

When a Taxpayer Has Filed But Needs to Reconcile APTCs (Form 8962)

Background

Because the amount of advance premium tax credits (APTCs) 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.

Take Note: Beginning with tax year 2021, the IRS began rejecting tax returns that were e-filed by taxpayers who had ACA coverage in the tax year but lacked **Form 8962, Premium Tax Credit (PTC)**. Although the Tax Program does not use it, a work-around allows some e-filers to re-transmit their tax returns after the initial IRS rejection, even though Form 8962 is still not included. These tax returns are accepted by the IRS, but clients may arrive at the Tax Centers with an IRS letter asking for **Form 8962**.

You may encounter these scenarios:

Scenario One: A taxpayer receiving APTCs has filed a tax return without including **Form 8962**. **The IRS has sent the taxpayer a letter instructing them to file Form 8962** in order to reconcile their APTCs against the earnings information included on their already-filed tax return.

Scenario Two: A taxpayer receiving APTCs has filed a tax return without including **Form 8962** (most likely because they did not bring **Form 1095-A** to the Tax Centers and also did not check "Yes" that they have a Healthcare.gov Marketplace plan on **Form 13614-C**). **They may realize later that they still need to reconcile APTCs** (when they are attempting to enroll in APTCs for the next year or if they discover **Form 1095-A** at home). This is most likely for a previous tax year.

How to Assist the Taxpayer

Two questions must be answered before you can determine how best to assist a taxpayer in reconciling APTCs after their tax return has been filed:

1. Was the original tax return prepared by Foundation Communities' Tax Help Program or not?

2. Did the taxpayer receive an IRS letter about the missing **Form 8962**?

See below.

If...	Then...	And the Return Status in TaxSlayer will Be:	While the Note left in TaxSlayer should say:
Taxpayer presents an IRS letter about missing Form 8962 <u>and FC prepared the original return.</u>	Add Form 8962 to the existing return in TaxSlayer, print <u>just the completed Form</u> , and instruct the taxpayer to mail Form 8962 <u>and</u> Form 1095-A to the IRS with a copy of the IRS letter.	Do <u>not change</u> the status in TaxSlayer from Paper or Accepted	the original return was prepared by FC and altered to add Form 8962 at later date
Taxpayer presents an IRS letter about missing Form 8962 and the <u>original return was prepared elsewhere.</u>	Recreate the original return in TaxSlayer. Add Form 8962 to the return. Print <u>just the completed Form</u> , and instruct the taxpayer to mail Form 8962 <u>and</u> Form 1095-A to the IRS with a copy of the IRS letter.	Paper	the original return was prepared elsewhere and we re-created the return to add Form 8962
Taxpayer did not receive an IRS letter but needs to reconcile PTCs <u>and FC prepared the original return.</u>	We prepare this as an <u>amendment</u> to add Form 8962 to the original return. This amendment may be e-filed if eligible. See Amendments: When E-File and When Paper? If the amendment cannot be e-filed, instruct the taxpayer to mail the amendment to the IRS.	Do <u>not change</u> the status in TaxSlayer from Paper or Accepted <u>Amendment Status:</u> E-file or Paper	the original return was prepared by FC and amendment prepared to add Form 8962 since no IRS letter received
Taxpayer did not receive an IRS letter but needs to reconcile PTCs <u>and the original return was prepared elsewhere.</u>	Recreate the original return in TaxSlayer. Then prepare <u>an amendment</u> to add Form 8962 to the original return. This amendment may be e-filed if eligible. See Amendments: When E-File and When Paper? If the amendment cannot be e-filed, instruct the taxpayer to mail the amendment to the IRS.	<u>Original Recreated Return:</u> Paper <u>Amendment Status:</u> E-file or Paper	original return prepared elsewhere and amendment prepared to add Form 8962 since no IRS letter received