

## Internal Revenue Service, Treasury

## § 1.5000A-1

(b) Member of health care sharing ministries.

- (1) In general.
- (2) Health care sharing ministry.
- (c) Exempt noncitizens.

- (1) In general.
- (2) Exempt noncitizens.
- (d) Incarcerated individuals.
- (1) In general.
- (2) Incarcerated.

(e) Individuals with no affordable coverage.

- (1) In general.
- (2) Required contribution percentage.
- (i) In general.
- (ii) Indexing.
- (iii) Plan year.

(3) Individuals eligible for coverage under eligible employer-sponsored plans.

(i) Eligibility.

- (A) In general.
- (B) Multiple eligibility.
- (C) Special rule for post-employment coverage.

(ii) Required contribution for individuals eligible for coverage under an eligible employer-sponsored plan.

(A) Employees.

(B) Individuals related to employees.

(C) Required contribution for part-year period.

(D) Employer contributions to health reimbursement arrangements.

- (E) Wellness program incentives.
- (iii) Examples.

(4) Individuals ineligible for coverage under eligible employer-sponsored plans.

(i) Eligibility for coverage other than an eligible employer-sponsored plan.

(ii) Required contribution for individuals ineligible for coverage under eligible employer-sponsored plans.

- (A) In general.
- (B) Applicable plan.
- (I) In general.

(2) Lowest cost bronze plan does not cover all individuals included in the taxpayer's nonexempt family.

(i) In general.

(ii) Optional simplified method for applicable plan identification.

- (C) Credit allowable under section 36B.

(D) Required contribution for part-year period.

- (iii) Examples.

(f) Household income below filing threshold.

- (1) In general.
- (2) Applicable filing threshold.

- (i) In general.
- (ii) Certain dependents.
- (3) Manner of claiming the exemption.
- (g) Members of Indian tribes.

(h) Individuals with hardship exemption certification.

- (1) In general.
- (2) Hardship exemption certification.

(3) Hardship exemptions that may be claimed on a return.

(i) [Reserved]

(j) Individuals with certain short coverage gaps.

- (1) In general.
- (2) Short coverage gap.
- (i) In general.
- (ii) Coordination with other exemptions.
- (iii) More than one short coverage gap during calendar year.
- (3) Continuous period.
- (i) In general.
- (ii) Continuous period straddling more than one taxable year.
- (4) Examples.

### *§ 1.5000A-4 Computation of shared responsibility payment.*

- (a) In general.
- (b) Monthly penalty amount.
- (1) In general.
- (2) Flat dollar amount.
- (i) In general.
- (ii) Applicable dollar amount.
- (iii) Special applicable dollar amount for individuals under age 18.
- (iv) Indexing of applicable dollar amount.
- (3) Excess income amount.
- (i) In general.
- (ii) Income percentage.
- (c) Monthly national average bronze plan premium.
- (d) Examples.

### *§ 1.5000A-5 Administration and procedure.*

- (a) In general.
- (b) Special rules.
- (1) Waiver of criminal penalties.
- (2) Limitations on liens and levies.
- (3) Authority to offset against overpayment.
- (c) Effective/applicability date.

[T.D. 9632, 78 FR 53655, Aug. 30, 2013, as amended at 78 FR 78255, Dec. 26, 2013]

### **§ 1.5000A-1 Maintenance of minimum essential coverage and liability for the shared responsibility payment.**

(a) *In general.* For each month during the taxable year, a nonexempt individual must have minimum essential coverage or pay the shared responsibility payment. For a month, a nonexempt individual is an individual in existence for the entire month who is not an exempt individual described in § 1.5000A-3.

(b) *Coverage under minimum essential coverage—(1) In general.* An individual has minimum essential coverage for a month in which the individual is enrolled in and entitled to receive benefits under a program or plan identified

as minimum essential coverage in § 1.5000A-2 for at least one day in the month.

(2) *Special rule for United States citizens or residents residing outside the United States or residents of territories.* An individual is treated as having minimum essential coverage for a month—

(i) If the month occurs during any period described in section 911(d)(1)(A) or section 911(d)(1)(B) that is applicable to the individual; or

(ii) If, for the month, the individual is a bona fide resident of a possession of the United States (as determined under section 937(a)).

(c) *Liability for shared responsibility payment*—(1) *In general.* A taxpayer is liable for the shared responsibility payment for a month for which—

(i) The taxpayer is a nonexempt individual without minimum essential coverage; or

(ii) A nonexempt individual for whom the taxpayer is liable under paragraph (c)(2) or (c)(3) of this section does not have minimum essential coverage.

(2) *Liability for dependents*—(i) *In general.* For a month when a nonexempt individual does not have minimum essential coverage, if the nonexempt individual is a dependent (as defined in section 152) of another individual for the other individual's taxable year including that month, the other individual is liable for the shared responsibility payment attributable to the dependent's lack of coverage. An individual is a dependent of a taxpayer for a taxable year if the individual satisfies the definition of dependent under section 152, regardless of whether the taxpayer claims the individual as a dependent on a Federal income tax return for the taxable year. If an individual may be claimed as a dependent by more than one taxpayer in the same calendar year, the taxpayer who properly claims the individual as a dependent for the taxable year is liable for the shared responsibility payment attributable to the individual. If more than one taxpayer may claim an individual as a dependent in the same calendar year but no one claims the individual as a dependent, the taxpayer with priority under the rules of section 152 to claim the individual as a dependent is

liable for the shared responsibility payment for the individual.

(ii) *Special rules for dependents adopted or placed in foster care during the taxable year*—(A) *Taxpayers adopting an individual.* If a taxpayer adopts a nonexempt dependent (or accepts a nonexempt dependent who is an eligible foster child as defined in section 152(f)(1)(C)) during the taxable year and is otherwise liable for the nonexempt dependent under paragraph (c)(2)(i) of this section, the taxpayer is liable under paragraph (c)(2)(i) of this section for the nonexempt dependent only for the full months in the taxable year that follow the month in which the adoption or acceptance occurs.

(B) *Taxpayers placing an individual for adoption.* If a taxpayer who is otherwise liable for a nonexempt dependent under paragraph (c)(2)(i) of this section places (or, by operation of law, must place) the nonexempt dependent for adoption or foster care during the taxable year, the taxpayer is liable under paragraph (c)(2)(i) of this section for the nonexempt dependent only for the full months in the taxable year that precede the month in which the adoption or foster care placement occurs.

(C) *Examples.* The following examples illustrate the provisions of this paragraph (c)(2)(ii). In each example the taxpayer's taxable year is a calendar year.

*Example 1. Taxpayers adopting a child.* (i) E and F, married individuals filing a joint return, initiate proceedings for the legal adoption of a 2-year old child, G, in January 2016. On May 15, 2016, G becomes the adopted child (within the meaning of section 152(f)(1)(B)) of E and F, and resides with them for the remainder of 2016. Prior to the adoption, G resides with H, an unmarried individual, with H providing all of G's support. For 2016 G meets all requirements under section 152 to be E and F's dependent, and not H's dependent.

(ii) Under paragraph (c)(2) of this section, E and F are not liable for a shared responsibility payment attributable to G for January through May of 2016, but are liable for a shared responsibility payment attributable to G, if any, for June through December of 2016. H is not liable for a shared responsibility payment attributable to G for any month in 2016, because G is not H's dependent for 2016 under section 152.

*Example 2. Taxpayers placing a child for adoption.* (i) The facts are the same as *Example 1*, except the legal adoption occurs on August 15, 2016, and, for 2016, G meets all requirements under section 152 to be H's dependent, and not E and F's dependent.

(ii) Under paragraph (c)(2) of this section, H is liable for a shared responsibility payment attributable to G, if any, for January through July of 2016, but is not liable for a shared responsibility payment attributable to G for August through December of 2016. E and F are not liable for a shared responsibility payment attributable to G for any month in 2016, because G is not E and F's dependent for 2016 under section 152.

(3) *Liability of individuals filing a joint return.* Married individuals (within the meaning of section 7703) who file a joint return for a taxable year are jointly liable for any shared responsibility payment for a month included in the taxable year.

(d) *Definitions.* The definitions in this paragraph (d) apply to this section and §§ 1.5000A-2 through 1.5000A-5.

(1) *Affordable Care Act.* *Affordable Care Act* refers to the Patient Protection and Affordable Care Act, Public Law 111-148 (124 Stat. 119 (2010)), and the Health Care and Education Reconciliation Act of 2010, Public Law 111-152 (124 Stat. 1029 (2010)), as amended.

(2) *Employee.* *Employee* includes former employees.

(3) *Exchange.* *Exchange* has the same meaning as in 45 CFR 155.20.

(4) *Family.* A taxpayer's family means the individuals for whom the taxpayer properly claims a deduction for a personal exemption under section 151 for the taxable year.

(5) *Family coverage.* *Family coverage* means health insurance that covers more than one individual.

(6) *Group health insurance coverage.* *Group health insurance coverage* has the same meaning as in section 2791(b)(4) of the Public Health Service Act (42 U.S.C. 300gg-91(b)(4)).

(7) *Group health plan.* *Group health plan* has the same meaning as in section 2791(a)(1) of the Public Health Service Act (42 U.S.C. 300gg-91(a)(1)).

(8) *Health insurance coverage.* *Health insurance coverage* has the same meaning as in section 2791(b)(1) of the Public Health Service Act (42 U.S.C. 300gg-91(b)(1)).

(9) *Health insurance issuer.* *Health insurance issuer* has the same meaning as

in section 2791(b)(2) of the Public Health Service Act (42 U.S.C. 300gg-91(b)(2)).

(10) *Household income*—(i) *In general.* *Household income* means the sum of—

(A) A taxpayer's modified adjusted gross income; and

(B) The aggregate modified adjusted gross income of all other individuals who—

(1) Are included in the taxpayer's family under paragraph (d)(4) of this section; and

(2) Are required to file a Federal income tax return for the taxable year.

(ii) *Modified adjusted gross income.* *Modified adjusted gross income* means adjusted gross income (within the meaning of section 62) increased by—

(A) Amounts excluded from gross income under section 911; and

(B) Tax-exempt interest the taxpayer receives or accrues during the taxable year.

(11) *Individual market.* *Individual market* has the same meaning as in section 1304(a)(2) of the Affordable Care Act (42 U.S.C. 18024(a)(2)).

(12) *Large and small group market.* *Large group market* and *small group market* have the same meanings as in section 1304(a)(3) of the Affordable Care Act (42 U.S.C. 18024(a)(3)).

(13) *Month.* *Month* means calendar month.

(14) *Qualified health plan.* *Qualified health plan* has the same meaning as in section 1301(a) of the Affordable Care Act (42 U.S.C. 18021(a)).

(15) *Rating area.* *Rating area* has the same meaning as in § 1.36B-1(n).

(16) *Self-only coverage.* *Self-only coverage* means health insurance that covers one individual.

(17) *Shared responsibility family.* *Shared responsibility family* means, for a month, all nonexempt individuals for whom the taxpayer (and the taxpayer's spouse, if the taxpayer is married and files a joint return with the spouse) is liable for the shared responsibility payment under paragraph (c) of this section.

(18) *State.* *State* means each of the 50 states and the District of Columbia.

[T.D. 9632, 78 FR 53655, Aug. 30, 2013, as amended at 78 FR 78255, Dec. 26, 2013]