

# Penalties & Exemptions

## Understanding ACA Tax Penalties

The Affordable Care Act (ACA) requires everyone to have health insurance. However, some people may choose not to buy health insurance or may be unable to buy it. If you do not enroll you may be penalized on your taxes UNLESS you qualify for an exemption. A tax penalty means that your refund may be reduced or you could pay more if you owe taxes at the end of the year.

**Here is a guide to help you understand if you will have to pay a penalty:**



Are you a navigator in need of assistance with complex tax-filing issues? Contact Georgia Watch at 404-525-1085

**START  
HERE**

**Did you have health insurance for the whole year through at least one of the following sources?**

- Medicare
- Medicaid (Amerigroup/Wellcare/Peachstate OR PeachCare for Kids)
- VA Benefits
- TRICARE
- A plan offered by your job
- A plan purchased through the Marketplace (healthcare.gov)
- A qualified health plan that you purchased yourself through an agent or broker

**YES**

You have met the requirement to have health insurance and you will not be penalized.

**NO**

*go to next page*



**Do any of the following apply to you?**

- You went less than 3 months without coverage during last year.
- Your family income is below the amount that is required to file a tax return (about \$10,000 for an individual, \$20,000 for a family).
- You have to pay more than 8% of your income for health insurance (after taking into account any employer contributions or available tax credits).
- You would have qualified for Medicaid if Georgia had expanded its program
- You have had a certain kind of personal, financial, or medical hardship. See the table on the next page to see if your hardship may qualify for an exemption.
- You are part of a religion that is opposed to accepting the benefits from a health insurance policy.
- You are an undocumented immigrant.
- You are in prison.



**YES**

You will not be penalized if you file for an exemption. Go to the next page to learn how to file for an exemption so you can avoid being penalized for not having health insurance.



**NO**

**You will be penalized for not having health insurance.**



**Penalty for 2015**

\$325 per uninsured adult and 162.50 per uninsured child (up to \$975 for a family) OR 2.0% of family income **whichever is greater.**

**Penalty for 2016 and beyond**

\$695 per uninsured adult and \$347.50 per uninsured child (up to \$2,085 for a family) OR 2.5 % of family income **whichever is greater.**

*Note:*  
Income is your total annual income minus \$10,000 for an individual or \$20,000 for a family.

*For example, if your family's annual income is \$40,000, your penalty would be based on an income of \$20,000 (\$40,000 - \$20,000 = \$20,000).*



To estimate your tax penalty, use our Tax Penalty worksheet.

## Understanding Exemptions from the Requirement to have Health Insurance

Depending on your circumstances, you may qualify for an exemption to either lower your tax penalty or eliminate it altogether. Many kinds of exemptions can be claimed on your tax return. You may need to apply for some exemptions and get Marketplace approval. See the explanation below to see if you may qualify for an exemption and how to claim it.

### Marketplace Exemptions

- **You are a member of a religious group with objections to health insurance**
- OR

- **You experience a hardship including:**

#### Financial

- Homelessness
- Utility Shut-off
- Eviction/Foreclosure
- Bankruptcy

#### Medical

- Dependent children without insurance (i.e. you are still claimed as a dependent by your parents and you don't have coverage)
- You have coverage from a Service Organization (AmeriCorps, VISTA, NCCC)
- You would have qualified for Medicaid if your state had expanded, but it has not

#### Personal

- Caring for an ill, disabled or aging family member
- Experienced a recent death of a family member
- Experienced a disaster causing extensive property damage
- Were a victim of domestic violence
- Experience another hardship in obtaining health insurance
- Unaffordable coverage options (the least expensive premiums would be more than 8% of your annual income)

If you think you might qualify for a Marketplace exemption, call the Marketplace at 1-800-318-2596 or go to [healthcare.gov/exemptions-tool](http://healthcare.gov/exemptions-tool).

If you qualify, you will receive an Exemption Certificate Number. The ECN can be found in your eligibility results after you submit your application or ask your Marketplace representative for it. Keep this number in your records.

If you think you might qualify for an exemption that is claimed on your tax return, contact a trusted tax professional.

**Note: You can get free and reliable tax preparation!**

### Exemptions Claimed on Your Tax Return

- Household income falls below tax filing threshold (about \$10,000 for an individual, \$20,000 for a family)
- Not having coverage for less than 3 months in 2015
- Member of a Health Care Sharing Ministry (sometimes these are referred to as "church plans")
- Member of an Indian Tribe or are eligible for Indian Health Services
- In prison for any part of 2015 (after being charged with a crime)

Both IRS VITA and AARP tax preparers are knowledgeable about the new requirements for tax filing under the Affordable Care Act.

- IRS VITA sites will complete and file tax returns for families with incomes below \$53,000 for free.
- AARP also provides free tax help. There is no maximum income or minimum age. You do not have to be an AARP member. Go to <http://www.georgiawatch.org/taxmap/> for a map of all VITA & AARP sites in Georgia.

The Affordable Care Act (ACA) requires everyone to have health insurance. However, some people may choose not to buy health insurance or may be unable to buy it. Some people will have to pay a penalty for not having health insurance. If you think you may have to pay a penalty for not having insurance, use this worksheet to estimate how much your tax penalty may be.

**Estimate your penalty for 2015 using the worksheet below.**

Examples are provided to the right.

<b>1</b>	<p><b>Your yearly income</b> \$ _____</p> <ul style="list-style-type: none"> <li>• do you file taxes as an individual? subtract \$10,000 _____</li> <li>• do you file taxes as a family? subtract \$20,000 _____</li> </ul> <p style="text-align: right;">= _____ <b>LINE A</b></p> <p><b>Multiply by 0.02</b> _____ x 0.02</p> <p style="text-align: right;">= _____ <b>LINE B</b></p>	<p><b>FOR EXAMPLE</b></p> <p><b>For a family with a yearly income of \$50,000</b></p> <p style="text-align: center;">\$ 50,000</p> <hr/> <p style="text-align: center;">-</p> <p style="text-align: center;">20,000</p> <hr/> <p style="text-align: center;">= <b>30,000</b></p> <hr/> <p style="text-align: center;">x 0.02</p> <hr/> <p style="text-align: center;">= <b>\$ 600</b></p>
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<b>2</b>	<p><b>How many adults are in your family?</b> _____</p> <p><b>Multiply by \$325</b> _____ x \$325</p> <p style="text-align: right;">= _____ <b>LINE C</b></p> <p><b>How many children are in your family?</b> _____</p> <p><b>Multiply by \$162.50</b> _____ x \$162.50 <b>LINE D</b></p> <p style="text-align: right;">= _____</p> <p><b>Add Line C and Line D</b> _____ <b>LINE E</b></p>	<p><b>For a family of 1 adult and 2 children</b></p> <p style="text-align: center;">1</p> <hr/> <p style="text-align: center;">x \$325</p> <hr/> <p style="text-align: center;">\$ 325</p> <hr/> <p style="text-align: center;">2</p> <hr/> <p style="text-align: center;">x \$162.50</p> <hr/> <p style="text-align: center;">= \$ 325</p> <hr/> <p style="text-align: center;">= \$ 650</p>
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<b>3</b>	<p><b>Which is bigger?</b></p> <p><b>Line B _____ or Line E _____ ?</b></p> <p><b>The bigger number is your estimated penalty.</b></p>	<p><b>Line B</b> \$ 600</p> <p><b>Line E</b> <u>\$ 650</u></p>
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*Note: This worksheet is used to estimate your tax penalty. Your actual penalty may be different. Contact a trusted tax professional to get more information.*

