

Advance Premium Tax Credits

The Affordable Care Act helps make health insurance affordable for millions of people by providing assistance through the Advance Premium Tax Credit (APTC). You can only get this tax credit through the Health Insurance Marketplace. Your eligibility and the amount of your APTC depend on your household income and size.

The APTC is “advanced” because instead of waiting until you file your federal tax return to receive this credit, you can use it each month to help pay for your insurance plan. With the APTC, part of your monthly premium payment can be made by the federal government directly to the health plan in which you’ve enrolled.

If you qualify, there are three ways you can use your APTC:

MY YEAR		
\$	\$	\$
\$	\$	\$
\$	\$	\$
\$	\$	\$

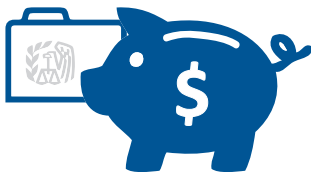
Monthly Premium: \$ Low
Refund on Taxes: None

Spread the credit equally across the entire year. This means that each time you pay your monthly health insurance premium, the cost will be reduced.



Monthly Premium: \$ Medium
Refund on Taxes: Maybe

Use some, but not all, of your APTC each month. This means you’ll pay more for your health insurance each month and receive the remainder of the unused APTC as a refund when you file your taxes next year. This may be a good choice if you are not sure about your income for the year.



Monthly Premium: \$ Higher
Refund on Taxes: Likely

Not use any of your APTC during the year. If you choose this option, you will get the total amount of the APTC refunded to you when you file next year’s tax return.

If you qualify for the APTC, any way you use it, you’ll still get a break on the cost of your health insurance to help you get the coverage that meets your needs and budget.

REPORT CHANGES IN YOUR INCOME

Life changes, like having a baby, getting married or changing jobs, can affect the amount of your tax credit or even your eligibility.

For example, if you make more money than you expected, your APTC will be lower and you might owe some money at the end of the year. But if you make less, you’ll get a refund.

You can go back to the Marketplace website and report your changes when they happen. You’ll get your tax credit calculations updated automatically.

This project was supported by Funding Opportunity Number CA-NAV-13-001 from the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services. The contents provided are solely the responsibility of the authors and do not necessarily represent the official views of HHS or any of its agencies.