

2016 Tax Return Filings and ACA Health Care

If you have yet to file your 2016 personal tax returns and you did not have medical insurance for the entire year of 2016 you may be interested in to learn that the IRS has announced that it will process individual returns that do not report the taxpayer's health coverage status under the *Affordable Care Act* (ACA).

This is in response to an executive order President Trump signed shortly after taking office where he announced that it is the policy of his administration to seek "prompt repeal" of the ACA. In Executive Order 13765, the President instructed the heads of federal agencies "to waive, defer, grant exemptions from or delay the implementation of any provision or requirement of the ACA that would impose any cost, fee, tax, penalty, or regulatory burden on individuals."

So, instead of rejecting returns that failed to address the issue, the IRS will accept and process income tax returns that fail to indicate health care coverage, an exemption from coverage, or even those where a shared responsibility payment may be due.

The IRS has warned, however, that this change in how returns are processed does not necessarily relieve individuals from their responsibilities of ultimately providing the requested information. Nor does it necessarily relieve individuals from the assessments that may apply if they do not obtain health coverage, or alter the reporting obligations that employers, insurers, and other plan sponsors need to meet under the employer and individual mandates.

Consequently, taxpayers may receive follow-up questions and correspondence at a future date from the IRS about their coverage status, after the filing process is completed. The IRS also emphasized that its revised processing procedures for 2016 does not change the underlying legislative provisions of the ACA health care regulations which remain in force, including penalty payments, until such time as they may be changed by Congress.

<http://news.cchgroup.com/2017/02/16/irs-will-not-reject-returns-failing-report-health-coverage-status/>

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This material is presented with the understanding that the author is providing basic information only, and assumes no liability whatsoever in connection with its use. Tax laws are constantly changing, are subject to differing interpretations, and the facts and circumstances in any particular situation may not be the same as those presented here. Therefore, we urge you to do additional research and make sure that you are fully informed and knowledgeable before using the information contained herein.