



## Lesson Plan

### Premium Tax Credit

Time Required: 15 minutes

Introduction	Objectives	Topics
The lesson covers some of the tax provisions of the Premium Tax Credit (PTC). You will learn how to determine if taxpayers are eligible to receive the premium tax credit.	Determine who is eligible for the premium tax credit	Premium Tax Credit
	Calculate the premium tax credit	Claiming the Premium Tax Credit
	Report taxpayers' premium tax credit on the tax return	Calculating the Premium Tax Credit

### Key Terms

**Applicable taxpayer:** A taxpayer must be an applicable taxpayer to claim the premium tax credit (PTC). Generally, through 2025 an applicable taxpayer is one who has household income at least 100 percent of the federal poverty line (FPL) for the family size, and cannot be claimed as a dependent. If the taxpayer is married at the end of the year, the taxpayer must file a joint return to be an applicable taxpayer unless an exception is met.

**Family/Family size:** For the purposes of Form 8962, a taxpayer's tax family consists of the taxpayer, unless the taxpayer qualifies as a dependent of another individual, the taxpayer's spouse if a joint return is filed, unless the spouse qualifies as a dependent of another individual, and the individuals who qualify as dependents of the taxpayer and whom the taxpayer claims by putting the individual's name and TIN on the Form 1040 or Form 1040-NR the taxpayer files for the year.

**Family coverage:** Health insurance that covers more than one individual.

**Form 1095-A, Health Insurance Marketplace Statement:** Used to report certain information to the IRS about family members who enroll in a qualified health plan through the Marketplace. Form 1095-A also is furnished to individuals to allow them to claim the premium tax credit, to reconcile the credit on their returns with advance payments of the premium tax credit (APTC), and to file an accurate tax return.

**Household income:** Total of the modified adjusted gross income (MAGI) of the taxpayer (and spouse, if married filing a joint return) and the MAGI of all dependents required to file a federal income tax return because their income exceeds the filing threshold.

**Marketplace:** A governmental agency or nonprofit entity that makes qualified health plans available to individuals. The term "Marketplace" refers to state Marketplaces, regional Marketplaces, subsidiary Marketplaces, and a federally-facilitated Marketplace.

**Minimum essential coverage (MEC):** Coverage under a government-sponsored program, an eligible employer-sponsored plan, a plan in the individual market, a grandfathered health plan, or other coverage recognized by the Department of Health and Human Services (HHS), in coordination with the Secretary of the Treasury, as minimum essential coverage.

**Modified Adjusted Gross Income (MAGI):** for PTC – MAGI is a taxpayer's adjusted gross income plus his or her untaxed foreign earned income, tax-exempt interest, and Social Security benefits not included in income.

**Premium tax credit:** A refundable tax credit for certain people who enroll in a qualified health plan offered through the Marketplace.

## Teacher Tips

### Guidelines for Lesson

Guideline	Instructor Notes	Presentation Aids
Lesson background info	<b>Share</b> link to Student Landing Page	<b>Internet:</b> Show Student landing page and go over skill check
Provide details and engage the students	<b>Discuss</b> all tips and cautions in detail. <b>Ask</b> students to read and/or role-play examples.	<b>Internet:</b> Link & Learn Taxes (L&LT) Premium Tax Credit

### Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	<b>Review</b> lesson objectives. <b>Review</b> list of references. <b>State</b> the presentation time of 15 minutes. <b>Review</b> the Key Terms in the lesson.	<b>Visuals:</b> Pub 4012, Tab H  <b>Internet:</b> Tax Topic: <a href="#">Premium Tax Credit Provisions for Individuals and Families</a>
Premium Tax Credit	<b>Review</b> topic Premium Tax Credit Eligibility. <b>Ask:</b> What is the Premium Tax Credit? <b>Ask:</b> Who is allowed a premium tax credit? <b>Answer:</b> Refer to the subtopic Who is allowed a Premium Tax Credit?  <b>Point out</b> eligibility for the premium tax credit for 2022 is based on the 2021 federal poverty guidelines.  <b>Direct</b> students to Pub 4012, Tab H, Federal Poverty Guideline charts.  <b>Remind</b> volunteers a taxpayer's household income is the total of the taxpayer's modified adjusted gross income (MAGI), the taxpayer's spouse's MAGI if married and filing a joint return, and the MAGI of all dependents required to file a federal income tax return.	<b>Visual:</b> Pub 4012, Tab H: <a href="#">Federal Poverty Guidelines</a> <b>Internet:</b> Tax Topic: <a href="#">The Premium Tax Credit</a>  YouTube video: <a href="#">Premium Tax Credit Changes in Circumstances</a>

---

Calculating the  
Premium Tax  
Credit

**Review** topic Calculating the Premium Tax Credit.

**Ask:** Can taxpayers receive the premium tax credit in advance? **Answer:** Yes, taxpayers can decide to have all or some of the estimated credit paid in advance directly to their insurance company.

**Review** Form 8962, Premium Tax Credit

**Ask:** Where do you find the information needed to compute the PTC? **Answer:** The information on Form 1095-A is used to compute the premium tax credit.

**Point out:** The Marketplace will send taxpayers Form 1095-A, showing the amount of their monthly premiums and advance credit payments, by January 31 of the year following the year of coverage.

**Review** Form 1095-A, Health Insurance Marketplace Statement

**Discuss** changes during the year that affect the amount of the premium tax credit.

- Household income changes
  - Marriage
  - Divorce
  - Birth or adoption
  - Changes in household composition
  - Gaining or losing based on government or employer-sponsored healthcare coverage
  - Change of address
- 

**Visuals:**

[Form 8962](#), Part 1

[Form 1095-A](#)

---

Claiming the  
Premium Tax  
Credit

**Review** topic Claiming the Premium Tax Credit.

**Ask:** Do taxpayers who received the benefit of advance premium tax credit payments need to file a tax return? **Answer:** Yes, taxpayers claim the premium tax credit on the tax return. Taxpayers who received advance credit payments must file a tax return even if they otherwise are not required to file. Remember, the premium tax credit is only available to taxpayers who purchased health coverage through the Marketplace.

**Ask, True or False?** If the premium tax credit is more than the advance credit payments made on the taxpayer's behalf during the year, the difference will increase the refund or lower the amount of tax owed. **Answer:** True. This is reported in Schedule 3 of Form 1040.

**Review** the example in this topic.

**Point out** changes in circumstances, such as taxpayers who have separated or divorced and have a shared policy, may require the taxpayer to complete Form 8962, Part IV or V, which is out of scope for VITA.

**Direct** students to Pub 4012, Tab H.

**Visuals:**

[Form 8962](#), Parts 2-4

[Form 1040](#), Schedule 3

Pub 4012, Tab H

---

Practice  
Exercises

**Review** the Practice Exercises with the class.

**Visuals:**

Pub 4491 Appendix: PTC Exercises

---

## References

L&LT	Premium Tax Credit
Form 1040	<a href="#">Form 1040</a>
Form 1040 Instructions	<a href="#">Form 1040 Instructions</a>
Form 13614-C	<a href="#">Form 13614-C</a> , Intake/Interview & Quality Review Sheet, Page 2, Part III
Form 8962	<a href="#">Form 8962</a> , Premium Tax Credit
Form 8962 Instructions	<a href="#">Form 8962 Instructions</a>
Form 1095-A	<a href="#">Form 1095-A</a> , Health Insurance Marketplace Statement
Pub 4012	Pub 4012, Volunteer Resource Guide <a href="#">Federal Poverty Guidelines</a> <a href="#">Federal Tax Filing Requirement Thresholds</a> <a href="#">Premium Tax Credit, Form 8962</a>

## Recommended Classroom Activities



**Skills  
Workout**



**Certification  
Warm Up**



**Media: Videos  
& Audio**



**TaxSlayer  
Tutorial**



**Job Aids**



**Practice  
Lab**



**Skills Workout: Link & Learn Taxes Income – Premium Tax Credit**

Click Skills Workout as a new way to access Link & Learn Taxes Lesson Premium Tax Credit.



**Certification Warm Up –Exercises**

Certification Warm Up is a new way to access the Exercises in Link & Learn Taxes



**Media: Video & Audio for Lesson**

YouTube video: [Premium Tax Credit Changes in Circumstances](#)



## TaxSlayer Tutorial

---

TaxSlayer Training Video     [Working with the Premium Tax Credit](#)

---

Practice Lab Tutorial

From the [Practice Lab](#):

1. Enter the universal password (if you do not have the password, you can request it from your site coordinator or SPEC relationship manager).
  2. Sign in to Practice Lab or create an account.
  3. Select the appropriate tutorial.
- 



## Job Aids

### ITA and FAQs for Lesson

---

Tax Topics

Premium Tax Credit Provisions for Individuals and Families

<https://www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions-for-Individuals-and-Families>

The Premium Tax Credit

<https://www.irs.gov/uac/The-Premium-Tax-Credit>

---



## Practice Lab

---

Practice Lab

<https://vita.taxslayerpro.com/IRSTraining>

---