

## Form 8965 Health Coverage Exemption Changes

The Shared Responsibility Penalty is alive and well in 2018. The penalty will be the greater of the flat dollar penalty of \$695 per person with a maximum \$2085 or 2.5% of household income in excess of the filing requirement.

What is new for this year is the expansion of the exemptions available on the tax return. The 2018 instructions for Form 8965, Health Coverage Exemptions, contain a new option entitled General Hardship, Code G, which can be selected without provided any additional proof of the hardship. The hardship options available through the tax return contain the same 14 hardships that were available through [healthcare.gov](http://healthcare.gov) by special application last year.

In addition to those, a 15<sup>th</sup> hardship option has been added. It is: 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 are still able to apply for the hardship exemption through [healthcare.gov](http://healthcare.gov) and provide the required proof. The application will be reviewed and if granted, an exemption certificate number will be sent to the taxpayer. The only reason that this method may be preferred is to avoid a later IRS challenge of the hardship through audit.

Beginning in 2019, the Shared Responsibility Penalty is reduced to \$0. However, TCJA did not affect the Premium Assistance Credit.

This text has been shared with you courtesy of David & Mary Mellem, EAs & Ashwaubenon Tax Professionals.

©2019 Ashwaubenon Tax Professionals. No reproduction of this article is permitted without the express written consent of Ashwaubenon Tax Professionals, 2140 Holmgren Way, Suite 1040, Green Bay, WI 54304, 920-496-1065.

We do not sell, give, or in any way share email addresses with anyone. If you would like to be removed from our email list, send us an email to that effect or use the word UNSUBSCRIBE in the subject line. If you know of someone who would like to be added to our list, have them send us an email to that effect or use the word SUBSCRIBE in the subject line.