

# IRS Guidance on Excess Advanced Premium Tax Credit

## Cross References

- IR-2021-84

The American Rescue Plan Act of 2021 suspended the requirement that taxpayers increase their tax liability by all or a portion of their excess advance payments of the Premium Tax Credit (excess APTC) for tax year 2020. A taxpayer's excess APTC is the amount by which the taxpayer's advance payments of the Premium Tax Credit (APTC) exceed his or her Premium Tax Credit (PTC).

The IRS has announced that taxpayers with excess APTC for 2020 are not required to file Form 8962, *Premium Tax Credit*, or report an excess advance Premium Tax Credit repayment on their 2020 Form 1040 or Form 1040-SR, Schedule 2, Line 2.

Eligible taxpayers may claim a PTC for health insurance coverage in a qualified health plan purchased through a Health Insurance Marketplace. Taxpayers use Form 8962, *Premium Tax Credit*, to figure the amount of their PTC and reconcile it with their APTC. This determines whether they have an excess APTC, or a net PTC that can be claimed on the return. The APTC is reported to the taxpayer on Form 1095-A, *Health Insurance Marketplace Statement*.

The process remains unchanged for taxpayers claiming a net PTC for 2020. They must file Form 8962 when filing their 2020 tax return.

Taxpayers who have already filed their 2020 tax return and who have excess APTC for 2020 do not need to file an amended tax return or contact the IRS. The IRS will reduce the excess APTC repayment amount to zero with no further action needed by the taxpayer. The IRS will reimburse people who have already repaid any excess advance Premium Tax Credit on their 2020 tax return. Taxpayers who received a letter about a missing Form 8962 should disregard the letter if they have excess APTC for 2020. The IRS will process tax returns without Form 8962 for tax year 2020 by reducing the excess advance premium tax credit repayment amount to zero.

This change applies only to reconciling tax year 2020 APTC. Taxpayers who received the benefit of APTC prior to 2020 must file Form 8962 to reconcile their APTC and PTC for the pre-2020 year.