

## About APTCs and Reconciliation

A key component of the ACA is that lower-income families qualify for subsidies to help pay for health insurance coverage purchased through the Marketplace. These subsidies are called **advance premium tax credits** (APTCs) and they are available to households with income between 100% and 400% of the federal poverty level (FPL). These subsidies are based on annual income estimates for the year and are paid as an advance during the year.

### Reconciliation

Because the amount of premium tax credits is based on an *estimate* of a taxpayer's earnings for the year, they must be "reconciled" against the taxpayer's *actual* reported income in order to determine if the correct amount of subsidies or credits were allotted to the taxpayer. This is done using **Form 8962, Premium Tax Credit (PTC)** which is filed with the taxpayer's annual tax return each year that they have ACA coverage with APTCs.

**Form 1095-A** is used to complete **Form 8962** and determine the difference between the APTCs that were paid on behalf of the taxpayer and the exact amount of APTCs they were eligible for based on actual income.

- If the taxpayer reports greater income on their tax return than was estimated when ACA coverage was established, they may have received more APTCs than they were entitled to and may have to **pay the difference back** through their tax return.

**Take Note!** There are consumer protections that limit the amount a taxpayer has to pay back, depending on their actual reported income. See [Chart of APTC Repayment Caps](#).

- If the taxpayer reports less income on their tax return than was estimated when ACA coverage was established, they may have received less APTCs than they were entitled to and may receive the difference as a **refund** through their tax return.

See [Reporting Form 1095-A Data in TaxSlayer](#) and [IRS Instructions for Form 8962](#).