



# HCTT-2015-20: The Premium Tax Credit - The Basics

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IRS Tax Tips

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## Inside This Issue

### The Premium Tax Credit - The Basics

If you get your health insurance coverage through the [Health Insurance Marketplace](#), you may be eligible for the [premium tax credit](#).

Here are some basic facts about the premium tax credit.

### What is the premium tax credit?

The premium tax credit is a credit designed to help eligible individuals and families with low or moderate income afford health insurance purchased through the Health Insurance Marketplace.

### What is the Health Insurance Marketplace?

The Health Insurance Marketplace is the place where you will find information about private health insurance options, purchase health insurance, and obtain help with premiums and out-of-pocket costs if you are eligible. Learn more about the Marketplace at [HealthCare.gov](#).

### How do I get the premium tax credit?

When you apply for coverage in the Marketplace, the Marketplace will estimate the amount of the premium tax credit that you may be able to claim for the tax year, using information you provide about your family composition and projected household income. Based

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upon that estimate, you can decide if you want to have all, some, or none of your estimated credit paid in advance directly to your insurance company to be applied to your monthly premiums. If you choose to have all or some of your credit paid in advance, you will be required to reconcile on your income tax return the amount of advance payments that the government sent on your behalf with the premium tax credit that you may claim based on your actual household income and family size.

## What happens if my income or family size changes during the year?

The actual premium tax credit for the year will differ from the advance credit amount estimated by the Marketplace if your family size and household income as estimated at the time of enrollment are different from the family size and household income you report on your return. The more your family size or household income differs from the Marketplace estimates used to compute your advance credit payments, the more significant the difference will be between your advance credit payments and your actual credit.

For more information about the Affordable Care Act and your income tax return, visit [IRS.gov/aca](http://IRS.gov/aca).

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