



Dear Client,

In 2010, when Congress passed the Affordable Care Act (commonly called Obamacare), the effects seemed far away to many of us. Now that 2014 is here, there will be several direct effects upon every American, with the requirement that all Americans of all ages obtain qualified health insurance for the entire year. The requirement to obtain health insurance applies to you individually as well as to anyone you claim as a dependent on your return.

Several new forms will be issued to taxpayers this year, primarily Form 1095-A, B and C. ***In order to complete your 2014 return we must have all copies of Form 1095.*** These forms provide us with the necessary information to report your health insurance coverage, calculate any credit and calculate any penalty that may apply.

Because much of the reporting for 2014 will be voluntary you may not receive any Forms 1095. We therefore need to also obtain from you the following information in order to complete your return:

1. Health insurer or insurers for the year;
2. Number of months of coverage;
3. Members of your family covered by the above health insurance throughout the year;
4. Your county of residence all year;
5. Signed health insurance information form for our records.

Of equal importance for 2014 are the multiple possibilities of tax mistakes made primarily by your dependent children who may work in 2014. The simplest guidance we can provide you to avoid this mistake is: ***Do not allow any dependent children to file their own return, particularly college students, and do not file them yourself.*** Although this guidance appears self-serving for us, let us assure you this guidance is meant to protect you from your children inadvertently costing you literally thousands of dollars in potential health care tax credits. The IRS released 5 new forms, of which Form 8962 is used to calculate the credit and in our continuing education classes we have learned how difficult it is to calculate the credit and how easy it is to make a mistake and lose the credit. We are estimating this new forms will require substantially more preparation time for this year's return which means the fee for your return will be increasing. We apologize for the fee increase but this is one of the costs of compliance with these new requirements.

For those of you who have received an advance payment of the Health Care credit by purchasing insurance through the Exchange we also need to warn you in advance that if you received a greater credit than allowed you will be forced to repay the excess with this year's return.

We also encourage you to visit www.Healthcare.gov when you have a chance just to see what is available to you in the form of insurance, and what premiums will really cost for your family so that you have a clear idea of the facts without a political or media based bias.

As usual we thank you for your business in the past, and look forward to working together for many years into the future.

**If you or any of your dependents had Healthcare coverage for 9 months or less,
PLEASE READ THIS**

If at any point during the year, you, your spouse or any of your dependent children had coverage laps of 3 months or more, "they don't need to be consecutive", you will be hit with a penalty unless you qualify for an exemption. See the list below of exemptions you may qualify for:

- The lowest-priced coverage available would cost more than 8% of your household income
- You don't have to file a tax return because your income is too low
- You're not lawfully present in the U.S.
- *You're a member of a federally recognized tribe or eligible for services through an Indian Health Services provider*
- *You're a member of a recognized health care sharing ministry*
- *You're a member of a recognized religious sect with religious objections to insurance, including Social Security and Medicare*
- *You're incarcerated (either detained or jailed), and not being held pending disposition of charges*
- *You qualify for a hardship exemption. "See below"*
 1. You were homeless
 2. You were evicted in the past 6 months or were facing eviction or foreclosure
 3. You received a shut-off notice from a utility company
 4. You recently experienced domestic violence
 5. You recently experienced the death of a close family member
 6. You experienced a fire, flood, or other natural or human-caused disaster
 7. You filed for bankruptcy in the last 6 months
 8. You had substantial medical expenses you couldn't pay in the last 24 months
 9. You experienced unexpected increases in necessary expenses due to caring for an ill, disabled, or aging family member
 10. You expect to claim a child as a tax dependent who's been denied coverage in Medicaid and CHIP, and another person is required by court order to give medical support to the child. In this case, you don't have to pay the penalty for the child.
 11. As a result of an eligibility appeals decision, you're eligible for enrollment in a qualified health plan (QHP) through the Marketplace, lower costs on your monthly premiums, or cost-sharing reductions for a time period when you weren't enrolled in a QHP through the Marketplace
 12. You were determined ineligible for Medicaid because your state didn't expand eligibility for Medicaid under the Affordable Care Act
 13. Your individual insurance plan was cancelled and you believe other Marketplace plans are unaffordable
 14. You experienced another hardship in obtaining health insurance

If you feel you qualify for any of the above 5 exemptions that are italicized and underlined including all the hardship exemptions **you must fill out an application and mail it to the marketplace to get an exemption certificate number. Your return will be rejected without this number.**

If you need to apply for the certificate number please go to our website at <http://www.piermanibearoff.com/newsletterupdates.html> to download the forms along with the instructions. The application process along with the response from the marketplace could take some time, so please start this right away.

**** We have a minimal amount of appointments during tax season so please make your tax appointment as soon as possible once you receive your normal tax documents. **Do not wait until the certificate numbers come in.** Your return can be placed on hold and the number added once you receive it.****