



Updates to Questions and Answers about the Premium Tax Credit

FS-2025-10, Dec. 2025

Note: These FAQs supersede earlier FAQs that were posted in [FS 2024-30](#) on Sept. 30, 2024. This Fact Sheet updates frequently asked questions (FAQs) about the Premium Tax Credit.

The revisions and additions are as follows:

- Updates to questions related to the limitations on repayment of excess advance payment of the premium tax credit due to the removal of the limitations for tax years beginning after Dec. 31, 2025
- Updates throughout for minor style clarifications and topic/question renumbering
- Deletion of questions Q32 and Qs 35-49 about certain Premium Tax Credit rules that do not apply after tax years 2020 and 2021, renumbered Qs 32 and 34

These FAQs are being issued to provide general information to taxpayers and tax professionals as expeditiously as possible. Accordingly, these FAQs may not address any particular taxpayer's specific facts and circumstances, and they may be updated or modified upon further review. Because these FAQs have not been published in the Internal Revenue Bulletin, they will not be relied on or used by the IRS to resolve a case. Similarly, if an FAQ turns out to be an inaccurate statement of the law as applied to a particular taxpayer's case, the law will control the taxpayer's tax liability. Nonetheless, a taxpayer who reasonably and in good faith relies on these FAQs will not be subject to a penalty that provides a reasonable cause standard for relief, including a negligence penalty or other accuracy-related penalty, to the extent that reliance results in an underpayment of tax. Any later updates or modifications to these FAQs will be dated to enable taxpayers to confirm the date on which any changes to the FAQs were made. Additionally, prior versions of these FAQs will be maintained on IRS.gov to ensure that taxpayers, who may have relied on a prior version, can locate that version if they later need to do so.

More information about [reliance is available](#). These FAQs were announced in [IR-2025-127](#).

Background

The Premium Tax Credit is a refundable tax credit designed to help eligible individuals and families with low or moderate income afford health insurance purchased through the Health Insurance Marketplace, also known as the Exchange.

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- [Eligibility](#)
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The basics

Q1. What is the Premium Tax Credit? (updated Dec. 23, 2025)

A1. The Premium Tax Credit is a refundable tax credit designed to help eligible individuals and families with low or moderate income afford health insurance purchased through the [Health Insurance Marketplace](#), also known as the Exchange. The size of your Premium Tax Credit is



based on a sliding scale. Those who have a lower income get a larger credit to help cover the cost of their insurance. When you enroll in Marketplace insurance, you can choose to have the Marketplace compute an estimated credit that is paid to your insurance company to lower what you pay for your monthly premiums (called advance payments of the Premium Tax Credit, APTC, or advance credit payments). Or, you can choose to get all of the benefit of the credit when you file your tax return for the year. If you choose to have advance payments of the Premium Tax Credit made on your behalf, you will reconcile the amount paid in advance with the actual credit you compute when you file your tax return for the year. Either way, you will complete Form 8962, Premium Tax Credit (PTC), and attach it to your tax return for the year.

The credit is “refundable” because, if the amount of the credit is more than the amount of your tax liability, you will receive the difference as a refund. If you owe no tax, you can get the full amount of the credit as a refund. However, if advance credit payments were made to your insurance company and your actual allowable credit on your return is less than your advance credit payments, the difference (called excess advance payment of the PTC), subject to repayment caps, will be subtracted from your refund or added to your balance due (except for tax year 2020 when excess advance payment of the PTC did not affect tax liability). For tax years before 2026 (other than 2020), if your allowable credit is less than your advance credit payments, a repayment cap may limit the amount of the excess advance payment of the PTC that is subtracted from your refund or added to your balance due. However, for tax years after 2025, if your allowable credit is less than your advance credit payments, there is no repayment cap and the total difference will be subtracted from your refund or added to your balance due (see [Q31](#)).

Q2. What is the Health Insurance Marketplace?

A2. The Health Insurance Marketplace, also called simply the Marketplace, is the place where you will find information about private health insurance options, purchase health insurance, and obtain help with premiums and out-of-pocket costs if you are eligible. The Department of Health and Human Services (HHS) administers the requirements for the Marketplace and the health plans offered. Generally, you purchase health insurance at the Marketplace during an open enrollment period. After an open enrollment period is over, individuals who experience certain life events may qualify for a special enrollment period to buy a health plan through a Marketplace. For details about who is eligible for a special enrollment period, for information about future open enrollment periods, and to learn more about the Marketplace, visit HealthCare.gov.

Q3. How do I get advance payments of the Premium Tax Credit? (updated Dec. 23, 2025)

A3. When you or a family member applies for Marketplace coverage, the Marketplace will estimate the amount of the Premium Tax Credit you may be able to claim for the tax year, using information you provide about your family composition, projected household income, and other factors, such as whether those whom you are enrolling are eligible for other, non-Marketplace coverage. Based upon that estimate, you can decide if you want to have all, some, or none of your estimated credit paid in advance directly to your insurance company to lower your monthly premiums. If you choose to have advance credit payments made on your behalf, you will be required to file Form 8962 with your income tax return to reconcile the amount of advance credit payments with the Premium Tax Credit you may claim based on your actual household income and family size.

If you do not opt for advance credit payments or the Marketplace determines that you were not eligible for advance credit payments at the time of enrollment, you should determine if you are eligible to claim the credit because your circumstances changed during the year. To claim the credit, you must file Form 8962 when you file your tax return for the year, which will lower the amount of your taxes owed on that return or increase your refund.



Q4. What happens if my income, family size or other circumstances changes during the year? (updated Dec. 23, 2025)

A4. The actual Premium Tax Credit for the year will differ from the advance credit payment amount estimated by the Marketplace if your family size or household income as estimated at the time of enrollment is different from the family size or household income you report on your return. The more your family size or household income differs from the Marketplace estimates used to compute your advance credit payments, the more significant the difference will be between your advance credit payments and your actual credit. Other changes in circumstances, such as marriage or divorce, may also affect your credit amount. If your actual allowable credit on your return is less than your advance credit payments, the difference, subject to repayment caps, will be subtracted from your refund or added to your balance due for the tax year of Marketplace coverage. For tax years before 2026 (except for tax year 2020 when excess advance payment of the PTC did not affect tax liability), if your advance credit payments were more than your actual allowable credit, a repayment cap may limit the amount of the excess advance payment of the Premium Tax Credit that you must repay. If your actual allowable credit is more than your advance credit payments, the difference will be added to your refund or subtracted from your balance due.

Notifying the Marketplace about changes in circumstances as soon as they occur will allow the Marketplace to update the information used to determine your expected amount of the Premium Tax Credit and adjust your advance credit payment amount. This adjustment will decrease the likelihood of a significant difference between your advance credit payments and your actual Premium Tax Credit. Changes in circumstances that can affect the amount of your actual Premium Tax Credit include:

- Increases or decreases in your household income. Events that could result in a significant increase to household income include:
 - Lump sum payments of Social Security benefits, including Social Security Disability Insurance
 - Lump sum taxable distributions from an individual retirement account or other retirement arrangement
 - Realizing capital gains, including sales of stocks, bonds, or cryptocurrency
 - Debt forgiveness or cancellation, such as the cancellation of credit card debt.
- Marriage
- Divorce
- Birth or adoption of a child
- Other changes to whom you claim as dependents
- Gaining or losing eligibility for government sponsored or employer sponsored health care coverage
- Moving to another address

Eligibility

Q5. Who is eligible for the Premium Tax Credit? (updated Dec. 23, 2025)

A5. You are eligible for the Premium Tax Credit if you meet all of the following requirements:

- Have household income that meets certain requirements (see [Q7](#));
- Do not file a Married Filing Separately tax return (unless you qualify for a special rule that allows certain victims of domestic abuse and spousal abandonment to claim the Premium Tax Credit using the Married Filing Separately filing status (see [Q9 and Q10](#));
- Cannot be claimed as a dependent by another person; and
- For at least 1 month in the year all of the following requirements are met:



- You or another family member were enrolled in coverage (excluding "catastrophic" coverage) through a Marketplace;
- The individual enrolled was not able to get affordable coverage through an eligible employer-sponsored plan that provides minimum value (see [Q11-15](#));
- The individual enrolled was not eligible for coverage through a government program, like Medicaid, Medicare, CHIP or TRICARE; and
- The share of premiums for the month not covered by advance credit payments was paid, or special circumstances applied that allowed you to stay covered despite all of your premiums not having been paid. See instructions for Form 8962 for more information.

Q6. Who is a family member for purposes of the Premium Tax Credit?

A6. For purposes of the Premium Tax Credit, your "family" consists of yourself, your spouse if filing jointly, and all other individuals whom you claim as dependents. Your "family size" is the number of individuals in your "family."

Q7. What are the income limits? (updated Dec. 23, 2025)

A7. In general, individuals and families may be eligible for the Premium Tax Credit if their household income for the year is at least 100 percent but no more than 400 percent of the federal poverty line for their family size.

For tax years 2021 through 2025, Congress temporarily expanded eligibility for the Premium Tax Credit by eliminating the requirement that a taxpayer's household income may not be more than 400 percent of the federal poverty line. Under this rule, taxpayers with household income of more than 400 percent of the federal poverty line for their family size may be allowed to claim a Premium Tax Credit, if otherwise eligible (see [Q5](#)).

Note: The federal poverty guidelines — sometimes referred to as the "federal poverty line" or FPL — state an income amount considered poverty level for the year based on family size. The Department of Health and Human Services (HHS) determines the federal poverty guideline amounts annually. The government generally adjusts the income limits annually for inflation. The Federal Register publishes a chart reflecting these amounts at the beginning of each calendar year. HHS provides three federal poverty guidelines: one for residents of the 48 contiguous states and D.C., one for Alaska residents and one for Hawaii residents. For purposes of the Premium Tax Credit, eligibility for a certain year is based on the most recently published set of federal poverty guidelines on the first day of the annual open enrollment period. For example, the tax credit for 2025 is based on the 2024 FPL. See the [instructions for Form 8962](#) for more information, including the FPL charts.

Q8. What is household income? (updated Dec. 23, 2025)

A8. For purposes of the Premium Tax Credit, your household income is your modified adjusted gross income for the year plus that of every other member of your family (see [Q6](#)) who is required to file a federal income tax return. Modified adjusted gross income is the adjusted gross income on your federal income tax return plus any excluded foreign income, nontaxable Social Security benefits (including tier 1 railroad retirement benefits), and tax-exempt interest received or accrued during the taxable year. It does not include Supplemental Security Income (SSI).

If the source of your income is within Puerto Rico or was effectively connected with the conduct of a trade or business within Puerto Rico, the income is not included in your modified adjusted gross income and is not used in determining your household income. This limitation is specific to the computation of modified adjusted gross income for purposes of the Premium Tax Credit. For additional information see [Publication 570](#).



Q9. Am I definitely ineligible for the Premium Tax Credit if I'm married but I file my tax return using the filing status married filing separately? (updated Feb. 9, 2024)

A9. No. If you are married and you file your tax return using the filing status married filing separately, you may be eligible for the Premium Tax Credit if you meet the criteria in [section 1.36B-2\(b\)\(2\) of the Income Tax Regulations](#), which allows certain victims of domestic abuse and spousal abandonment to claim the Premium Tax Credit using the married filing separately filing status. You can claim this relief from the joint filing requirement if you meet all of the following criteria:

- You are living apart from your spouse at the time you file your tax return.
- You are unable to file a joint return because you are a victim of domestic abuse or spousal abandonment (see [Q10](#)).
- You certify on your return that you are a victim of domestic abuse or spousal abandonment.

To certify that you are a victim of domestic abuse or spousal abandonment and qualify for relief from the joint return filing requirement, you should check the box at the top of [Form 8962, Premium Tax Credit \(PTC\)](#), which you will use to claim the credit. You should not attach documentation of the abuse or abandonment to your tax return but should keep any documentation you may have with your tax return records. For examples of what documentation to keep, see [Publication 974, Premium Tax Credit \(PTC\)](#). Taxpayers may claim this relief from the joint filing requirement for no more than three consecutive years. For more information on this relief, see the instructions to Form 8962, Premium Tax Credit (PTC).

Note: Generally, a married taxpayer who lives apart from his or her spouse for the last six months of the taxable year is considered unmarried if he or she files a separate return, maintains as the taxpayer's home a household that is also the main home of a dependent child for more than half the year, and furnishes over half the cost of the household during the taxable year.

Q10. For purposes of the relief from the joint filing requirement for certain victims of domestic abuse and spousal abandonment, how are domestic abuse and spousal abandonment defined?

A10. Domestic abuse includes physical, psychological, sexual, or emotional abuse, including efforts to control, isolate, humiliate, and intimidate, or to undermine the victim's ability to reason independently. All the facts and circumstances are considered in determining whether an individual is abused, including the effects of alcohol or drug abuse by the victim's spouse. Depending on the facts and circumstances, abuse of the victim's child or other family member living in the household may constitute abuse of the victim. A taxpayer is a victim of spousal abandonment for a taxable year if, taking into account all facts and circumstances, the taxpayer is unable to locate his or her spouse after reasonable diligence.

Affordability of employer coverage for employees and for family members of employees

Q11. How do I know if the coverage offered by my employer is affordable? (updated Dec. 23, 2025)

A11. If you are an employee and your employer offers coverage to you (sometimes called "an employer-sponsored plan") that coverage generally is affordable for you if the portion of the annual premium you must pay for self-only coverage that satisfies the minimum value requirement (see [Q15](#)) does not exceed 9.5 percent of your household income, but this percentage is adjusted annually. For plan years beginning in:

- 2015, the percentage is 9.56 percent – see [Revenue Procedure 2014-37](#)
- 2016, the percentage is 9.66 percent – see [Revenue Procedure 2014-62](#)
- 2017, the percentage is 9.69 percent – see [Revenue Procedure 2016-24](#)



- 2018, the percentage is 9.56 percent – see [Revenue Procedure 2017-36](#)
 - 2019, the percentage is 9.86 percent – see [Revenue Procedure 2018-34](#)
 - 2020, the percentage is 9.78 percent – see [Revenue Procedure 2019-29](#)
 - 2021, the percentage is 9.83 percent – see [Revenue Procedure 2020-36](#)
 - 2022, the percentage is 9.61 percent – see [Revenue Procedure 2021-36](#)
 - 2023, the percentage is 9.12 percent – see [Revenue Procedure 2022-34](#)
 - 2024, the percentage is 8.39 percent – see [Revenue Procedure 2023-29](#)
 - 2025, the percentage is 9.02 percent – see [Revenue Procedure 2024-35](#)
 - 2026, the percentage is 9.96 percent – see [Revenue Procedure 2025-25](#)
- (See [Q8](#) for what is included in household income.)

If the employer offers multiple health coverage options, the affordability test applies to the lowest-cost option available to you that also satisfies the minimum value requirement. If your employer offers any wellness programs (including programs based on a health factor or requiring that the wellness incentive be earned), the affordability test is based on the premium you would pay if you received the maximum discount for any tobacco cessation programs and did not receive any other discounts based on wellness programs.

Q12. How do I know if the coverage offered to me by an employer of someone else, such as my spouse's or parent's employer, is affordable for me? (added Feb. 9, 2024)

A12. If you are an individual who may enroll in coverage offered by an employer because you are a family member of an employee whose employer offers the coverage (see [Q6](#) for who is a family member of the employee), that coverage generally is affordable for you if the portion of the annual premium the employee must pay for family coverage that satisfies the minimum value requirement (see [Q15](#)) does not exceed a percentage of the employee's household income. The percentage you use to determine the affordability of the family coverage is the same percentage the employee uses in [Q11](#) to determine if the coverage is affordable to the employee. The family coverage premium amount you use to determine affordability is the amount the employee must pay to cover the employee and all family members of the employee who are offered coverage that also satisfies the minimum value requirement.

If the employer offers multiple health coverage options, the affordability test applies to the lowest-cost option available that (1) covers the employee and all family members of the employee who are offered the coverage and (2) satisfies the minimum value requirement. If the employer offers any wellness programs (including programs based on a health factor or requiring that the wellness incentive be earned), the affordability test is based on the premium the employee would pay if the employee received the maximum discount for any tobacco cessation programs and did not receive any other discounts based on wellness programs.

If you are an individual who may enroll in coverage offered by someone else's employer, but you are not a family member of the employee offered the coverage (for example, you are an adult non-dependent child of the employee), that coverage is affordable for you only if you enroll in it.

Q13. What if I receive an offer of coverage from multiple employers? (added Feb. 9, 2024)

A13. If you receive offers of coverage from multiple employers, whether the coverage is offered by your employer or someone else's employer, you are generally considered to have an offer of affordable coverage if at least one of the offers of coverage is affordable for you.

Q14. How is the affordability of employer coverage affected if the Marketplace makes a determination that the employer coverage is unaffordable? (added Feb. 9, 2024)



A14. The regulations under Internal Revenue Code section 36B provide a safe harbor for certain affordability determinations made by the Marketplace. Under the safe harbor, employer-sponsored coverage is treated as unaffordable for an individual if, when the individual enrolled in Marketplace coverage, (1) the individual (or someone else on the individual's behalf) provided accurate information to the Marketplace about the cost of employer-sponsored coverage for the individual (and other family members, if applicable) and (2) the Marketplace determined that advance payments of the Premium Tax Credit (APTC) could be made for the individual's Marketplace coverage because the employer-sponsored coverage was unaffordable based on projected household income. Under these circumstances, a Premium Tax Credit would still be allowed for the individual's Marketplace coverage if the other eligibility criteria are met, even though the employer-sponsored coverage would have been affordable based on actual household income. The safe harbor does not apply to you if, with reckless disregard for the facts, incorrect information was provided to the Marketplace concerning the portion of the annual premium for your coverage under the plan.

Q15. How do individuals know if the employer coverage offered to them provides minimum value? (updated Feb. 9, 2024)

A15. An eligible employer-sponsored plan provides minimum value if the plan covers at least 60 percent of the expected total allowed costs for covered services. The plan also must provide substantial coverage of in-patient hospitalization and physician services. Your employer is required to provide you with a document called a Summary of Benefits and Coverage. That document will give you information about the benefits and coverage under your employer-sponsored plan, including whether the plan provides minimum value. Also, under the Fair Labor Standards Act, most employers will provide employees with a one-time notice about their options in the Marketplace and their potential eligibility for a Premium Tax Credit. This one-time notice will include information about whether the employer has a plan that provides minimum value.

Q16. Employer X offers affordable, minimum value coverage to X's employees. X has stated, however, that if employee attempts to enroll in the employer-sponsored coverage, X will terminate employee's employment. Is employee considered eligible for X's employer-sponsored coverage and, consequently, ineligible for a Premium Tax Credit?

A16. No. The regulations under Internal Revenue Code section 36B provide that an individual is not considered eligible for employer-sponsored coverage unless the individual may enroll in the coverage. Employee cannot enroll in X's employer-sponsored coverage unless employee is an employee of X, and X will terminate employee's employment if employee attempts to enroll in X's coverage. Consequently, employee cannot enroll in X's coverage and is not considered eligible for X's employer-sponsored coverage. Employee will be allowed a Premium Tax Credit if employee meets the other eligibility requirements for the credit.

Q17. Spouse is married to employee. Employee's employer, Y, offers affordable, minimum value coverage to Y's employees and their family members. Y has stated, however, that if employee attempts to enroll spouse in the employer-sponsored coverage, Y will terminate employee's employment. Is spouse considered eligible for Y's employer-sponsored coverage and, consequently, ineligible for a Premium Tax Credit?

A17. No. The regulations under Internal Revenue Code section 36B provide that an individual is not considered eligible for employer-sponsored coverage unless the individual may enroll in the coverage. Spouse cannot be enrolled in Y's employer-sponsored coverage unless employee is an employee of Y, and Y will terminate employee's employment if employee attempts to enroll spouse in Y's coverage. Consequently, spouse cannot be enrolled in Y's coverage and is not considered eligible for Y's employer-sponsored coverage. Spouse will be allowed a Premium Tax Credit if spouse meets the other eligibility



requirements for the credit.

Q18. Employee is married to spouse, and they have one child (dependent). Employee's employer, Y, offers coverage to its employees and their family members, and the coverage provides minimum value and is affordable for employee, spouse and dependent. Y's plan permits spouses and dependents to enroll in the employer-sponsored coverage only if the employee enrolls in the coverage. Employee chooses not to enroll in Y's employer-sponsored coverage, and, as a result, spouse and dependent are not permitted to enroll in Y's coverage under the rules of Y's plan. If the spouse or dependent enrolls in Marketplace coverage, are they eligible for a Premium Tax Credit? (updated Feb. 9, 2024)

A18. No. Spouse and dependent are not eligible for a Premium Tax Credit for their Marketplace coverage. The regulations under Internal Revenue Code section 36B provide that an employee who may enroll in an eligible employer-sponsored plan and a family member of the employee who may enroll in the plan are eligible for minimum essential coverage under the employer-sponsored plan if the plan is affordable and provides minimum value. Additionally, an employee and a family member are not eligible for a Premium Tax Credit for their Marketplace coverage if they could have enrolled in employer-sponsored coverage that is affordable and provides minimum value. Because all three family members could have enrolled in Y's employer-sponsored coverage through employee's enrollment, and the coverage was affordable and provided minimum value, they are not eligible for a Premium Tax Credit for their Marketplace coverage.

Q19. Am I eligible for the Premium Tax Credit if I enroll in coverage through an employer and also enroll in coverage through the Marketplace?

A19. If you enroll in an employer-sponsored plan, including retiree coverage, that is minimum essential coverage, you are not eligible for the Premium Tax Credit for your Marketplace coverage even if the employer plan is unaffordable or fails to provide minimum value. You may be eligible for a Premium Tax Credit for coverage of another member of your family who enrolls in Marketplace coverage and is not enrolled in the employer plan.

Q20. Can I get the Premium Tax Credit for coverage through a Marketplace if I am eligible for coverage through my former employer, such as COBRA or retiree coverage?

A20. If your coverage is from a former employer, such as COBRA or retiree coverage, you can decline the employer coverage, even if it is affordable and provides minimum value, and may be eligible for the Premium Tax Credit for your Marketplace coverage.

Q21. What if the retiree coverage consists of a retiree-only health reimbursement arrangement (HRA)?

A21. If your former employer offers you a retiree-only HRA, you cannot claim a Premium Tax Credit if you do not opt-out of receiving reimbursements under the HRA.

Q22. Am I allowed a Premium Tax Credit for Marketplace coverage if my employer offers me an Individual Coverage Health Reimbursement Arrangement (ICHRA)? (added Feb. 9, 2024)

A22. If your employer offered you an ICHRA, you are not allowed a Premium Tax Credit for Marketplace coverage unless 1) the ICHRA is considered unaffordable and 2) you opt-out of receiving reimbursements under the ICHRA and enroll in Marketplace coverage. Section 1.36B-2(c)(5) of the Income Tax Regulations provides rules for when an ICHRA is considered affordable.

Computing the amount



Q23. Am I allowed a Premium Tax Credit if my employer provides me with a qualified small employer health reimbursement arrangement (QSEHRA) for one or more months of the year?

A23. If you enroll in Marketplace coverage and are provided a QSEHRA that constitutes affordable coverage, you are not allowed a Premium Tax Credit for your Marketplace coverage for the months the QSEHRA constitutes affordable coverage. If the QSEHRA does not constitute affordable coverage and you are allowed a Premium Tax Credit for a month you are provided the QSEHRA, you must reduce your PTC for the month by the monthly permitted benefit provided to you under the QSEHRA. [Notice 2017-67](#), questions 65-71, provides more information on how to determine if a QSEHRA is affordable and how to compute your Premium Tax Credit if the QSEHRA is unaffordable.

Q24. How is the amount of the Premium Tax Credit computed (updated Dec. 23, 2025)?

A24. The amount of the Premium Tax Credit is generally equal to the premium for the second lowest cost silver plan available through the Marketplace that applies to the members of your coverage family, minus a certain percentage of your household income. However, the credit cannot be more than the premiums for the Marketplace plan or plans in which you or your family enroll (called your enrollment premiums).

Your coverage family consists of the members of your family who are enrolled in coverage through the Marketplace and ineligible for non-Marketplace coverage such as Medicare, Medicaid or affordable employer-sponsored coverage that provides minimum value. However, a family member is part of your coverage family for a month only if the share of premiums for the month not covered by advance credit payments was paid, or special circumstances applied that allowed the family member to stay covered despite all of the premiums not having been paid. See instructions for Form 8962 for more information. (See Q6 for information on who is in your family.)

Q25. What is the second lowest cost silver plan if only one silver plan is available where I reside, or the premiums for the two lowest cost silver plans are exactly the same?

A25. If there is only one silver plan, that plan is treated as the second lowest cost silver plan. If the two lowest cost silver plans have identical premiums, that premium is the premium for the second lowest cost silver plan.

Q26. I am a smoker. Is the amount of my Premium Tax Credit based on the higher premiums for smokers?

A26. Higher premiums for smokers are not counted in determining the amount of the second lowest cost silver plan that applies to your family. Therefore, if the monthly premium for the applicable second lowest cost silver plan is \$1,200 for smokers and \$900 for non-smokers, the \$900 non-smoker premium is the second lowest cost silver plan premium used to compute your credit. However, the amount of your enrollment premiums, which might limit the amount of your Premium Tax Credit, is the amount you are actually being charged. For example, if your monthly enrollment premiums are \$650 because you are a tobacco user but would be \$500 if you did not use tobacco, the monthly enrollment premiums you use in computing your Premium Tax Credit are \$650.

Q27. Am I eligible for the Premium Tax Credit for my coverage if I enroll in the middle of the month?

A27. To be eligible for a credit amount for a particular month, you generally must be enrolled in a qualified health plan through the Marketplace on the first day of that month. However, if an individual enrolls in a qualified health plan and the enrollment is effective on the date of the individual's birth, adoption, or placement for adoption or in foster care, or on the effective date of a court order, the individual is treated as enrolled as of the first day of that month.



Reporting, claiming and reconciling

Q28. Will I have to file a federal income tax return and attach Form 8962 to get the Premium Tax Credit (updated Dec. 23, 2025)

A28. Yes. If you have APTC in any amount, you must file a [Form 8962](#), and attach it to your federal income tax return for that year. You will use Form 8962 to reconcile the difference between the APTC made on your behalf and the actual amount of the credit you may claim on your return. This filing requirement applies whether or not you would otherwise be required to file a return.

If APTC is paid on behalf of you or an individual in your family, and you do not file a tax return, you will not be eligible for APTC to help pay for your Marketplace health insurance coverage in future years. This means that you will be responsible for the full cost of your monthly premiums.

To claim a Premium Tax Credit for any tax year in which no APTC was paid on your behalf, you must file a [Form 8962](#) and attach it to your federal income tax return for the year you claim the Premium Tax Credit. Also, if APTC is paid on your behalf but your Premium Tax Credit is more than the APTC, you have net PTC. To claim a net PTC, you must file a Form 8962 and attach it to your federal income tax return for the year. Claiming a net PTC will lower the amount of tax you owe or increase your refund to the extent it is more than the amount of tax you owe.

Q29. If I get insurance through the Marketplace, how will I know if I need to file a federal tax return and what to report on my return? (updated Dec. 23, 2025)

A29. If you purchased coverage through the Marketplace you should receive [Form 1095-A, Health Insurance Marketplace Statement](#) from your Marketplace by early February. If this form shows advance credit payments were paid on your behalf or on behalf of another member of your family, you are required to complete Form 8962, Premium Tax Credit (PTC), to reconcile those advance credit payments. Form 1095-A provides information you will need when completing Form 8962.

If you have questions about the information on Form 1095-A, or about receiving Form 1095-A, you should contact your [Marketplace](#) directly. Although the IRS will not be able to answer questions about the information on your Form 1095-A or about missing or lost forms, taxpayers may be able to view and download Form 1095-A by creating an individual IRS Online Account at IRS.gov.

Filing electronically is the easiest way to file a complete and accurate tax return. Free electronic filing options are available through the [IRS's Volunteer Income Tax Assistance \(VITA\) and Tax Counseling for the Elderly \(TCE\) programs](#), and the [IRS Free File](#) program.

Q30. How do I reconcile advance credit payments with the actual Premium Tax Credit on my return? (updated Dec. 23, 2025)

A30. When you complete your tax return, you will figure your credit and compare it to the amount of your advance credit payments on Form 8962. If your actual allowable credit on your return is less than your advance credit payments, the difference (called excess advance payment of the Premium Tax Credit), subject to certain repayment caps, will be subtracted from your refund or added to your balance due. For tax years before 2026 (except for tax year 2020 when excess advance payment of the Premium Tax Credit did not affect tax liability), if your advance credit payments for a year were more than your actual allowable credit for the year, a repayment cap may limit the amount of the excess advance payment of the Premium Tax Credit you must repay. If your actual allowable credit is more than your advance credit payments, the difference will be added to your refund or subtracted from your balance due. (See [Q4](#) for information on changes in circumstances).



Q31. What are the repayment caps? (updated Dec. 23, 2025)

A31. For tax years before 2026 (except for 2020 when excess advance payment of the Premium Tax Credit did not affect tax liability), if your advance credit payments for a year were more than your actual allowable credit for the year, a repayment cap may limit the amount of the excess advance payment of the Premium Tax Credit that you must repay. Your applicable repayment cap is based on your household income and filing status for the year and applies only if the household income you reported on your tax return is less than 400 percent of the FPL. There is no repayment cap for tax years after 2025. For tax years after 2025, you must repay the full amount by which your advance credit payments exceed your Premium Tax Credit. This amount is added to your total tax liability, which will reduce your refund or increase your balance due. See [Publication 974](#) for more information on the repayment caps.

Q32. What happens if I have a balance due from an excess advance payment of the Premium Tax Credit, but I cannot afford to make the payment when filing my tax return?

A32. Many individuals who need to repay excess advance payments of the Premium Tax Credit will satisfy that balance through a reduction in their expected income tax refund. However, if you owe a balance in excess of your refund, you should be aware that the IRS routinely works with taxpayers who owe amounts they cannot afford to pay. The ability to make a payment arrangement for these underpayments is identical to the provisions for other tax balances. See [Publication 4849, Can't Pay the Tax You Owe?](#) for further information on how to pay your past due federal income tax liability.

Q33. I enrolled in a qualified health plan with advance credit payments based on a Marketplace determination or assessment that I was ineligible for Medicaid or CHIP coverage. Subsequently, I was determined eligible for Medicaid and was enrolled for several months while I was enrolled in the qualified health plan. Am I treated as eligible for Medicaid and therefore ineligible for the Premium Tax Credit for these months?

A33. Generally, no. If a Marketplace makes a determination or assessment that an individual is ineligible for Medicaid or CHIP and eligible for advance credit payments when the individual enrolls in a qualified health plan, the individual is treated as not eligible for Medicaid or CHIP for purposes of the Premium Tax Credit for the duration of the period of coverage under the qualified health plan (generally, the rest of the plan year). Accordingly, if you were enrolled in both Medicaid coverage and in a qualified health plan for which advance credit payments were made for one or more months of the year following a Marketplace determination or assessment that you were ineligible for Medicaid, you can claim the Premium Tax Credit for these months, if you are otherwise eligible. The Marketplace may periodically check state Medicaid data to identify consumers who may be dual-enrolled and direct them to return to the Marketplace to discontinue their advance credit payments. If you believe that you may currently be enrolled in both Medicaid and a qualified health plan with advance credit payments, you should contact the Marketplace immediately.