

New ACA Post-Season IRS Notices, Filing Requirements Impact Millions

July 28, 2015 10:00 AM ET

KANSAS CITY, MO -- (Marketwired) -- 07/28/15 -- Estimates Show 1 Million Taxpayers at Risk of Losing ACA Tax Credit Used for Insurance Premiums

If the word "audit" didn't scare taxpayers enough, now there are at least a dozen IRS notices taxpayers could receive relating to the Affordable Care Act. The IRS recently announced one of those [notices](#), for those who received an [advance premium tax credit](#) (APTC) but have yet to file a tax return, could be sent to taxpayers this summer. H&R Block (NYSE: HRB), the world's largest consumer tax preparation company, has a number of [audit and tax resolution services](#), including free [Second Look](#)[®], to help clients comply.

The newly minted ACA-related notices include

- a letter notifying the taxpayer that the tax return is being held pending additional information, such as [Form 8962](#) used to reconcile the APTC;
- a notice that the taxpayer's tax refund is being held until the IRS is able to verify that the taxpayer is eligible for the premium tax credit;
- a notice to alert the taxpayer that a penalty is being assessed since the taxpayer did not claim an exemption or have health insurance for all or part of the year, and more.

"Since this was the first tax season the individual income tax return was impacted directly due to ACA for millions of taxpayers, audits and notices were inevitable, and it may grow in the future," said Mark Ciaramitaro, vice president of H&R Block taxes and health care services. "Likely, many of these IRS letters can be responded to simply and quickly. The important thing is to not panic. H&R Block tax professionals can help resolve any situation. It may be as simple as helping a taxpayer claim an exemption they qualified for but did not know about it or overlooked it."

File now or risk future APTC

The IRS reported that about 1.07 million taxpayers who obtained health insurance through the health insurance marketplace and received a monthly tax credit have yet to file their 2014 returns. These taxpayers are urged to file as soon as possible to risk not being eligible for advance payments of the premium tax credit or cost-sharing reductions to help pay for Marketplace health insurance coverage in 2016.

- Of these taxpayers, 360,000 filed for an extension but have yet to file the completed return.
- In addition, 710,000 have not filed a return or for an extension.

This credit pays for some or all of the monthly insurance premiums for taxpayers who qualify based on their income. Last year, more than 6 million taxpayers received the APTC.

To continue receiving the APTC, taxpayers must file a tax return. The IRS indicated it is sending a notice to taxpayers who received the APTC but haven't filed for 2014. This notice, [Letter 5591](#), explains that the taxpayers should file their returns within 30 days to reduce the risk of any gaps in APTC.

Health insurance open enrollment starts November 1, 2015. The health insurance marketplace must have a record of the filed return to determine whether a taxpayer qualifies to continue receiving the APTC next year. Taxpayers should file their 2014 returns as soon as possible to ensure that the return is recorded for 2016 open enrollment.

Low-income taxpayers overpay, could benefit from amended return

Approximately 300,000 low-income taxpayers who did not have health insurance for all or part of last year may have paid a penalty they could have avoided. These taxpayers may have been able to claim an income-based exemption and could benefit from filing an amended tax return.

"The IRS indicated it may communicate with these taxpayers as well," Ciaramitaro said. "For those not accustomed to receiving a correspondence from the IRS this may cause some anxiety. But this notice possibly brings good news. Rest assured, taxpayers can bring this, or any IRS letter, to their local H&R Block tax professional and we will assist them."

H&R Block has regular office hours in the summer and fall months. Taxpayers also can book an appointment. To make an appointment or to find an office nearby, taxpayers can call 800-HRBLOCK or visit www.hrblock.com.

About H&R Block

H&R Block, Inc. (NYSE: HRB) is the world's largest consumer tax services provider. More than 650 million tax returns have been prepared worldwide by and through H&R Block since 1955. In fiscal 2015, H&R Block's revenues increased for the third consecutive year to \$3.1 billion, or 1.8%. Tax return preparation services are provided by professional tax preparers in approximately 12,000 company-owned and franchise retail tax offices worldwide, and through H&R Block tax software products. H&R Block Bank provides affordable banking products and services. For more information, visit the H&R Block Newsroom at <http://newsroom.hrblock.com/>.

Embedded Video Available: <https://www.youtube.com/watch?v=Z2WjWZBUraE&feature=youtu.be>

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Source: H & R Block