Understanding Your Tax Credits

The Advance Premium Tax Credit (APTC) helps make your health insurance more affordable. The money will not be provided directly to you; instead, the federal government will use the APTC to pay a portion of the health plan you have selected. Here are two examples.

Here is an example where a person ended up receiving a tax refund at the end of the year because her income decreased. Maria applied for health insurance coverage and was approved for an APTC. She decided to receive the entire APTC in advance. Then her hours were cut at work, so she didn’t earn as much money by the end of the year as she had expected to. With her income being lower, she was eligible for a larger tax credit, so she received a tax refund.

Example 1: Maria Is Due a Tax Refund

Amounts of income, APTC, and repayment are for illustrative purposes only.

Maria’s Income Information at the Time of Application

- Maria’s Estimated Annual Income: $34,500
- Tax Credit Maria Was Eligible For: $1,900 ($158/month)

Maria’s Situation When She Is Filing Taxes

- Maria’s Actual Annual Income: $28,700
- Maria’s Corrected Tax Credit Amount: $2,800 ($233/month)

- Actual Credit: $2,800
- Amount Received in Advance: $1,900
- Maria’s Tax Refund: $700
The Advance Premium Tax Credit (APTC) helps make your health insurance more affordable. The money will not be provided directly to you; instead, the federal government will use the APTC to pay a portion of the health plan you have selected.

Here is an example where a person ended up having to repay the government for some of the amount of APTC he received because his income increased. Joe applied for health insurance coverage and was approved for an APTC. He decided to receive the entire APTC in advance. But part-way through the year, he found a better-paying job, so he earned more money by the end of the year than he expected. That means that Joe may have to repay the government for some of the APTC that he originally qualified for.

**Example 2: Joe Repays Excess APTC**

Amounts of income, APTC, and repayment are for illustrative purposes only.

<table>
<thead>
<tr>
<th>Joe’s Income Information at the Time of Application</th>
<th>Joe’s Situation When He Is Filing Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe’s Estimated Annual Income: $25,300</td>
<td>Joe’s Actual Annual Income: $34,500</td>
</tr>
<tr>
<td>Tax Credit Joe Was Eligible For: $2,900 (158/month)</td>
<td>Joe’s Corrected Tax Credit Amount: $1,900 (233/month)</td>
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$1,900 Actual Credit
$2,900 Amount Received in Advance
– $1,000 Amount Joe Will Repay

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