

Allocation of Premium Tax Credits



A summary by

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PTC Allocation Situations – Nos. 1 & 2



- Spouses enroll in the Marketplace as married filing jointly, but divorce during the year
- Spouses enroll in the Marketplace as married filing jointly, but file taxes separately

PTC Allocation Situations – No. 3



- Two or more people from separate tax households enroll in one health plan; no APTC is paid
 - A young adult age 24, who is not a tax dependent, enrolls in her parents' plan
 - Note: If APTC is paid for a health plan covering multiple tax households, each taxpayer receives a separate Form 1095-A with items already allocated. No allocation on the tax return is necessary.
 - If the Marketplace did not realize the plan covered multiple tax households, and APTC was paid, use Allocation Situation 4.



PTC Allocation Situations – No. 4



- “Shifting enrollee” – A person enrolled as a member of a taxpayer’s household is not that taxpayer’s dependent
 - One parent enrolled a child in coverage, but the other parent ends up claiming the child as a tax dependent
 - Parents enroll with their child, but the child ends up not being their tax dependent that year

- Note: APTC must be paid for this situation to apply



General Allocation Rules



- One allocation percentage is applied to all the items that must be allocated
 - You can't use different allocation percentages for different items
- If the health plan covers months during which only one taxpayer (or his or her dependents) was enrolled in the plan, then 100% is allocated to that taxpayer for those months
- It doesn't matter who actually made the premium payments



Premium Tax Credit Allocation Rules



	What is allocated?	Can tps choose an allocation percentage?	Default allocation	Legal Citation	Form 8962 Allocation Situation
Divorce	<ul style="list-style-type: none"> • Premiums paid • APTC • Benchmark premiums 	Yes. Taxpayers may agree on any percentage.	50% (or 100%)	Treas. Reg. § 1.36B-4(b)(3)	1
Separate tax returns	<ul style="list-style-type: none"> • Premiums paid • APTC 	No.	50% (or 100%)	Treas. Reg. § 1.36B-4(b)(4)	2
Separate tax households; no APTC paid	<ul style="list-style-type: none"> • Premiums paid, if claiming a PTC 	No.	Ratio of enrollees' benchmark premiums	Treas. Reg. § 1.36B-3(h)	3
Shifting enrollee	<ul style="list-style-type: none"> • Premiums paid • APTC • Benchmark premiums 	Yes. Taxpayers may agree on any percentage.	# of shifting enrollees claimed by claiming tp -divided by- # of people enrolled in the QHP with the shifting enrollee(s)	Treas. Reg. § 1.36B-4(a)(1)(ii)(B)	4