INTERNAL REVENUE SERVICE

IRS Fact Sheet

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2014 Tax Changes: Health Care Law Brings Updates to Tax Forms; Other Benefits Renewed

IRS YouTube Videos
IRS Commissioner: What to Expect at Tax Time: English | Spanish

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ACA Changes
This year, there are some changes to tax forms related to the Affordable Care Act. Along with a few new lines on existing forms, there are two new forms that will need to be included with some tax returns. While most taxpayers will simply need to check a box on their tax return to indicate they had health coverage for all of 2014, there are also new lines on Forms 1040, 1040A and 1040EZ related to the health care law.

To help navigate these changes, taxpayers and their tax professionals should consider filing their returns electronically. Using tax preparation software is the easiest way to file a complete and accurate tax return as it guides individuals and tax preparers through the process. There are a variety of electronic filing options, including free volunteer assistance, IRS Free File for taxpayers who qualify, commercial software, and professional assistance.

Health Care Basics
The Affordable Care Act requires that a taxpayer and each member of their family either have qualifying health coverage for each month of the year, qualify for an exemption, or make an individual shared responsibility payment when filing their federal income tax return. Some moderate-income taxpayers may also qualify for financial assistance to help cover the cost of health insurance purchased through the Health Insurance Marketplace. Taxpayers will fall into one or more of the following categories:

- Check the box. Most taxpayers will simply check a box on their tax return to indicate that each member of their family had qualifying health coverage for the whole year. No further action is required. Qualifying health coverage includes coverage under most, but not all, types of health care coverage plans. Taxpayers can use a chart on IRS.gov to find out if their coverage counts as qualifying coverage.

- Exemptions. Taxpayers may be eligible to claim an exemption from the requirement to have coverage. Eligible taxpayers need to complete the new IRS Form 8965, *Health Coverage Exemptions*, and attach it to their tax return. Taxpayers must apply for some exemptions through the Health Insurance Marketplace. However, most of the exemptions are easily obtained from the IRS when filing a return.

- Individual Shared Responsibility Payment. Taxpayers who do not have qualifying coverage or an exemption for each month of the year will need to make an individual shared responsibility payment with their return for choosing not to purchase coverage. Examples and information about figuring the payment are available on the IRS Calculating the Payment page.

- Premium Tax Credit. Taxpayers who bought coverage through the Health Insurance Marketplace should receive Form 1095-A, *Health Insurance Marketplace Statement,* from the Marketplace by early February. This form should be saved because it has important information needed to complete a tax return.

  If the Form 1095-A is not received by early February, contact the Marketplace where coverage was purchased rather than the IRS. The IRS does not have this information.

  Taxpayers who benefited from advance payments of the premium tax credit must file a federal income tax return. These taxpayers need to reconcile those advance payments with the amount of premium tax credit they're entitled to based on their actual income. As a result, some people may see a smaller or larger tax refund or tax liability than they were expecting. Use IRS Form 8962, *Premium Tax Credit (PTC)*, to calculate the premium tax credit and reconcile the credit with any advance payments.

For more information about the Affordable Care Act and filing the 2014 income tax return visit IRS.gov/aca.

Tax Benefits Renewed
The Tax Increase Prevention Act, enacted Dec. 19, extended for 2014 a number of tax benefits that had expired at the end of 2013. This means that as before, eligible taxpayers can claim these benefits on their 2014 return. Renewed benefits include:

- Deduction for state and local sales taxes claimed by taxpayers who itemize their deductions on Schedule A and choose to deduct sales taxes instead of state and local income taxes.
- Nonbusiness energy property credit claimed on Form 5695 by homeowners who install energy-efficient windows, doors, furnaces, insulation and other qualifying home improvements.
- Educator expense deduction claimed on Form 1040 Line 23 or Form 1040A Line 16 by teachers and other eligible elementary and secondary educators who pay for various classroom expenses.

- Tuition and fees deduction claimed on Form 8917 by eligible parents and college students.
- Qualified charitable distributions, reported on Form 1040 Lines 15a and 15b, by IRA owners, age 70½ or older, who transfer tax-free up to $100,000 to qualified charities during 2014.

The tax instructions have more information about these and other renewed benefits.
Standard Mileage Rates Revised
the standard mileage rates for the use of a car, van, pickup or panel truck are:

- 56cents per mile for business miles driven in 2014. The 2015 rate is 57.5 cents per mile.
- 23.5 cents per mile driven for medical or moving purposes in 2014. The 2015 rate is 23 cents.
- 14 cents per mile driven in service of charitable organizations. This rate is set by law and is unchanged.

The tax instructions have details on taking advantage of each of these provisions.

One-Rollover-Per-Year Limit for IRA Owners
Beginning in 2015, an IRA owner can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs he or she owns. The limit will apply by aggregating all of an individual's IRAs, including SEP and SIMPLE IRAs as well as traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. But the IRA owner can continue to make unlimited trustee-to-trustee transfers between IRAs. Before 2015, the one-per-year limit applied only on an IRA-by-IRA basis, that is, only to rollovers involving the same IRAs. There is a 2015 transition rule that ignores some 2014 distributions. An IRA distribution rolled over to another (or the same) IRA in 2014 will not prevent a 2015 distribution (within the 1-year period) from being rolled over provided the 2015 distribution is from an IRA that is different from any IRA involved in the 2014 rollover. More information, including examples can be found in the Can You Move Retirement Plan Assets? Section in Publication 590-A.

Form 8891 Filing Requirement Eliminated
The IRS is eliminating a special annual reporting requirement that has long applied to taxpayers who hold interests in either of two popular Canadian retirement plans. This is part of an IRS change announced in October making it easier for taxpayers with these plans to get favorable U.S. tax treatment. As a result, many Americans and Canadians with registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs) no longer need to file Form 8891 each year reporting details on these plans. The elimination of the Form 8891filing requirement does not modify any other U.S. reporting requirements that may apply under the Bank Secrecy Act (BSA) and section 6038D. See FinCEN Form 114, due by June 30 of each year, and Form 8938, attached to a U.S. income tax return, for more information about the reporting requirements under the BSA and section 6038D. Different reporting thresholds and special rules apply to each of these forms.

New Way to Make Tax Payments

The new IRS Direct Pay system now offers taxpayers the fastest and easiest way to pay what they owe. Available through the Pay Your Tax Bill icon on IRS.gov, this free online system allows individuals to securely pay their tax bills or make quarterly estimated tax payments, directly from checking or savings accounts without any fees or pre-registration. More than 2.2 million tax payments totaling over $4 billion have been received from individual taxpayers since Direct Pay debuted during last year's tax-filing season.

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