



Robert W. Wood

THE TAX LAWYER

TAXES 2/23/2015

Tax Form Errors Plague Affordable Care Act

It may be an exaggeration to say that the [800,000 erroneous tax forms from HealthCare.gov to people in 37 states means mayhem this tax filing season](#). But the [impact](#) for 50,000 people who already filed their tax returns means they need to amend. It was an HHS error, not one by the IRS. Ironically, it was [announced](#) the same day the [Obama](#) administration extended the time to sign up on HealthCare.gov through April.

The error could impact 20% of the statements sent to those who signed up for coverage and received tax credits. The government is notifying those who received an incorrect statement. The 750,000 people who were sent erroneous form but who haven't yet filed their taxes are being told to wait until the corrected ones arrive in March. The controversy is about the new health care tax form, IRS Form 1095-A, needed for tax filing.



HealthCare.gov sent these forms out to millions of consumers who are receiving coverage through the federal insurance market that serves most states. Many of those forms were correct, but 800,000 are wrong. Form 1095-A is similar to a Form W-2 for health care. The form provides a month-by-month accounting of the subsidies consumers received to help pay their health care premiums.

Apart from this tax-related Affordable Care Act problem, this has already been an unsettling opening of tax season. There have been widespread fears about tax fraud and identity theft. The [FBI is investigating fraudulent tax returns filed through TurboTax](#). Moreover, IRS budget cuts have further strapped the agency. Taxpayers are on edge about their filings and their refunds, not to mention the ease of getting questions answered and problems resolved with the IRS.

Unmistakably, one of the big new issues this filing season is the impact of the Affordable Care Act. Although sign-ups for health insurance have proceeded apace, in a [Buzzfeed video](#) President Obama himself tried to drum up interest in additional healthcare insurance sign-ups. To help that effort, there have been repeated delays and extensions to collect more people.

Although the culprit this time is incorrect Forms [1095-A Health Insurance Marketplace Statement](#), there are related tax forms. Consumers also need a [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.

It is clearly best not to not file your tax return with the wrong information. Think of it as getting an incorrect W-2 or K-1 and knowing you must wait until you receive the correct one. If you are affected and haven't yet filed, the government has announced that you will get a corrected Form 1095-A and will be notified. In March. This needs to be sorted out and that will take time. You can try calling 1-800-318-2596 or [go online](#), but it is likely to be very frustrating.

There was a similar (though seemingly independent) problem in California, impacting 100,000 or so Californians. Meanwhile amid discussions of extensions of time and grace periods for people to sign up seem a little embarrassing. The IRS has its own problems and a very big job to do apart from administering Obamacare.

Our already complex tax system has had much to absorb, including this [full list of tax provisions from the IRS](#), as well those detailed by 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. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.