longer claim your child on your tax return.

If your family size goes DOWN, call to recalculate your credit so you won't owe money. If your family size goes UP, call so you might get more credit.

Your income can change when you get a raise, lose a job or take a salary cut.

If your income goes DOWN, call so you might get more credit. If your income goes UP, call to recalculate your credit so you won't owe any money.

If your income changes each month, you may want to consider taking a partial credit. Your monthly health insurance bills will still be lower, but not as much. By taking the rest at tax time, there is less chance of owing the IRS money.

Claudia and Patrick's story

"In January, we decided to take the Advance Premium Tax Credit. On August 1, I got a new job that increased our income so we no longer qualified for the tax credit. We forgot to report that change. At tax time, we had to pay back \$2,000."

| | |
|---|----------------|
| APTC they got over 12 months | \$4, 800 |
| Amount they should have gotten since APTC ended in August | <u>\$2,800</u> |
| Amount they must pay back | \$2,000 |

Remember: You control how much Tax Credit you use in advance.