

# 2018 Instructions for Form 8965

## Health Coverage Exemptions (and Instructions for Figuring Your Shared Responsibility Payment)

Section references are to the Internal Revenue Code unless otherwise noted.

## Future Developments

For the latest information about developments related to Form 8965 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8965](https://www.irs.gov/Form8965).

## What's New

**Hardship coverage exemption.** You can now claim a coverage exemption for certain types of hardships on your tax return. See the [Types of Coverage Exemptions](#) chart and [General hardship \(code G\)](#), for more information.

**Checkbox on Form 1040.** The "Full-year coverage" checkbox that was on line 61 of the 2017 Form 1040 has been moved to page 1 of the 2018 Form 1040 and retitled "Full-year health care coverage or exempt." You will now check that box if you, your spouse (if filing jointly), and anyone you can or do claim as a dependent had qualifying health care coverage or a coverage exemption that covered all of 2018 or a combination of qualifying health care coverage and coverage exemptions for every month of 2018. If you can check the box on Form 1040, you don't need to file Form 8965.

## General Instructions

### Purpose of Form

The individual shared responsibility provision requires each individual to have health care coverage, have a health coverage exemption, or make a shared responsibility payment with their tax return. If you can't check the "Full-year health care coverage or exempt" box on page 1 of Form 1040, use these instructions to figure your shared responsibility payment if for any month you or

For each month you must either:



**Have Health Coverage or a Coverage Exemption**

See the Form 1040 instructions for information on reporting full-year coverage or exempt.

OR



**Make a Shared Responsibility Payment**

See *Shared Responsibility Payment* for information on how to figure your shared responsibility payment.

another member of your [tax household](#) (defined later) had neither health care coverage nor a coverage exemption. If you can claim any part-year exemptions for specific members of your tax household, use Form 8965. This will reduce the amount of your shared responsibility payment.

Reminder: If you need health coverage, visit [www.HealthCare.gov](http://www.HealthCare.gov) to learn about health insurance options that are available for you and your family, how to purchase health insurance, and how you might qualify to get financial assistance with the cost of insurance.

**Coverage exemptions.** If you can't check the "Full-year health care coverage or exempt" box on page 1 of Form 1040, and if you or another member of your tax household was granted a coverage exemption from the Marketplace that didn't cover every month of 2018, complete Part I of Form 8965. If you or another member of your tax household is claiming a coverage exemption that didn't cover every month of 2018 on your tax return, complete Part III of Form 8965. If your household income or your gross income is less than your filing threshold, you can check the "Full-year health care coverage or exempt" box on Form 1040. You don't need to file Form 8965. Depending on your situation, you may need to complete one or more parts of the form.

**Shared responsibility payment.** You must make a shared responsibility payment if, for any month, you or another member of your tax household didn't have health care coverage (referred to as "[minimum essential coverage](#)") or a coverage exemption. See [Shared Responsibility Payment](#), later, to figure your payment, if any. Report your shared responsibility payment on Schedule 4 (Form 1040), line 61.

### Who Must File

File Form 8965 to report or claim a coverage exemption if all of the following apply.

- You are filing a Form 1040 (even if you are filing it because you are a dual-status alien for your first year of U.S. residency or a nonresident or dual-status alien who elected to file a joint return with a U.S. spouse),

- You can't be claimed as a dependent by another taxpayer.
  - For one or more months of 2018, you or someone else in your tax household didn't have minimum essential coverage or a coverage exemption, and
  - You can claim any part-year exemptions or exemptions for specific members of your tax household. This will reduce the amount of your shared responsibility payment.
- Attach Form 8965 to Form 1040.



*Form 8965 is used only to claim and report coverage exemptions. If you are unable to check the "Full-year health care coverage or exempt" box on Form 1040, you don't need to report the months when you and other members of your tax household had minimum essential coverage on Form 8965, but you may need to report a shared responsibility payment on your Form 1040. First check to see if you're eligible for any coverage exemptions for some or all of the months that you or a member of your tax household weren't covered.*

**Not required to file a tax return.** If you aren't required to file a tax return, your tax household is exempt from the shared responsibility payment and you don't need to file a tax return to claim the coverage exemption. However, if you aren't required to file a tax return but choose to file anyway, you can check the "Full-year health care coverage or exempt" box on Form 1040. You don't have to file Form 8965. (See the instructions under Part II, later, to see if your household or gross income is below the filing threshold.)

**Form 1040NR and Form 1040NR-EZ filers.** If you file a Form 1040NR or Form 1040NR-EZ (including a dual-status tax return for your last year of U.S. residency) or someone claims you as a dependent on a Form 1040NR or Form 1040NR-EZ, you are exempt from the shared responsibility payment. Don't attach Form 8965 to your Form 1040NR or Form 1040NR-EZ.

For more information, see chapters 1 and 6 of Pub. 519.



*Only one Form 8965 should be filed for each tax household. If you can be claimed as a dependent by another taxpayer, you don't need to file Form 8965 and don't owe a shared responsibility payment.*

## More Information

For more information on coverage exemptions, the shared responsibility payment, and other terms discussed in these instructions, including answers to frequently asked questions and links to the final regulations issued by the Treasury Department and IRS, go to [IRS.gov/SRP](https://www.irs.gov/SRP).

## Types of Coverage Exemptions

The [Types of Coverage Exemptions](#) chart shows the types of coverage exemptions available and whether the coverage exemption may be granted by the Marketplace, claimed on your tax return, or both. If you are claiming a coverage exemption in Part III, the right-hand column of the chart shows which code you should enter in column (c) to claim that particular coverage exemption.

If the coverage exemption can be granted only by the Marketplace (for example, a coverage exemption based on membership in certain religious sects), apply to the Marketplace for that coverage exemption before filing your tax return. If the Market-

place hasn't processed your application before you file your tax return, complete Part I and enter "pending" in column (c) for each individual listed.

## Definitions

**Tax household.** For purposes of Form 8965, your tax household generally includes you, your spouse (if filing a joint return), and any individual you claim as a dependent on your tax return. It also generally includes each individual you can, but don't, claim as a dependent on your tax return. (But see [Dependents of more than one taxpayer](#), later.) To find out if you can claim someone as your dependent, see *Dependents* in Pub. 501 or *Who Qualifies as Your Dependent* in the Instructions for Form 1040.

**Birth, death, or adoption.** An individual is included in your tax household in a month only if he or she is alive for the full month. Also, if you adopt a child during the year, the child is included in your tax household only for the full months that follow the month in which the adoption occurs. If each individual who is a member of your tax household for any month had coverage or had a coverage exemption for all the months they were members of your tax household, you will check the "Full-year health care coverage or exempt" box on your return. For information on how to identify months during which an individual was not a member of your tax household for one of these reasons, see [Member of tax household born or adopted during the year](#) and [Member of tax household died during the year](#) in Part III, later. You should file Form 8965 to identify these months only if you are otherwise filing Form 8965 to claim a coverage exemption.

**Dependents of more than one taxpayer.** Your tax household doesn't include someone you can, but don't, claim as a dependent if the dependent is properly claimed on another taxpayer's return or can be claimed by a taxpayer with higher priority under the tie-breaker rules described in Pub. 501.

**Household income.** You will need to calculate your household income if any of the following apply.

- You wish to check the "Full-year health care coverage or exempt" box on Form 1040 because your household income is below the filing threshold,
- You wish to claim the exemption for coverage that is considered unaffordable, or
- You need to figure your shared responsibility payment.

For purposes of Form 8965, your household income is your modified adjusted gross income (MAGI) plus the MAGI of each individual in your tax household whom you claim as a dependent if that individual is required to file a tax return because his or her income meets the income tax return filing threshold. Use the [Filing Requirements for Children and Other Dependents](#) chart to determine whether your dependent is required to file his or her own tax return.

**Modified adjusted gross income (MAGI).** For purposes of Form 8965, your MAGI is your adjusted gross income plus certain other items from your tax return.



*Your MAGI for purposes of the individual shared responsibility provision may be different than the MAGI that applies for other tax purposes, including the premium tax credit.*

## Types of Coverage Exemptions

This chart shows all of the coverage exemptions available for 2018, including information about where each can be obtained and the code that is to be used on Form 8965 when you claim the exemption. If your coverage exemption was granted by the Marketplace, you will need to enter the Exemption Certificate Number (ECN) provided by the Marketplace (see the instructions for Part I). For additional details about the eligibility rules for the coverage exemptions that are claimed on the tax return, see the instructions for Part III, later. For additional details about how you can check the “Full-year health care coverage or exempt” box on Form 1040 if your household or gross income is below your filing threshold, see the instructions for Part II, later.

Coverage Exemption	Granted by Marketplace	Claimed on Tax Return	Code for Exemption
<b>Income below the filing threshold</b> —Your gross income or your household income was less than your applicable minimum threshold for filing a tax return.		✓	No Code See Part II
<b>Coverage considered unaffordable</b> —The <a href="#">required contribution</a> is more than 8.05% of your <a href="#">household income</a> .		✓	A
<b>Short coverage gap</b> —You went without coverage for less than 3 consecutive months during the year.		✓	B
<b>Citizens living abroad and certain noncitizens</b> —You were: <ul style="list-style-type: none"> <li>• A U.S. citizen or a resident alien who was physically present in a foreign country or countries for at least 330 full days during any period of 12 consecutive months;</li> <li>• A U.S. citizen who was a bona fide resident of a foreign country or countries for an uninterrupted period that includes the entire tax year;</li> <li>• A bona fide resident of a U.S. territory;</li> <li>• A resident alien who was a citizen or national of a foreign country with which the U.S. has an income tax treaty with a nondiscrimination clause, and you were a bona fide resident of a foreign country for an uninterrupted period that includes the entire tax year;</li> <li>• Not lawfully present in the U.S. and not a U.S. citizen or U.S. national. For more information about who is treated as lawfully present in the U.S. for purposes of this coverage exemption, visit <a href="http://www.HealthCare.gov">www.HealthCare.gov</a>; or</li> <li>• A nonresident alien, including (1) a dual-status alien in the first year of U.S. residency and (2) a nonresident alien or dual-status alien who elects to file a joint return with a U.S. spouse. This exemption doesn't apply if you are a nonresident alien for 2018, but met certain presence requirements and elected to be treated as a resident alien. For more information, see Pub. 519.</li> </ul>		✓ C	
<b>Members of a health care sharing ministry</b> —You were a member of a health care sharing ministry.		✓	D
<b>Members of Indian tribes</b> —You were either a member of a federally recognized Indian tribe, including an Alaska Native Claims Settlement Act (ANCSA) Corporation Shareholder (regional or village), or you were otherwise eligible for services through an Indian health care provider or the Indian Health Service.	*	✓	E
<b>Incarceration</b> —You were in a jail, prison, or similar penal institution or correctional facility after the disposition of charges.		✓	F
<b>Aggregate self-only coverage considered unaffordable</b> —Two or more family members' aggregate cost of self-only employer-sponsored coverage was more than 8.05% of household income, as was the cost of any available employer-sponsored coverage for the entire family.		✓	G
<b>Resident of a state that didn't expand Medicaid</b> —Your household income was below 138% of the federal poverty line for your family size and at any time in 2018 you resided in a state that didn't participate in the Medicaid expansion under the Affordable Care Act.		✓	G
<b>General hardship</b> —You experienced a hardship that prevented you from obtaining coverage under a qualified health plan.		✓	G
<b>Member of tax household born or adopted during the year</b> —The months before and including the month that an individual was added to your tax household by birth or adoption. You should claim this exemption only if you also are claiming another exemption on your Form 8965.		✓	H
<b>Member of tax household died during the year</b> —The months after the month that a member of your tax household died during the year. You should claim this exemption only if you also are claiming another exemption on your Form 8965.		✓	H
<b>Members of certain religious sects</b> —The Marketplace determined that you are a member of a recognized religious sect.	✓		Need ECN See Part I
<b>Ineligible for Medicaid based on a state's decision not to expand Medicaid coverage</b> —The Marketplace found that you would have been determined ineligible for Medicaid solely because the state in which you resided didn't participate in Medicaid expansion under the Affordable Care Act.	✓		Need ECN See Part I
<b>Coverage considered unaffordable based on projected income</b> —The Marketplace determined that you didn't have access to coverage that is considered affordable based on your projected household income.	✓		Need ECN See Part I
<b>Certain Medicaid programs that are not minimum essential coverage</b> —The Marketplace determined that you were (1) enrolled in Medicaid coverage provided to a pregnant woman that isn't recognized as minimum essential coverage; (2) enrolled in Medicaid coverage provided to a medically needy individual (also known as Spend-down Medicaid or Share-of-Cost Medicaid) that isn't recognized as minimum essential coverage; or (3) enrolled in Medicaid coverage provided to a medically needy individual and were without coverage for other months because the spend-down had not been met.	✓		Need ECN See Part I

\*The coverage exemption for members of Indian tribes is no longer granted by the Marketplace, except in Connecticut. See the instructions for Part I, later, to claim the exemption.

Figure your MAGI by adding the amounts reported on Form 1040, lines 2a and 7. If you claimed the foreign earned income exclusion, housing exclusion, or housing deduction, add the amounts from Form 2555, lines 45 and 50, or Form 2555-EZ, line 18. If your dependent has a filing requirement, but you elect to report the dependent's income on Form 8814, include the dependent's MAGI in the household income by adding Form 8814, line 1b, and the smaller of Form 8814, line 4 or 5.



You can use Step 3 under Shared Responsibility Payment, later, to figure your household income.

**Marketplace.** A Marketplace, or Health Insurance Marketplace (also referred to as an "Exchange"), is a governmental agency or nonprofit entity that makes qualified health plans available to individuals and grants certain coverage exemptions. The term "Marketplace" refers to state Marketplaces, regional Marketplaces, subsidiary Marketplaces, and the Federally-facilitated Marketplace.

**Minimum essential coverage.** Minimum essential coverage is health coverage that satisfies the requirement for individuals to have health coverage. Minimum essential coverage generally includes coverage under a government-sponsored program, coverage from your employer, and coverage under certain plans that you buy in the individual market. If you, or a member of your family, had minimum essential coverage in 2018, the entity that provided the coverage is required to send you a Form 1095-A, Form 1095-B, or Form 1095-C that lists individuals in your family who were enrolled in minimum essential coverage and shows their months of coverage. Individuals enrolled in a qualified health plan through the Marketplace generally receive this information on Form 1095-A, Health Insurance Marketplace Statement. Individuals enrolled in health insurance coverage outside the Marketplace, in a government-sponsored program, or in certain other coverage generally receive this information on Form 1095-B, Health Coverage. Individuals enrolled in employer-sponsored coverage generally receive this information on either Form 1095-B or on Part III of Form 1095-C,

## Filing Requirements for Children and Other Dependents

Use this chart to help you determine if a dependent you claimed on your return must file his or her own tax return. If the dependent is required to file a tax return because his or her income meets the filing threshold, the dependent's MAGI must be included in household income for purposes of Form 8965, even if you elect to report that dependent's income on Form 8814. Don't include a dependent's MAGI in household income if the dependent's income is below the filing threshold, even if he or she chooses to file a return for another reason.



In this chart, **unearned income** includes taxable interest, ordinary dividends, capital gain distributions, unemployment compensation, taxable social security benefits, pensions, annuities, and distributions of unearned income from a trust. **Earned income** includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

**Single dependents.** Was your dependent either age 65 or older or blind?

- No.** Your dependent must file a return if **any** of the following apply.
- His or her unearned income was over \$1,050.
  - His or her earned income was over \$12,000.
  - His or her gross income was more than the **larger** of—
    - \$1,050, or
    - His or her earned income (up to \$11,650) plus \$350.

- Yes.** Your dependent must file a return if **any** of the following apply.
- His or her unearned income was over \$2,650 (\$4,250 if 65 or older **and** blind).
  - His or her earned income was over \$13,600 (\$15,200 if 65 or older **and** blind).
  - His or her gross income was more than the **larger** of—
    - \$2,650 (\$4,250 if 65 or older **and** blind), or
    - His or her earned income (up to \$11,650) plus \$1,950 (\$3,550 if 65 or older **and** blind).

**Married dependents.** Was your dependent **either** age 65 or older **or** blind?

- No.** Your dependent must file a return if **any** of the following apply.
- His or her unearned income was over \$1,050.
  - His or her earned income was over \$12,000.
  - His or her gross income was at least \$5 and his or her spouse files a separate return and itemizes deductions.
  - His or her gross income was more than the **larger** of—
    - \$1,050, or
    - His or her earned income (up to \$11,650) plus \$350.

- Yes.** Your dependent must file a return if **any** of the following apply.
- His or her unearned income was over \$2,350 (\$3,650 if 65 or older **and** blind).
  - His or her earned income was over \$13,300 (\$14,600 if 65 or older **and** blind).
  - His or her gross income was at least \$5 and his or her spouse files a separate return and itemizes deductions.
  - His or her gross income was more than the **larger** of—
    - \$2,350 (\$3,650 if 65 or older **and** blind), or
    - His or her earned income (up to \$11,650) plus \$1,650 (\$2,950 if 65 or older **and** blind).

## Types of Minimum Essential Coverage

Minimum essential coverage means health care coverage under any of the following programs. It doesn't, however, include coverage consisting solely of excepted benefits. Excepted benefits include stand-alone vision and dental plans, workers' compensation coverage, and coverage limited to a specified disease or illness.

### **Employer-sponsored coverage:**

- Group health insurance coverage for employees under:
  - A plan or coverage offered in the small or large group market within a state,
  - A plan provided by a governmental employer, such as the Federal Employees Health Benefits program, or
  - A grandfathered health plan offered in a group market.
- A self-insured health plan for employees,
- COBRA coverage,
- Retiree coverage,
- Coverage under an expatriate health plan for employees and related individuals, or
- Department of Defense Nonappropriated Fund Health Benefits Program.

### **Individual market coverage:**

- Health insurance you purchase directly from an insurance company,
- Health insurance you purchase through the Marketplace,
- Health insurance provided through a student health plan,
- Catastrophic coverage, or
- Coverage under an expatriate health plan for non-employees such as students and missionaries.

### **Coverage under government-sponsored programs:**

- Medicare Part A coverage,
- Medicare Advantage plans,
- Most Medicaid coverage,\*
- Children's Health Insurance Program (CHIP) coverage,
- Most types of TRICARE coverage,
- Comprehensive health care programs offered by the Department of Veterans Affairs,
- Health coverage provided to Peace Corps volunteers,
- Refugee Medical Assistance, or
- Coverage through a Basic Health Program (BHP) standard health plan.

### **Other coverage:**

- Coverage under a group health plan provided through insurance regulated by a foreign government if (1) a covered individual is physically absent from the United States for at least 1 day during the month, or (2) a covered individual is physically present in the United States for a full month and coverage provides health benefits within the United States while the individual is on expatriate status,
- Certain coverage provided to business owners who aren't employees, or
- Coverage recognized by HHS as minimum essential coverage, listed at [www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Minimum-Essential-Coverage.html](http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Minimum-Essential-Coverage.html) (click on link for approved plans).

\*Medicaid programs that provide limited benefits generally don't qualify as minimum essential coverage. However, individuals with certain types of limited-benefit Medicaid coverage qualify for a coverage exemption. See the [Types of Coverage Exemptions](#) chart.

Employer-Provided Health Insurance Offer and Coverage. You should receive the Form 1095-A, 1095-B, or 1095-C by early February 2019, if applicable. For more information on these forms, see the instructions for Schedule 4 (Form 1040), line 61. The [Types of Minimum Essential Coverage](#) chart provides more information about the plans and arrangements that are minimum essential coverage.

**Timing.** You are considered to have minimum essential coverage for a month if you have it for at least 1 day during that month. For example, if you start a new job on June 26 and are covered under your employer's plan starting on that day, you are treated as having coverage for the entire month of June.

**Foreign coverage.** In general, coverage provided by a foreign employer to its employees and related individuals is minimum essential coverage. Individuals with such coverage should see Pub. 974, Premium Tax Credit, for more information on which coverage provided by a foreign employer is minimum essential coverage. However, coverage that an individual purchases directly from a foreign health insurance issuer or that is provided by the government of a foreign country doesn't qualify as minimum essential coverage unless it is recognized as minimum essential coverage by the Department of Health and Human Services (HHS). To find out if HHS has recognized particular forms of foreign coverage as minimum essential coverage, go to [www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Minimum-Essential-Coverage.html](http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Minimum-Essential-Coverage.html),

and scroll down and click on the link for the list of approved plans.

**Coverage for business owners.** Minimum essential coverage includes coverage provided to a business owner (such as a partner or sole proprietor) under a plan that is eligible employer-sponsored coverage with respect to at least one employee.

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## Specific Instructions

### **Part I—Marketplace-Granted Coverage Exemptions for Individuals**

If you can't check the "Full-year health care coverage or exempt" box on page 1 of Form 1040 and you or another member of your tax household has been granted a coverage exemption for one or more months from the Marketplace, or has an application for a coverage exemption for one or more months pending with the Marketplace, complete Part I to report these exemptions. Complete a line for each individual who was granted or has a pending application for a Marketplace-granted coverage exemption. If an individual was granted or has a pending application for more than one coverage exemption from the Marketplace, complete a separate line for each coverage exemption for that individual. If you need more space, attach a separate statement showing the information required in columns (a) through (c) for each additional coverage exemption.

**Coverage exemptions that apply to multiple years.** If you were granted a coverage exemption that applies to multiple years, you only need to report it on Form 8965 if you are otherwise required to file Form 8965. If you qualify to check the “Full-year health care coverage or exempt” box on Form 1040, you don't need to file Form 8965 to report a multiple-year coverage exemption. See [Duration](#) under [Members of certain religious sects](#) and [Members of Indian tribes](#), later.

## Lines 1–6

### Column (a)—Name of Individual

Enter the name of each person in your tax household who was granted a coverage exemption from the Marketplace or has an application for a coverage exemption pending with the Marketplace. If the individual is listed on page 1 of your tax return, enter the name exactly as it appears on your tax return.

### Column (b)—Social Security Number (SSN)

Enter the SSN of the individual listed in column (a). If the individual is listed on page 1 of your tax return, the SSN in this column should match the individual's SSN listed on your tax return.

**No SSN.** If the individual listed in column (a) doesn't have an SSN, see the following options for how to complete column (b).

- **IRS Individual Taxpayer Identification Number (ITIN) for Aliens.** If the individual listed in column (a) doesn't have and isn't eligible to get an SSN, enter the ITIN assigned to that person by the IRS.

- **Adoption Taxpayer Identification Number (ATIN).** If the individual was placed with you for legal adoption and you don't know his or her SSN, enter the ATIN assigned to that individual by the IRS.

- **No identification number.** If the individual listed in column (a) doesn't have an SSN, ITIN, ATIN, or other identification number from the IRS, leave column (b) blank for that individual.

### Column (c)—Exemption Certificate Number (ECN)

Enter the ECN that you received from the Marketplace for the individual listed in column (a). If you were granted a coverage exemption from the Marketplace, but didn't receive an ECN, or don't know your ECN, contact the Marketplace to obtain your ECN. If the Marketplace hasn't processed your application by the time you file, enter “pending.”

If you enter “pending” and the Marketplace ultimately denies your coverage exemption (and you didn't report or claim another coverage exemption with your original return), the IRS may contact you to collect your shared responsibility payment, or you may choose to file an amended tax return (Form 1040X) to make your shared responsibility payment or claim another exemption for which you are eligible.

**TIP** The Marketplace exemption approval notice that you received also indicates the months for which the coverage exemption is granted. Don't enter that information in Part I. You will use that information to determine your shared responsibility payment, if any. See [Shared Responsibility Payment](#), later.

**Members of certain religious sects (enter ECN).** An individual may claim a coverage exemption for members of recognized

religious sects only if the Marketplace has granted the individual an exemption. A recognized religious sect is a religious sect in existence since December 31, 1950, that is recognized by the Social Security Administration as conscientiously opposed to accepting any insurance benefits, including Medicare and social security.

**Duration.** If a member of your tax household was granted a coverage exemption as a member of a religious sect, report it on Form 8965 if you are otherwise required to file Form 8965. If you qualify to check the “Full-year health care coverage or exempt” box on Form 1040, you don't need to file Form 8965 to report this exemption. Once the Marketplace grants an individual this exemption, it generally applies each year unless the individual reports to the Marketplace that he or she no longer qualifies for the coverage exemption. However, for an individual granted the exemption before his or her 21st birthday, the exemption applies only until the first full month following the individual's 21st birthday. After that, the individual must apply to the Marketplace again for the exemption.

**Members of Indian tribes.** The coverage exemption for members of Indian tribes and individuals eligible for services from an Indian health care provider is no longer granted by the Marketplace, except in Connecticut. However, if the Marketplace (including the Connecticut Marketplace) granted a lifetime coverage exemption to you or a member of your tax household in any year 2014 through 2017 and that individual's status hasn't changed, you may report the ECN on Part I of Form 8965. If the Connecticut Marketplace granted this coverage exemption to you or a member of your tax household for one or more months in 2018, you may report the ECN on Part I of Form 8965. An ECN for this exemption generally applies until the individual is no longer a member of an Indian tribe or is no longer eligible for services from an Indian health care provider. If you or a member of your tax household qualify for this exemption but don't have an ECN, you may claim the exemption on Part III of Form 8965. Only file Form 8965 to report this coverage exemption if you are otherwise required to file Form 8965. If you qualify to check the “Full-year health care coverage or exempt” box on Form 1040, you don't need to file Form 8965 to report this exemption.

**Other Marketplace coverage exemptions.** Certain coverage exemptions are only granted by the Marketplace. See the [Types of Coverage Exemptions](#) chart.

## Part II—Coverage Exemptions Claimed on Your Return for Your Household

**TIP** If your household income or gross income is less than your filing threshold, and you choose to file a tax return, check the “Full-year health care coverage or exempt” box on Form 1040 for your tax household. You don't need to file Form 8965.

Use Part II to see if your household income or your gross income is less than your filing threshold. See [Filing Thresholds for Most People](#), later, to figure your filing threshold.

**TIP** If you aren't required to file a tax return because your gross income is less than your filing threshold, and you don't wish to file a return, your tax household is exempt from the shared responsibility payment and you don't need to file

a return or do anything else to claim the coverage exemption. If your gross income is less than your filing threshold but you file a tax return for any reason, see the instructions for line 7 next.

## Line 7—Household Income or Gross Income Below Filing Threshold

You can check the “Full-year health care coverage or exempt” box on Form 1040 if your household income or gross income is less than your filing threshold.

### Household Income

To check the “Full-year health care coverage or exempt” box on Form 1040 based on your household income, you must first figure your household income (see [Household income](#), under *Definitions*, earlier). Then compare your household income to the filing threshold that applies to you based on your filing status. If your household income is less than your filing threshold, check the “Full-year health care coverage or exempt” box on Form 1040.

If you qualify to check the “Full-year health care coverage or exempt” box on Form 1040, everyone in your tax household is exempt for the entire year. You don’t need to file Form 8965.

**Example 1.** Lizzie and Fitz are both under age 65. They are married and have three children, all of whom they claim as dependents on their tax return. Lizzie and Fitz file Form 1040 as married filing jointly, report \$16,000 of wages, and claim the earned income credit. One of their children, Charlie, received taxable interest of \$1,100. Their other two children have no income. Lizzie and Fitz were uninsured all year and don’t qualify for any other coverage exemption.

To see if they qualify to check the “Full-year health care coverage or exempt” box on Form 1040, they first calculate their household income. On their Form 1040, they have no amount on line 2a and \$16,000 on line 7, so their MAGI is \$16,000. They look at the [Filing Requirements for Children and Other Dependents](#) chart and see that since Charlie has \$1,100 in unearned income, he is required to file his own tax return. On Charlie’s Form 1040, he has no amount on line 2a and \$1,100 on line 7, so his MAGI is \$1,100. Their household income is \$17,100 (\$1,100 of Charlie’s MAGI plus Lizzie and Fitz’s \$16,000). They look at the [Filing Thresholds for Most People](#) chart and see that their household income (\$17,100) is less than their filing threshold (\$24,000). Because Lizzie and Fitz are claiming the earned income credit, they are going to file a tax return to claim the credit, even though they are below the filing threshold. Lizzie and Fitz check the “Full-year health care coverage or exempt” box on Form 1040. They don’t need to file Form 8965.

**Example 2.** The facts are the same as in Example 1 except that Charlie doesn’t file his own tax return. Instead Lizzie and Fitz elect to report Charlie’s taxable interest on Form 8814. Because Charlie’s only income was \$1,100 of taxable interest, line 1a on Form 8814 is \$1,100, line 1b is zero, line 4 is \$1,100, and line 5 is \$2,100. Because the amount on line 4 is less than the amount on line 5, they add it to the amount on line 1b for a total of \$1,100 (zero on line 1b + \$1,100 on line 4). They add the \$1,100 from Form 8814 to their MAGI of \$16,000 for household income of \$17,100. Their household income is less than their fil-

ing threshold, so Lizzie and Fitz check the “Full-year health care coverage or exempt” box on Form 1040. They don’t need to file Form 8965.

**Example 3.** The facts are the same as Example 1 except that Lizzie and Fitz aren’t claiming the earned income credit. They don’t need to file a tax return. They and everyone in their tax household are exempt from the requirement to have minimum essential coverage or make a shared responsibility payment and need to do nothing further.

### Gross Income

To check the “Full-year health care coverage or exempt” box on Form 1040 based on your gross income, you must first figure your gross income. Then compare your gross income to the filing threshold that applies to you based on your filing status. See [Filing Thresholds for Most People](#). If your gross income is less than your filing threshold, check the “Full-year health care coverage or exempt” box on Form 1040. You don’t need to file Form 8965.

If you qualify to check the “Full-year health care coverage or exempt” box on Form 1040, everyone in your tax household is exempt for the entire year. You don’t need to file Form 8965.

**Example 1.** Emma and George are both under age 65. They are married and have one child, whom they claim as a dependent on their tax return. Emma and George file Form 1040 as married filing jointly, report \$20,000 of wages, \$3,000 of tax-exempt interest, and claim the earned income credit. Emma and George figure their gross income as \$20,000 (their wages).

They look at the [Filing Thresholds for Most People](#) chart and see that their gross income (\$20,000) is less than the filing threshold (\$24,000). Because they qualify for the earned income credit, they file a return to claim the credit. Because they are filing a return, Emma and George check the “Full-year health care coverage or exempt” box on Form 1040. They don’t need to file Form 8965.

**Example 2.** The facts are the same as Example 1 except that Emma and George aren’t claiming the earned income credit. They don’t need to file a tax return. They and everyone in their tax household are exempt from the requirement to have minimum essential coverage or make a shared responsibility payment and need to do nothing further.

## Part III—Coverage Exemptions Claimed on Your Return for Individuals

If you can’t check the “Full-year health care coverage or exempt” box on page 1 of Form 1040, use Part III to claim a coverage exemption on your tax return for yourself or another member of your tax household. Complete a line for each individual for whom you are claiming a coverage exemption. If you are claiming more than one coverage exemption for any individual, you must generally complete a separate line for each coverage exemption. But if, for any individual, you are claiming two or more different types of coverage exemptions that have the same code listed in the [Types of Coverage Exemptions](#) chart, use a single line to claim those coverage exemptions. If you need more than six lines, attach an additional page showing the information required

in columns (a) through (p), as applicable, for each additional coverage exemption.



*Coverage exemptions that may be granted for less than a full tax year apply to each month in which an individual was eligible for the coverage exemption for at least one day in that month. For example, if following the disposition of charges, an individual is incarcerated from June 28 to July 28, the individual is eligible for the coverage exemption for June and July.*

## Lines 8–13

### Column (a)—Name of Individual

Enter the name of each person in your tax household for whom you are claiming a coverage exemption on that line. If the individual is listed on page 1 of your tax return, enter the name exactly as it appears on your tax return.

### Column (b)—Social Security Number (SSN)

Enter the SSN of the individual listed in column (a). If the individual is listed on page 1 of your tax return, the SSN in this column should match the individual's SSN listed on your tax return. If the individual listed in column (a) doesn't have an SSN, see [No SSN](#), earlier.

### Column (c)—Exemption Type

Use column (c) to identify the type of coverage exemption you are claiming for yourself or another member of your tax household. Enter the code for the appropriate coverage exemption listed below and in the [Types of Coverage Exemptions](#) chart.

**Coverage considered unaffordable (code “A”).** You can claim a coverage exemption for yourself or another member of your tax household for any month in which:

- The individual is eligible for coverage under an employer plan and that coverage is considered unaffordable, or
- The individual isn't eligible for coverage under an employer plan and the coverage available for that individual through the Marketplace is considered unaffordable.

Coverage is considered unaffordable if the individual's [required contribution](#) (described later) is more than 8.05% of household income.

Use the [Affordability Worksheet](#) to determine whether this coverage exemption applies to you or another member of your tax household for one or more months of the year.

To claim this coverage exemption, enter code “A” in Part III, column (c), and identify the months to which the exemption applies as described under [Columns \(d\) - \(p\)—Calendar Months](#), later.

**Required contribution.** Your required contribution depends on the type of coverage you are eligible to purchase. If you or another member of your tax household is eligible for coverage under an employer plan, see [Determining an individual's required contribution—Individuals eligible for coverage under an employer plan](#), later. If you or another member of your tax household isn't eligible for coverage under an employer plan, see [Determining an individual's required contribution—Individuals not eligible for coverage under an employer plan](#), later.

**Eligibility for employer-sponsored coverage.** An individual is treated as eligible for coverage under an employer plan for a month if the individual could have been covered by that plan for any day that month, even if the individual also is eligible for another type of minimum essential coverage. Individuals eligible for coverage under an employer plan for a month don't need to determine whether other coverage is considered affordable for that month.

**Household income adjustment.** For purposes of determining whether this coverage exemption applies, increase household income by any amount that your wages or the wages of any other member of your tax household whose MAGI was included in your household income were reduced to pay all or a portion of the premiums for employer-sponsored coverage through a salary reduction arrangement.

**Determining an individual's required contribution—Individuals eligible for coverage under an employer plan.** **Employees eligible for self-only coverage from their employers.** If you or another member of your tax household is an employee and is eligible for self-only coverage through his or her own employer, the employee's required contribution is the amount he or she would pay for the lowest cost self-only coverage in which he or she can enroll. For this purpose, the amount the employee would pay includes an amount that may be paid through a salary reduction arrangement. Also see [Certain employer arrangements](#) for information about how the required contribution may be affected by various arrangements offered by an employer.

**Other family members eligible for employer coverage.** If you or another member of your tax household isn't eligible for coverage through his or her own employer (if any) but is eligible for family coverage under a plan offered by your employer or your spouse's employer if filing jointly (for example, a child who is eligible to enroll in family coverage offered by your employer), the individual's required contribution is the amount the employee would pay for the lowest cost family coverage that would cover everyone in the tax household who:

- You list on your 2018 tax return (such as yourself, your spouse if filing jointly, and your dependents);
- Can't be claimed as a dependent on someone else's 2018 tax return;
- Is eligible for the coverage; and
- Doesn't qualify for another coverage exemption.

For this purpose, the amount the employee would pay includes amounts that may be paid through a salary reduction arrangement. Also see [Certain employer arrangements](#) for information about how the required contribution may be affected by various arrangements offered by an employer.

**Example 1—Unmarried employee with no dependents.**

Joyce is unmarried and has no dependents. Her household income is \$60,000. During 2018, Joyce could purchase self-only coverage through her employer at a total cost to her of \$5,000. As a result, Joyce can claim the exemption for unaffordable coverage because her required contribution (\$5,000) is more than 8.05% of her household income (\$4,830, which is \$60,000 multiplied by 0.0805).

**Example 2—Married employee with dependents.** Susan and Lee are married and file a joint return for 2018. They have

two children, Elizabeth and Emilee, whom they claim as dependents on their return. During 2018, Susan could purchase self-only coverage under a plan offered by her employer at a cost to her of \$4,000. Alternatively, Susan could purchase family coverage under the plan, which would cover her, Lee, Elizabeth, and Emilee, at a cost to her of \$12,000. Lee could not purchase health insurance through his employer. Their household income for 2018 is \$90,000.

Susan is ineligible for the exemption for unaffordable coverage for 2018 because her required contribution (\$4,000) isn't more than 8.05% of her household income (\$7,245, which is \$90,000 multiplied by 0.0805). If Susan doesn't qualify for another coverage exemption, she would make a shared responsibility payment for the months during which she didn't have coverage.

The required contribution for Lee, Elizabeth, and Emilee is Susan's share of the cost for family coverage (\$12,000), which is more than 8.05% of their household income (\$7,245). As a result, Lee, Elizabeth, and Emilee are eligible for the exemption for unaffordable coverage for 2018. Susan and Lee don't need to make a shared responsibility payment on behalf of Lee, Elizabeth, and Emilee for any months during which the three of them didn't have coverage.

**Employer-sponsored coverage for part of the year.** If you or another member of your tax household becomes unemployed or changes employers during the year, test the affordability of coverage for that individual separately for each employment period. Similarly, if the required contribution for any employer plan changes during the year (such as when one plan year ends and another one starts during the year), test the affordability of the coverage separately for each period.

Coverage under an employer plan is considered unaffordable for a part-year period if the annualized required contribution for self-only coverage (in the case of an employee) or family coverage (in the case of a related individual) under the plan for the part-year period is more than 8.05% of your household income.

You can use the Annualized Required Contribution Worksheet to figure the annualized required contribution.

#### **Annualized Required Contribution Worksheet\***



Complete a separate worksheet for each part-year period.

1. Enter the required contribution for the part-year period \_\_\_\_\_
2. Enter the number of full months in the part-year period \_\_\_\_\_
3. Divide line 1 by line 2 \_\_\_\_\_
4. Multiply line 3 by 12.0. This is your annualized required contribution \_\_\_\_\_

\*The required contribution for employer-sponsored coverage may be affected by various arrangements offered by your employer and may affect the required contribution amount you enter into the Annualized Required Contribution Worksheet. For more information, see *Certain employer arrangements*.

**Certain employer arrangements.** An employee's required contribution for employer-sponsored coverage may be affected by various arrangements offered by the employer.

- **Wellness incentives.** If the employer that offered you (or your spouse) employer-sponsored coverage for 2018 also offered a wellness incentive that potentially affected the amount that you had to pay toward coverage, the following rules apply: If the condition for satisfying the wellness incentive (in other words, the condition the employee must meet to pay the smaller amount for coverage) relates exclusively to tobacco use, your required contribution is based on the amount you would have paid for coverage if you had satisfied the condition for the wellness incentive. Wellness incentives relating exclusively to tobacco use are treated as satisfied in determining your required contribution regardless of whether you would have actually earned the incentive had you enrolled in the coverage. If factors other than tobacco use are part of the condition for satisfying the wellness incentive, your required contribution is based on the amount you would have paid for coverage had you not satisfied the wellness incentive.

- **Health reimbursement arrangements (HRAs).** If the employer that offered you employer-sponsored coverage for 2018 also contributed (or offered to contribute) to an HRA that may be used to pay premiums for the employer-sponsored coverage, your required contribution for the employer-sponsored coverage is reduced by the amount the employer contributed (or offered to contribute) to the HRA for 2018, as long as you were informed of the HRA contribution offer by a reasonable time before you had to decide whether to enroll in the coverage.

- **Health flex contributions.** If the employer that offered you (or your spouse) employer-sponsored coverage for 2018 also made (or offered to make) a health flex contribution for 2018, your required contribution for the employer-sponsored coverage is reduced by the amount of the health flex contribution (or offer). A health flex contribution is an employer contribution to a cafeteria plan that may be used only to pay for medical care (and not taken as cash or other taxable benefits), and is available for use toward the purchase of minimum essential coverage. Cafeteria plan contributions that may be used for expenses other than medical care aren't health flex contributions and so don't reduce your required contribution.

- **Opt-out payments.** If the employer that offered you (or your spouse) employer-sponsored coverage for 2018 offered you an additional payment if you declined to enroll in the coverage (an "opt-out payment"), your required contribution for employer-sponsored coverage is increased by amounts that the employer offered to pay you for declining the coverage. In some cases, an employer may make this opt-out payment only if the employee both declines the coverage and also satisfies another condition (such as enrolling in coverage offered by the employee's spouse). If your employer imposed other conditions on receiving the opt-out payment (in addition to declining the employer's health coverage, such as enrolling in coverage offered by your spouse's employer), you may treat the opt-out payment as increasing the employee's required contribution only if you can demonstrate that you met the conditions.

For more information on the effect that these arrangements have on an employee's or related individual's required contribution for employer-sponsored coverage, see Notice 2015-87 and Regulations section 1.5000A-3.

#### **Determining an individual's required contribution—**

### ***Individuals not eligible for coverage under an employer plan.***

If you or another member of your tax household can't purchase coverage under an employer plan for a month, the individual's required contribution for that month is based on the premium for the lowest cost bronze plan (or if no bronze plan is available through the Marketplace, the lowest cost metal level plan). Subtract from the premium the maximum premium tax credit that you could have claimed if the individual had enrolled in this plan.

For this purpose, use the lowest cost bronze plan (or if no bronze plan is available through the Marketplace, the lowest cost metal level plan) that covers everyone in your tax household who:

- You list on your 2018 tax return (such as yourself, your spouse if filing jointly, and your dependents);
- Can't be claimed as a dependent on someone else's 2018 tax return;
- Isn't eligible for employer coverage; and
- Doesn't qualify for another coverage exemption.

For information on the lowest cost bronze plan (or if no bronze plan is available through the Marketplace, the lowest cost metal level plan) you could have purchased for your tax household, visit [www.HealthCare.gov/tax-tool](http://www.HealthCare.gov/tax-tool) (choose "Claim an affordability exemption") or contact the Marketplace serving your area. Subtract from the premium the maximum premium tax credit that you could have claimed if these individuals had enrolled in that plan. You can claim the exemption for unaffordable coverage for the individual if the result is more than 8.05% of your household income.

**TIP** *The maximum premium tax credit that you could have claimed may be zero, for example, if everyone in your tax household is eligible for minimum essential coverage other than individual market coverage, such as Medicaid. In general, if you live in a state that expanded Medicaid and meet the Medicaid eligibility criteria, you're eligible for Medicaid if your MAGI is less than 138% of the federal poverty line (FPL). See [Federal poverty line](#) to determine your FPL.*

If the Marketplace serving the area where the individual resides doesn't offer any bronze plan (or if no bronze plan is available through the Marketplace, any lowest cost metal level plan) that would cover everyone in your tax household who may be eligible for the exemption for unaffordable coverage (for example, because these members of your tax household are split between more than one state), add the premiums for the lowest cost bronze plans (or the lowest cost metal level plan) that would cover these members of your tax household.

Use the [Marketplace Coverage Affordability Worksheet](#) before filling out the Affordability Worksheet to determine whether you or another member of your tax household is eligible for this coverage exemption.

***Example 1—Unmarried individual with no dependents and no offer of employer coverage.*** Eastin is unmarried and has no dependents. His household income is \$40,000. He can't enroll in employer coverage for any month in 2018. The annual premium for the lowest cost bronze self-only plan in Eastin's rating area is \$5,000 and the maximum premium tax credit that he could claim if he had enrolled in this coverage is \$1,700. Eastin can claim the exemption for unaffordable coverage for 2018 be-

cause his required contribution is \$3,300 (\$5,000 minus \$1,700), which is more than 8.05% of his household income (\$3,220, which is \$40,000 multiplied by 0.0805).

***Example 2—Unmarried individual with no dependents and no offer of employer coverage.*** Anna is unmarried and has no dependents. Her household income is \$15,000. She can't enroll in employer coverage for any month in 2018. The annual premium for the lowest cost bronze self-only plan in Anna's rating area is \$5,000. She was eligible for Medicaid, so she isn't eligible for the premium tax credit. The maximum premium tax credit that she could claim if she had enrolled in the lowest cost bronze plan is -0-. Anna can claim the exemption for unaffordable coverage for 2018 because her required contribution is \$5,000, which is more than 8.05% of her household income (\$1,208, which is \$15,000 multiplied by 0.0805).

***Short coverage gap (code "B").*** You generally can claim a coverage exemption for yourself or another member of your tax household for each month of a gap in coverage of less than 3 consecutive months. If an individual had more than one short coverage gap during the year, the individual is exempt only for the month(s) in the first gap. If an individual had a gap of 3 months or more, the individual isn't exempt for any of those months. For example, if an individual had coverage for every month in the year except February and March, the individual is exempt for those 2 months. However, if an individual had coverage for every month in the year except February, March, and April, the individual isn't exempt for any of those months.

***Example—Multiple gaps in coverage.*** Colton had coverage for every month except February, March, October, and November. Colton is eligible for the short coverage gap exemption only for February and March.

***Example—Gaps in coverage for partial months.*** Fred has minimum essential coverage except for the period April 5 through July 25. An individual is treated as having coverage for any month in which he or she has coverage for at least 1 day of the month. As a result, Fred has minimum essential coverage in April and July and is eligible for the short coverage gap exemption for May and June.

***Continuous coverage gap straddles 2017 and 2018.*** If you don't have minimum essential coverage for a continuous period that begins in 2017 and ends in 2018, for purposes of applying the short coverage gap rules to 2018, the months in 2017 are counted.

***Example—Continuous coverage gap straddles 2017 and 2018.*** Fran, an unmarried taxpayer with no dependents, has minimum essential coverage from January 1 through October 31, 2017. Fran is without coverage until February 1, 2018. On her 2018 tax return, November and December 2017 are included in the continuous period that includes January 2018. The continuous period for 2018 isn't less than 3 months, and therefore January isn't part of a short coverage gap.

To claim this coverage exemption, enter code "B" in Part III, column (c), and identify the months to which the exemption applies as described under [Columns \(d\) - \(p\)—Calendar Months](#), later.

***Citizens living abroad and certain noncitizens (code "C").*** You can claim a coverage exemption for yourself or another

## Affordability Worksheet

Use this worksheet to determine whether coverage for each individual in your tax household is considered unaffordable. If you or another member of your tax household isn't eligible for employer-sponsored coverage, use the [Marketplace Coverage Affordability Worksheet](#) to figure the required contribution for that individual. An individual is eligible for the affordability exemption for any month in which (B), the Required Contribution, is more than (A), the Affordability Threshold. To claim this coverage exemption, enter code "A" in Part III, column (c), and identify the months to which the exemption applies as described under [Columns \(d\) - \(p\)—Calendar Months](#), later.

### (A) Affordability Threshold

Enter 8.05% of your household income (see [Household income](#)). For this purpose, increase household income by the amount of any premium that is paid through a salary reduction arrangement and excluded from gross income.

### (B) Required Contribution Amount

For each member of your tax household, enter in the columns provided the amount the individual must pay for coverage for the first situation below that applies to that person. If the required contribution is the same for the whole year, enter the annual required contribution in the space for each month. If the required contribution covers only part of the year, use the [Annualized Required Contribution Worksheet](#) to determine what the annualized required contribution would be for each month. Once you have figured the annualized required contribution, enter it in the space for each month.

Situations (use the first that applies to each member of your tax household, including you, for each month):

1. The lowest cost self-only policy offered to each member of your tax household by his or her employer.
2. The lowest cost family policy\* offered by your employer or your spouse's employer (if you are filing a joint return).
3. The amount from the Marketplace Coverage Affordability Worksheet.

For each individual, coverage is considered unaffordable and the individual is exempt for any month in which (B), the Required Contribution Amount, is more than (A), the Affordability Threshold.

Members of your tax household (enter one name per column):						
Annualized required contribution for:						
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						

\*The policy must cover everyone in your tax household:

- Who you list on your 2018 tax return (such as yourself, your spouse if filing jointly, and your dependents) and who can't be claimed as a dependent on someone else's 2018 tax return,
- Who isn't eligible for other employer coverage, and
- Who doesn't qualify for another coverage exemption.

member of your tax household to which any of the following apply.

- The individual is a U.S. citizen or a resident alien who is physically present in a foreign country (or countries) for at least 330 full days during any period of 12 consecutive months. You

can claim the coverage exemption for any month during your tax year that is included in the 12-month period. For more information, see *Physical Presence Test* in Pub. 54.

- The individual is a U.S. citizen who is a bona fide resident of a foreign country (or countries) for an uninterrupted period

## Marketplace Coverage Affordability Worksheet

Use this worksheet to figure an individual's required contribution for any month in which the individual isn't eligible for employer-sponsored coverage. Complete a separate worksheet for each part of the year in which either the individual resided in different geographic rating areas served by the Marketplace or for which the number of people in your tax household who are neither exempt nor eligible for minimum essential coverage (other than individual market coverage) was different.



*Don't complete this worksheet unless you were instructed to do so in the Affordability Worksheet.*

1. Enter the monthly premium for the lowest cost bronze plan (or if no bronze plan is available through the Marketplace, the lowest cost metal level plan) that covers everyone in your tax household who you list on your 2018 tax return (such as yourself, your spouse if filing jointly, and your dependents) and who can't be claimed as a dependent on someone else's 2018 tax return, who isn't eligible for employer coverage, and who doesn't qualify for another coverage exemption for the month. To find the lowest cost bronze plan (or if no bronze plan is available through the Marketplace, the lowest cost metal level plan), go to [www.HealthCare.gov/tax-tool](http://www.HealthCare.gov/tax-tool) or the Marketplace for your area. (If you are married and file a separate return, enter the monthly premium here and on line 12. Don't complete lines 2 through 11) . . . . .
2. Enter your household income (see [Household income](#)) . . . . .
3. Enter the total of all nontaxable social security benefits received by you, your spouse, and each claimed dependent who must file a tax return<sup>1</sup> . . . . .
4. Add lines 2 and 3 . . . . .
5. Enter the [federal poverty line](#) for the number of individuals in your tax household less any dependents not claimed . . . . .
6. Divide line 4 by line 5. If the result (without rounding) is less than 1.0 or more than 4.0, skip lines 7 through 10 and enter -0- on line 11<sup>2</sup> . . . . .
7. Multiply line 6 by 100 and round down to the nearest whole number. Enter the applicable figure for the result from the table in the instructions for Form 8962, line 7 . . . . .
8. Multiply line 4 by line 7 . . . . .
9. Divide line 8 by 12.0 . . . . .
10. Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household, who you list on your 2018 tax return (such as yourself, your spouse if filing jointly, and your dependents) and who can't be claimed as a dependent on someone else's 2018 tax return, who isn't eligible for minimum essential coverage (other than [individual market coverage](#)), and who doesn't qualify for another coverage exemption for the month. If one or more members of your tax household meet this criteria, find the second lowest cost silver plan for those members at [www.HealthCare.gov/tax-tool](http://www.HealthCare.gov/tax-tool) or the Marketplace for your area. If no one in your tax household meets this criteria (for example, everyone in your tax household is eligible for Medicaid or qualifies for a coverage exemption), enter -0- . . . . .
11. Subtract line 9 from line 10. If zero or less, enter -0- . . . . .
12. Subtract line 11 from line 1. If zero or less, enter -0-. This is the individual's required contribution for the month . . . . .
13. Is the individual eligible for this coverage for every month of the year?  
 Yes. Multiply line 12 by 12.0. This is the annualized required contribution. Enter this amount in the space for every month on the [Affordability Worksheet](#) . . . . .  
 No. Multiply line 12 by 12.0. This is the annualized required contribution. Enter this amount in the space on the [Affordability Worksheet](#) for each month the individual was eligible for the coverage being tested . . . . .

<sup>1</sup>Figure the nontaxable social security benefits received by that individual by subtracting Form 1040, line 5b from Form 1040, line 5a.

<sup>2</sup>If the result is less than 1.38 and you or another member of your tax household resided in a state that didn't expand Medicaid, you can claim a coverage exemption (see [Resident of a state that didn't expand Medicaid \(code "G"\)](#)).

If the result is less than 1.38, you or another member of your tax household resided in a state that did expand Medicaid (states other than those listed at [Resident of a state that didn't expand Medicaid \(code "G"\)](#)), and you meet the Medicaid eligibility requirements, you're eligible for Medicaid and therefore not eligible for a premium tax credit. Enter -0- on line 10.

which includes the entire tax year. You can claim the coverage exemption for the entire year. For more information, see *Bona Fide Residence Test* in Pub. 54.

• The individual is a resident alien who is a citizen or national of a foreign country with which the U.S. has an income tax treaty with a nondiscrimination clause and who is a bona fide resident of a foreign country for an uninterrupted period that includes the entire tax year. You can claim the coverage exemption for the entire year. For more information, see *Bona Fide Residence Test* in Pub. 54.

- The individual is a bona fide resident of a U.S. territory. You can claim the coverage exemption for the entire year.
- The individual isn't lawfully present in the U.S. and isn't a U.S. citizen or U.S. national. For this purpose, an immigrant with Deferred Action for Childhood Arrivals (DACA) status isn't considered lawfully present and therefore qualifies for this exemption. For more information about who is treated as lawfully present for purposes of this coverage exemption, visit [www.HealthCare.gov](http://www.HealthCare.gov).

- The individual is a nonresident alien, including (1) a dual-status alien in the first year of U.S. residency and (2) a nonresident alien or dual-status alien who elects to file a joint return with a U.S. spouse. You can claim the coverage exemption for the entire year. This exemption doesn't apply if you are a nonresident alien for 2018, but met certain presence requirements and elected to be treated as a U.S. resident. For more information, see Pub. 519.

If you meet one of these conditions, you qualify for this exemption even if you have a social security number (SSN). To claim this coverage exemption, enter code "C" in Part III, column (c), and identify the months to which the exemption applies as described under *Columns (d) - (p)—Calendar Months*, later.

**Members of a health care sharing ministry (code "D").** You can claim a coverage exemption for yourself or another member of your tax household for any month in which the individual was a member of a health care sharing ministry for at least 1 day in the month. Enter code "D" in Part III, column (c), and identify the months to which the coverage exemption applies as described under *Columns (d) - (p)—Calendar Months*, later.

In general, a health care sharing ministry is a tax-exempt organization whose members share a common set of ethical or religious beliefs and share medical expenses in accordance with those beliefs, even after a member develops a medical condition. For you to qualify for this exemption, the health care sharing ministry (or a predecessor) must have been in existence and sharing medical expenses continuously and without interruption since December 31, 1999. An individual who is unsure whether a ministry meets the requirements should contact the ministry for further information.

**Members of Indian tribes or individuals otherwise eligible for services from an Indian health care provider (code "E").** You can claim a coverage exemption for yourself or another member of your tax household for any month in which the individual was a member of a federally recognized Indian tribe, including an Alaska Native Claims Settlement Act (ANCSA) Corporation Shareholder (regional or village), for at least 1 day in the month. The *list of federally recognized Indian tribes* is available at <https://www.bia.gov/tribal-leaders-directory>. The list of village or regional corporations formed under ANCSA is available at [dnr.alaska.gov/mlw/trails/17b/corpindex.cfm](http://dnr.alaska.gov/mlw/trails/17b/corpindex.cfm). You also can claim a coverage exemption for yourself or another member of your tax household for any month in which the individual was eligible for services through an Indian health care provider or through the Indian Health Service.

To claim either of these coverage exemptions, enter code "E" in Part III, column (c), and identify the months to which the exemption applies as described under *Columns (d) - (p)—Calendar Months*, later.

**TIP** If you or another member of your tax household was a member of a federally recognized Indian tribe or otherwise eligible for services from an Indian health care provider, and was granted a lifetime coverage exemption by the Marketplace in any year 2014 through 2017 and that individual's status hasn't changed, see the instructions for *Part I*, earlier, to claim the exemption.

**Incarceration (code "F").** You can claim a coverage exemption for yourself or another member of your tax household for any month in which the individual was incarcerated for at least 1 day in the month. For this purpose, an individual is considered incarcerated if he or she was confined, after the disposition of charges, in a jail, prison, or similar penal institution or correctional facility. To claim this coverage exemption, enter code "F" in Part III, column (c), and identify the months to which the exemption applies as described under *Columns (d) - (p)—Calendar Months*, later.

**Aggregate self-only coverage considered unaffordable (code "G").** You and any other members of your tax household you list on your 2018 tax return (such as yourself, your spouse if filing jointly, and your dependents) who can't be claimed as a dependent on someone else's 2018 tax return can claim a coverage exemption for all months in 2018 if, for at least 1 month in 2018, all of the following apply:

1. The cost of self-only coverage through employers for two or more members of your tax household doesn't exceed 8.05% of household income when tested individually,
2. The cost of family coverage that the members of your tax household described in condition 1 could enroll in through an employer exceeds 8.05% of household income, and
3. The combined cost of the self-only coverage identified in condition 1 exceeds 8.05% of household income.

If you meet the requirements just described, you and any other members of your tax household that you list on your 2018 tax return who can't be claimed as dependents on someone else's 2018 tax return are exempt for the entire year. Check the "Full-year health care coverage or exempt" box on Form 1040. You don't need to file Form 8965.

**Example 1—Two offers of self-only coverage that together are unaffordable.** Justin and Sally are married, have no dependents, and file a joint return. Justin is offered self-only coverage through his employer at a cost of 6% of the household income and is offered family coverage that would cover both Sally and him at a cost of 10% of the household income. Sally is offered self-only coverage through her employer at a cost of 5% of the household income and isn't offered family coverage. Sally and Justin both may claim the coverage exemption for two or more members of a tax household whose combined cost of employer-sponsored coverage is considered unaffordable because the self-only coverage offered to Justin and Sally doesn't exceed 8.05% of the household income when tested individually, the cost of family coverage exceeds 8.05% of the household income, and the combined cost of the self-only coverage offered to Justin and Sally exceeds 8.05% of the household income.

**Example 2—Affordable family coverage.** The facts are the same as in Example 1 except Justin's employer offers family coverage that would cover both Sally and him at a cost of 7% of the household income. Neither Justin nor Sally may claim the coverage exemption for two or more members of a tax household whose combined cost of employer-sponsored coverage is considered unaffordable, because the family coverage offered by Justin's employer covers both Justin and Sally and its cost doesn't exceed 8.05% of the household income.

**Example 3—One spouse enrolls in coverage.** The facts are the same as in Example 1 except Justin enrolls in the self-only coverage offered by his employer. Sally may claim the coverage exemption for two or more members of a tax household whose combined cost of employer-sponsored coverage is considered unaffordable.

**Resident of a state that didn't expand Medicaid (code "G").**

You can claim a coverage exemption for yourself or another member of your tax household for 2018 if:

- Your household income is less than 138% of the federal poverty line for the number of individuals in your tax household, not including any dependents you didn't claim; and
- At any time in 2018 the individual resided in Alabama, Florida, Georgia, Idaho, Kansas, Maine, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Wisconsin, or Wyoming.

For purposes of this exemption, your household income is increased by the amount of any nontaxable social security benefits received by you, your spouse (if filing jointly), or a dependent you claimed that must file his or her own tax return. To see if your household income is less than 138% of the federal poverty line for the number of individuals in your tax household, not including any dependents you didn't claim, complete lines 2 through 6 of the [Marketplace Coverage Affordability Worksheet](#).

If you meet the requirements just described, you and any other members of your tax household listed on page 1 of your Form 1040 are exempt for the entire year. Check the "Full-year health care coverage or exempt" box on Form 1040. You don't need to file Form 8965.

**Federal poverty line.** Use the following tables to determine the applicable federal poverty line. If you moved during 2018 and you lived in Alaska and/or Hawaii, or you are filing jointly and you and your spouse lived in different states, use the table with the higher dollar amounts for your tax household.

**Federal Poverty Line for the 48 Contiguous States and the District of Columbia**

IF the size of your tax household* is . . .	THEN the federal poverty line is . . .
1	\$12,060
2	\$16,240
3	\$20,420
4	\$24,600
5	\$28,780
6	\$32,960
7	\$37,140
8	\$41,320

\*If your tax household is more than 8 people, add \$4,180 for each additional person. For example, if your tax household is 11, you have 3 additional people. Multiply \$4,180 by 3 and add the result of \$12,540 to \$41,320.

**Federal Poverty Line for Alaska**

IF the size of your tax household* is . . .	THEN the federal poverty line is . . .
1	\$15,060
2	\$20,290
3	\$25,520
4	\$30,750
5	\$35,980
6	\$41,210
7	\$46,440
8	\$51,670

\*If your tax household is more than 8 people, add \$5,230 for each additional person. For example, if your tax household is 11, you have 3 additional people. Multiply \$5,230 by 3 and add the result of \$15,690 to \$51,670.

**Federal Poverty Line for Hawaii**

IF the size of your tax household* is . . .	THEN the federal poverty line is . . .
1	\$13,860
2	\$18,670
3	\$23,480
4	\$28,290
5	\$33,100
6	\$37,910
7	\$42,720
8	\$47,530

\*If your tax household is more than 8 people, add \$4,810 for each additional person. For example, if your tax household is 11, you have 3 additional people. Multiply \$4,810 by 3 and add the result of \$14,430 to \$47,530.



*If the Marketplace granted you a similar coverage exemption for individuals who resided in a state that didn't expand Medicaid, see the instructions for Part I, earlier, to report the exemption.*

**General hardship (code "G").** You can claim a coverage exemption for yourself or another member of your tax household for 2018 if you experienced a hardship that prevented you from obtaining minimum essential coverage. Hardship exemptions usually cover the month before the hardship, the months of the hardship, and the month after the hardship. General hardships can include:

- You were homeless;
- You were evicted or facing eviction or foreclosure;
- You received a shut-off notice from a utility company;
- You experienced domestic violence;
- You experienced the death of a close family member;
- You experienced a fire, flood, or other natural or human-caused disaster that caused substantial damage to your property;
- You filed for bankruptcy;
- You had medical expenses you could not pay;
- You experienced unexpected increases in necessary expenses due to caring for an ill, disabled, or aging family member;
- Your child was denied Medicaid and CHIP, and another person is required by court order to provide coverage to the child;
- You were without coverage while awaiting an appeals decision from the Marketplace;

- You were determined ineligible for Medicaid in a state that did not expand Medicaid coverage;
- You lived in a country where there is no qualified health plan offered, there is only one issuer offering coverage, or all affordable plans provide abortion coverage contrary to your beliefs;
- You experienced personal circumstances that create a hardship, such as when no affordable plans provide access to needed specialty care; or
- You experienced a hardship not included in this list that prevented you from getting health insurance.

For more information, see [www.healthcare.gov/health-coverage-exemptions/hardship-exemptions](http://www.healthcare.gov/health-coverage-exemptions/hardship-exemptions).

To claim this coverage exemption, enter code "G" in Part III, column (c), and identify the months to which the exemption applies as described under *Columns (d) - (p)—Calendar Months*, later.

**Member of tax household born or adopted during the year (code "H").** Your tax household for a month only includes individuals who were alive for the entire month. In general, if an individual was added to your tax household by birth or adoption, you don't need to file Form 8965 solely to report that fact. For example, if all members of your tax household have minimum essential coverage for every month they are part of your tax household, check the "Full-year health care coverage or exempt" box on your tax return. You don't need to file Form 8965. Also, if you owe a shared responsibility payment for one or more months and don't qualify for a coverage exemption (other than code "H") for any month, you should not file Form 8965.

However, if you had or adopted a child during 2018 and you are claiming a coverage exemption (other than code "H") for one or more months on Form 8965, you can claim a coverage exemption for that child for the months before (and including) the month when the child was born or adopted. To claim this coverage exemption, enter code "H" in Part III, column (c), and identify the months to which the exemption applies as described under *Columns (d) - (p)—Calendar Months*, later.

**Example 1—Adoption during year, all individuals have minimum essential coverage.** Joan is unmarried and has one dependent, Kelly. Joan legally adopted Kelly effective April 10, 2018. Joan has minimum essential coverage all year. Kelly has minimum essential coverage from May through December. Kelly is a member of Joan's tax household from May through December. Joan should check the "Full-year health care coverage or exempt" box on her Form 1040, regardless of whether Kelly had minimum essential coverage in January through April. Joan should not file a Form 8965.

**Example 2—Adoption during year, no minimum essential coverage in other months.** The facts are the same as Example 1, except that Kelly doesn't have minimum essential coverage in any month of the year and doesn't qualify for a coverage exemption (other than code "H") for any month of the year.

Joan should compute the shared responsibility payment for Kelly for the months May through December 2018 and report it on her tax return. Joan should not file a Form 8965.

**Example 3—Adoption during year, other coverage exemptions claimed.** The facts are the same as Example 2, except Kelly qualifies for the exemption for coverage considered unaffordable for October through December 2018. Joan should compute the shared responsibility payment for Kelly for the months May through September 2018 and report it on her tax return. Joan also should file Form 8965 and claim code "H" for Kelly for January through April and code "A" for Kelly for October through December.

#### **Member of tax household died during the year (code "H").**

Your tax household for a month only includes individuals who were alive for the entire month. In general, if a member of your tax household died during the year, you don't need to file Form 8965 solely to report that fact. For example, if all members of your tax household have minimum essential coverage for every month they are part of your tax household, check the "Full-year health care coverage or exempt" box on your tax return. You don't need to file Form 8965. Also, if you owe a shared responsibility payment for one or more months and don't qualify for a coverage exemption (other than code "H") for any month, you should not file Form 8965.

However, if a member of your tax household died during 2018 and you are claiming a coverage exemption (other than code "H") for one or more months on Form 8965, you can claim a coverage exemption for the months following (and including) the month of his or her death. To claim this coverage exemption, enter code "H" in Part III, column (c), and identify the months to which the exemption applies as described under *Columns (d) - (p)—Calendar Months*, later.

**Example—Death during year, coverage exemptions claimed.** George is unmarried and has one dependent, Harriet. Neither George nor Harriet has minimum essential coverage in any month. George is a member of a health care sharing ministry for all of 2018. Harriet dies on October 12, 2018. George should compute a shared responsibility payment for Harriet for January through September and report it on his tax return. George should also file Form 8965, claiming code "D" for himself for every month. George also should claim code "H" for Harriet for October through December.

#### **Columns (d) – (p)—Calendar Months**

For each coverage exemption claimed in rows 8 through 13, check the appropriate box or boxes for the months for which the particular exemption applies. If the coverage exemption applies for the full year, check the box in column (d) and don't check the boxes in columns (e) – (p).

# Shared Responsibility Payment

Use the following flowchart to see if you need to make a shared responsibility payment, and if so, the amount.

- Follow Steps 1 through 5 next.
- Complete [Worksheet A](#) and [Worksheet B](#) if you are directed to them as you complete Steps 1 through 5.
- Complete the [Shared Responsibility Payment Worksheet](#) as directed by Steps 1 through 5 or Worksheets A and B.

## Step 1 All Filers

1. Can someone claim you as a dependent?

Yes. 

No. Continue 

You don't owe a shared responsibility payment. Check the *Someone can claim you as a dependent* box on the *Your standard deduction* line of Form 1040.

2. Did you, and everyone else in your tax household (see [Tax household](#) under *Definitions*, earlier) have qualifying health coverage for every month of 2018, or have a coverage exemption that covered all of 2018 or a combination of qualifying health care coverage and coverage exemption(s) for every month of 2018\*?

Yes. 

No. Continue 

You don't owe a shared responsibility payment. Check the "Full-year health care coverage or exempt" box on Form 1040.

\*You can check the "Full-year health care coverage or exempt" box if you had or adopted a child during the year, or a member of your tax household died during the year, as long as that person had qualifying health care coverage or a coverage exemption for every month he or she was a member of your tax household and everyone else in your tax household had health care coverage or coverage exemptions for each month of the year..

3. Did you or anyone else in your tax household have qualifying health coverage or qualify for a coverage exemption for any month in 2018?

Yes. 

No. Continue 

Claim any coverage exemption you qualify for on Form 8965. Skip question 4; go to Worksheet A.

4. Did you, or anyone else in your tax household turn 18 during 2018?

Yes. Go to [Worksheet A](#).

No. Go to Step 2.

## Step 2 Flat Dollar Amount

1. Multiply \$695 by the number of people in your tax household who were at least 18 years old.\*

1 \_\_\_\_\_

\*For purposes of figuring the shared responsibility payment, an individual is considered under age 18 for an entire month if he or she didn't turn 18 before the first day of the month. An individual turns 18 on the anniversary of the day the individual was born.

2. Multiply \$347.50 by the number of people in your tax household who were under age 18.

2 \_\_\_\_\_

3. Add lines 1 and 2.

3 \_\_\_\_\_

4. Enter the smaller of line 3 or \$2,085 here and on line 1 of the [Shared Responsibility Payment Worksheet](#). Go to Step 3.

4 \_\_\_\_\_

## Step 3 Household Income

1. Enter the amount from Form 1040, line 7.

1 \_\_\_\_\_

2. Did you receive any tax-exempt interest?

Yes. Enter the amount  No. Continue   
from Form 1040,  
line 2a.

2 \_\_\_\_\_

3. Did you attach Form 2555 or Form 2555-EZ?

Yes. Enter the amount  No. Continue   
from Form 2555, lines  
45 and 50; or Form  
2555-EZ, line 18.

3 \_\_\_\_\_

4. Did you claim any dependents?

Yes. Continue

No. 

Add lines 1 through 3.  
**This is your household income.** Enter the result on Step 4, line 1.

5. Were any of the dependents you claimed required to file a return?

Yes. Complete questions 1 through 3 for each dependent with a filing requirement for whom you **didn't** attach Form 8814. Enter the total here.

No. Add lines 1 through 3. **This is your household income.** Enter the result on Step 4, line 1.

5 \_\_\_\_\_

6. Did you attach Form 8814?

Yes. Continue

No. 

Add lines 1, 2, 3, and 5.  
**This is your household income.** Enter the result on Step 4, line 1.

7. Is Form 8814, line 4, more than \$1,050?

Yes. Add the amount from Form 8814, line 1b, and the smaller of Form 8814, line 4 or 5.

No. Enter -0- below.

Continue

7 \_\_\_\_\_

8. Add lines 1, 2, 3, 5, and 7. **This is your household income.** Enter the result on Step 4, line 1.

8 \_\_\_\_\_

## Step 4 Percentage Income Amount

1. Enter your household income from Step 3.

1 \_\_\_\_\_

2. Were you or your spouse (if filing jointly) born before January 2, 1954?

Yes. Skip question 3.  No. Go to question 3.  
Find your filing threshold on the **Filing Thresholds for Most People** chart and enter it both here and on line 4.

2 \_\_\_\_\_

3. Enter the amount listed below for your filing status.

- Single—\$12,000
- Head of household—\$18,000
- Married filing jointly—\$24,000
- Married filing separately—\$0
- Qualifying widow(er)—\$24,000

3 \_\_\_\_\_

4. Enter the amount from line 2 or 3.

4 \_\_\_\_\_

5. Subtract line 4 from line 1.

5 \_\_\_\_\_

6. Is the amount on line 5 zero or less?

Yes. 

No. Continue

You don't owe a shared responsibility payment. Check the "Full-year health care coverage or exempt" box on Form 1040. You don't need to file Form 8965.

7. Multiply line 5 by 2.5% (0.025). This is your percentage income amount.

7 \_\_\_\_\_

8. Were you required to complete Worksheet A?

Yes. Go to Worksheet B. Then continue to Step 5.

No. Enter the amount from line 7 above on line 2 of the Shared Responsibility Payment Worksheet and complete line 3 of that worksheet. Then continue to Step 5.

## Step 5 National Average Bronze Plan Premium

1. Were you required to complete Worksheet A?  
 **Yes.** Continue   
 **No.** Skip question 2; Go to question 3.
2. Multiply \$283\* by the number on [Worksheet A](#), line 8. Enter the result here and on line 4 of the [Shared Responsibility Payment Worksheet](#). Skip question 3 and complete line 5 of the [Shared Responsibility Payment Worksheet](#).

2 \_\_\_\_\_

\*\$283 is the 2018 national average premium for a bronze level health plan available through the Marketplace for one individual for one month.

3. Enter on line 4 of the [Shared Responsibility Payment Worksheet](#) the amount below that corresponds to the total number of people in your tax household. Then complete line 5 of the [Shared Responsibility Payment Worksheet](#).
  - 1 person—\$3,396
  - 2 people—\$6,792
  - 3 people—\$10,188
  - 4 people—\$13,584
  - 5 or more people—\$16,980

### Shared Responsibility Payment Worksheet

Use this worksheet if you are referred here from the Shared Responsibility Payment flowchart or from Worksheet A or B. If everyone in your tax household had either minimum essential coverage or a coverage exemption for every month during 2018, stop here. You don't owe a shared responsibility payment.

#### Complete Step 1

1. Enter the flat dollar amount. (From Step 2, question 4 or Worksheet A, line 7) ..... 1 \_\_\_\_\_

#### Complete Step 3

2. Enter the percentage income amount. (From Step 4, question 7 or Worksheet B, line 14) ..... 2 \_\_\_\_\_

3. Enter the larger of line 1 or line 2 ..... 3 \_\_\_\_\_

#### Complete Step 5

4. Enter the National Average Bronze Plan Premium. (From Step 5, question 2 or 3) ..... 4 \_\_\_\_\_

5. Enter the smaller of line 3 or line 4 here and on Schedule 4 (Form 1040), line 61. **This is your shared responsibility payment** ..... 5 \_\_\_\_\_

## **Worksheet A**

Use this worksheet if you were referred here from Step 1 under [Shared Responsibility Payment](#). After completing the worksheet, go to Step 3 under [Shared Responsibility Payment](#). If everyone in your tax household had either minimum essential coverage or a coverage exemption for every month during 2018, stop here. You don't owe a shared responsibility payment.

Complete the monthly columns by placing “Xs” in each month in which you or another member of your tax household had neither minimum essential coverage nor a coverage exemption.

\*For purposes of figuring the shared responsibility payment, an individual is considered under 18 for an entire month if he or she didn't turn 18 before the first day of the month. An individual turns 18 on the anniversary of the day the individual was born.

## Worksheet B



*Don't complete this worksheet unless you were directed here in Step 4 under [Shared Responsibility Payment](#).*

	(a)	(b)	(c)
For each month, you must determine if the amount on line 5 of Worksheet A is less than the amount on line 7 of Step 4 under <i>Shared Responsibility Payment</i> . *	Enter the amount from line 5 of Worksheet A	Enter the amount from Step 4, line 7	Enter the larger of column (a) or column (b)
1. January .....			
2. February .....			
3. March .....			
4. April .....			
5. May .....			
6. June .....			
7. July .....			
8. August .....			
9. September .....			
10. October .....			
11. November .....			
12. December .....			
13. Add the amounts in column (c) .....			
14. Divide line 13 by 12.0. <b>Enter the result on lines 2 and 3 of the Shared Responsibility Payment Worksheet. Go to Step 5</b> .....			

\*If the amount on line 1 of Worksheet A is -0- for any month, leave all columns of this worksheet blank for that month.

## Filing Thresholds for Most People

IF your filing status is...	AND at the end of 2018 you were*...	THEN you must file a tax return if your gross income** was at least...
Single	Under 65	\$12,000
	65 or older	\$13,600
Head of household	Under 65	\$18,000
	65 or older	\$19,600
Married filing jointly***	Under 65 (both spouses)	\$24,000
	65 or older (one spouse)	\$25,300
	65 or older (both spouses)	\$26,600
Married filing separately	Any age	\$5
Qualifying widow(er)	Under 65	\$24,000
	65 or older	\$25,300

\*If you were born on January 1, 1954, you are considered to be age 65 at the end of 2018. (If your spouse died in 2018 or if you are preparing a return for someone who died in 2018, see Pub. 501.)

\*\*Gross income means all income you received in the form of money, goods, property, and services that isn't exempt from tax, including any income from sources outside the United States. It also includes gain from the sale of your main home, even if you can exclude part or all of it. Include only the taxable part of social security benefits (Form 1040, line 5b). Also include gains, but not losses, reported on Form 8949 or Schedule D. Gross income from a business means, for example, the amount on Schedule C, line 7, or Schedule F, line 9. But, in figuring gross income, don't reduce your income by any losses, including any loss on Schedule C, line 7, or Schedule F, line 9.

\*\*\*If you didn't live with your spouse at the end of 2018 (or on the date your spouse died) and your gross income was as least \$5, you must file a return regardless of your age.

## How To Avoid Common Mistakes

Mistakes in completing Form 8965 or figuring your shared responsibility payment can cause you to pay too much tax, delay the processing of your return or refund, or cause you to receive notices or other correspondence from the IRS. Review the list below to avoid making common mistakes on your return.

### Mistakes in Completing Form 8965

**Part II.** You can check the “Full-year health care coverage or exempt” box on Form 1040 if your gross income or household income are below the filing threshold. You don’t need to file Form 8965.

**Part III.** You can claim a coverage exemption on your tax return for yourself or another member of your family. If you are claiming a coverage exemption in Part III:

- Make sure you entered one of the codes listed in the [Types of Coverage Exemptions](#) chart in column (c). Use only the codes listed in the Types of Coverage Exemptions chart. Don’t leave column (c) blank.

### Mistakes in Figuring Your Shared Responsibility Payment

Before making a shared responsibility payment:

- Make sure you can’t check the “Full-year health care coverage or exempt” box on Form 1040. See *Full-year Health Care Coverage or Exempt* in the Instructions for Form 1040.
- Make sure you can’t be claimed as a dependent on another person’s tax return. See *Dependents* in Pub. 501 or *Who*

*Qualifies as Your Dependent* in the Instructions for Form 1040. You don’t owe a shared responsibility payment if you can be claimed as a dependent by another taxpayer.

- Review the [Types of Coverage Exemptions](#) chart to see if you haven’t overlooked a coverage exemption that may apply to you or someone else in your tax household.
- Make sure that your gross income and household income are more than the filing threshold that applies to you. See Step 3 under [Shared Responsibility Payment](#), earlier. You don’t owe a shared responsibility payment if your gross income or household income are below the filing threshold.
- Make sure that the amount on line 1 of the [Shared Responsibility Payment Worksheet](#) (the flat dollar amount) isn’t more than \$2,085. See Step 2 under [Shared Responsibility Payment](#), earlier, for instructions on how to figure the flat dollar amount.
- Make sure that your shared responsibility payment isn’t more than line 4 of the [Shared Responsibility Payment Worksheet](#) (the National Average Bronze Plan Premium). See Step 5 under [Shared Responsibility Payment](#), earlier, for instructions on how to figure the National Average Bronze Plan Premium that applies to you.

- If your household income was below 138% of the federal poverty line and you lived in a state that didn’t expand Medicaid, you can claim the coverage exemption for [Resident of a state that didn’t expand Medicaid](#).

Even if you lived in a state that expanded Medicaid, you may be able to claim the coverage exemption for [Coverage considered unaffordable](#) for one or more months if you couldn’t take the premium tax credit because you were eligible for Medicaid.