



## Robert W. Wood

THE TAX LAWYER

TAXES 2/17/2015

### How Many Obamacare Taxes Are There?

The Affordable Care Act is looking more and more burdensome to millions of Americans hunched over their tax returns. So just how many Obamacare taxes are there? It depends how you count, and we'll come back to that question. First, let's note the obvious. This has already been a bad tax season opener, with new and widespread fears about tax fraud and identity theft. Tax filing season arrived with a bang, and now the [FBI is investigating fraudulent tax returns filed through TurboTax](#).

Some taxpayers claim their federal refunds are in jeopardy. Taxpayers interviewed about [fraudulent tax filings](#) said their IRS data was compromised and returns were filed in their names. Some speculate the fraudulent returns were based on leaks of their 2013 tax return data. In past years, it seemed stressful to collect W-2s and 1099s, and discover you are [missing a Form 1099](#) or K-1. This year makes the usual stresses seem like the good old days.



Still, part of the stress this year is Obamacare, its new taxes and new forms. Yet for most of the approximately 85% of Americans who have health insurance and who make less than \$250,000 a year, you can relax. Most of the new taxes are unlikely to hurt you or impact your pocketbook. Even so, it's easy to be overwhelmed, which is one reason the IRS has a 21-page [Publication 5187](#) on the Health Care Law: What's New for Individuals and Families.

If you'd rather be entertained, there's always President Obama's [Buzzfeed video](#). And let's look at 3 new forms, including the [1095-A Health Insurance Marketplace Statement](#), the [Form 8962 Premium Tax Credit](#), and [Form 8965 Health Coverage Exemptions](#). Forms 1095-A and 8962 are for people who bought health coverage through the Marketplace. Form 8965 is for those who got a [Marketplace](#) coverage exemption or plan to claim an exemption.

For that 'how many taxes' question, it depends how you count and what you regard as a tax. But here's my tally:

1. 2.3% Tax on Medical Device Manufacturers (this doesn't hit you directly, but indirectly it sure can).
2. 3.8% Net Investment Income Tax. This one is a big one. Depending on your income, it adds a 3.8% tax on top of your interest, dividends and capital gains.
3. Employer Mandate on business with over 50 full-time equivalent employees to provide health insurance to full-time employees. \$2000 per employee \$3000 if employee uses tax credits to buy insurance on the exchange.
4. 40% Excise Tax on high-end (Cadillac) Health Insurance Plans (40% excise tax on the portion of employer-sponsored health coverage that exceeds \$10,200 a year and \$27,500 for families).
5. Medical Deduction Threshold tax increase (threshold to deduct medical expenses as an itemized deduction increases to 10% from 7.5%).
6. [Individual Mandate](#) (a tax for not purchasing insurance, though the tax penalty is called a [Shared Responsibility Payment](#), the greater of 1% of your income above the filing threshold of \$10,150 for singles and \$20,300 for married couples filing jointly or \$95 per adult (\$47.50 per child), with a maximum of \$285 for a family, whichever is higher. It goes up in 2015.
7. Excise Tax on Charitable Hospitals which fail to comply with the requirements of ObamaCare.
8. Elimination of tax deduction for employer-provided retirement Rx drug coverage in coordination with Medicare Part D.
9. Medicare Part A Tax increase of .9% over \$200k/\$250k.
10. An annual \$63 fee levied by ObamaCare on all plans (decreased each year until 2017 when pre-

existing conditions are eliminated) to help pay for insurance companies covering the costs of high-risk pools.

11. Medicine Cabinet Tax (over the counter medicines no longer qualify as medical expenses for flexible spending accounts (FSAs), health reimbursement arrangements (HRAs), health savings accounts (HSAs), and Archer Medical Saving accounts (MSAs).
12. Additional Tax on HSA/MSA Distributions
13. Health savings accounts or Archer medical savings accounts, penalties for non-qualified medical expenses of 10% to 20% in the case of a HSA and from 15% to 20% for an MSA.

Also check out this [full list of taxes provisions from the IRS](#), plus the [joint tax committee on the Affordable Care Act](#).

*For alerts to future tax articles, follow me on Forbes.com. Email me at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*