

Exemptions Available on Tax Return ¹ (in order of ease of use)

Description	Code	Notes	Duration ²
Household income below filing threshold (F8965 L 7)	–	After input of MAGI for claimed dependents that have a filing requirement (do not include MAGI of a dependent that is not claimed) Exemption applies to all members in the tax family ³	Covers full year
Gross income below filing threshold (F8965 L 7)	–	Include gross income of taxpayer ⁴ only (do not include income of dependents) Exemption applies to all members in the tax family ³	Covers full year
Short coverage gap (<3 months)	B	One such gap only per individual; to count months, look back to 2015 but not forward to 2017 (applies to the first gap if there are two short gaps) Another exemption may apply to months before or after a short gap	Covers months of short gap
Ineligible for Medicaid solely because state does not participate in Medicaid expansion under ACA	G	Household income is less than 138% of FPL in states not expanding Medicaid: AL, FL, GA, ID, KS, LA (to 6/30/16), ME, MO, MS, NC, NE, OK, SC, SD, TN, TX, UT, VA, WI, or WY Household income for this 138% Medicaid eligibility determination is increased by untaxed social security	Covers full year for the persons who lived in such state
Certain citizens living abroad Certain noncitizens	C	A U.S. citizen or resident who spent at least 330 full days outside of the U.S. during a 12-month period A U.S. citizen who is a bona fide resident of a foreign country or U.S. territory A resident alien who was a citizen of a foreign country with which the U.S. has an income tax treaty with a nondiscrimination clause, and who was a bona fide resident of a foreign country for the tax year Not a U.S. citizen, not a U.S. national, and not lawfully present in the U.S. A nonresident alien, including (1) a dual-status alien in the first year of residency and (2) a nonresident alien or dual-status nonresident alien who elects to file a joint return with a spouse	Covers months of such status
Incarceration ^{5,6}	F	Includes being in a jail, prison, or similar penal institution or correctional facility after the disposition of charges Does not include: time in jail pending disposition of charges (being held but not convicted of a crime), nor time in probation, parole, or home confinement	Covers months of incarceration
Member of Indian tribe or individual otherwise eligible for services from an Indian health care provider ^{5,6}	E	Either a member of a Federally-recognized Indian tribe, including an Alaska Native Claims Settlement Act (ANCSA) Corporation Shareholder (regional or village), or otherwise eligible for services through an Indian health care provider or the Indian Health Service Federally-recognized Indian tribes list at www.bia.gov/WhoWeAre/BIA/OIS/TribalGovernmentServices/TribalDirectory ANCSA list at dnr.alaska.gov/mlw/trails/17b/corpindex.cfm	Covers months of tribe membership
Health care sharing ministry (HCSM) ^{5,6}	D	A HCSM is a tax-exempt organization acting as clearinghouse for those who have medical expenses and those who desire to share those medical expenses	Covers months of ministry membership
Born, adopted or died during the year	H	Claim on 8965 only if need to file 8965 to claim another exemption Use Code H for the months: of and before the birth or adoption; of and after death	Covers specified months
HCTC	G	Health coverage tax credit – out of scope	

¹ Exemption may also be claimed on an amended return (F1040-X) and using F8965

² One day of MEC in a month satisfies the MEC requirement for the whole month; one day of exemption in a month covers the whole month; may need to test on a month-by-month basis, annualized if needed

³ Tax family includes the taxpayer, spouse (if filing MFJ), and dependents claimed on the taxpayer’s return

⁴ Taxpayer income includes spouse’s income if filing MFJ

⁵ Exemption is no longer issued by the Marketplace; can continue to use prior exemptions for 2016

⁶ Exemption can be retroactively granted by the Marketplace up to three years back

Affordability Exemptions Available on Tax Return ¹ (in order of priority)			
Description	Code	Notes	Duration ²
Coverage is unaffordable because its cost is more than 8.13% of household MAGI and:		Household MAGI = AGI + exempt interest income + excluded foreign income + pre-tax medical (salary reduction plan) Include each tax family ³ member’s MAGI with a filing requirement Do not include the MAGI of a dependent who is not claimed on the return MUST compare against correct plan cost:	Covers:
1. Employer offers self-only coverage ⁷ to taxpayer or family member	A	Lowest cost employer coverage available for employee-only coverage Must know cost of coverage offered by employer (Form 1095-C, if available) Exemption applies to individual offered coverage only	Applicable months
2. Employer offers family coverage to taxpayer or spouse	A	Lowest cost family coverage for eligible tax family ³ members who do not qualify for another exemption (offer includes the employee) Must know cost of family coverage offered by employer Exemption ⁸ applies to tax family ³ members, other than the employee, who are eligible for the coverage and do not qualify for another exemption	Applicable months
3. More than one tax family ³ member is offered employer coverage	G	Two or more family members offered employer coverage: (1) Individual coverage offers are affordable but (2) their combined cost is greater than 8.05% of income and (3) no family coverage is offered for less than 8.13% of income Must know cost of coverages offered by employers Exemption ⁸ applies to all members in the tax family ³	The whole year, if criteria met for at least one month
4. Employer does NOT offer coverage	A	The lowest-cost bronze Marketplace plan for all individuals shown on the return who do not have an employer offer and do not qualify for another exemption: 1) find the lowest cost bronze plan at the Marketplace ⁹ , then 2) account for any PTCs the person would have been eligible to receive ¹⁰ (need SLCSP cost for the tax family ³ members eligible for PTC, i.e. not eligible for government coverage) Exemption applies to members in the tax family ³ included in the bronze plan quote	Applicable months
Marketplace-ONLY Exemptions (ECN issued by Marketplace) ⁶⁻¹¹			
Members of certain religious sects			
Determined ineligible for Medicaid in a state that did not expand Medicaid coverage			
No access to affordable coverage based on projected household income			
Notified that their health insurance policy will not be renewed and taxpayer considers other plans available unaffordable			
Enrolled in Medicaid programs that are not MEC (pregnancy-only or spend-down coverage)			
Experiencing circumstances that prevent them from obtaining coverage under a qualified health plan			
Hardships include 14 categories below: (exemption is effective at least one month before and after hardship)			
1. Homelessness		10. Failure of another party to comply with a medical support order for a dependent child who is determined ineligible for Medicaid or CHIP	
2. Evicted in the past 6 months or facing eviction or foreclosure		11. Through an appeals process, determined eligible for a Marketplace QHP, PTC, or CSR but was not enrolled	
3. Utility shut-off notice		12. Determined ineligible for Medicaid because the state did not expand (must have applied and been denied)	
4. Domestic violence		13. Individual health insurance plan was cancelled and believe Marketplace plans are considered unaffordable	
5. Death of a close family member		14. Other hardship in obtaining coverage (including for people in AmeriCorps, VISTA and NCCC who are enrolled limited duration or self-funded coverage)	
6. Disaster that resulted in substantial property damage			
7. Filed for bankruptcy in the last 6 months			
8. Significant debt from medical expenses in the last 24 months			
9. High expenses caring for ill, disabled or aging relative			

⁷ See 8965 instructions for wellness incentives, health reimbursement arrangements, health flex contributions and opt-out payments

⁸ Exemption can be claimed even if one or more offers are accepted

⁹ Include individuals even if they have, or could have had, government coverage (Medicare, Medicaid, CHIP, etc.)

¹⁰ Do not factor in a PTC if no PTC would have been allowable, e.g. eligible for Medicaid or Medicare, or >400% of FPL

¹¹ Use “PENDING” as the ECN on F8965 if the ECN has not yet been received