

IRS suspends requirement to repay excess advance payments of the 2020 Premium Tax Credit; those claiming net Premium Tax Credit must file Form 8962

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WASHINGTON — The American Rescue Plan Act of 2021 suspends 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 Internal Revenue Service announced today 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, when they file.

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 computation lets taxpayers know whether they must increase their tax liability by all or a portion of their excess APTC, called an excess advance Premium Tax Credit repayment, or may claim a net PTC.

Taxpayers can check with their tax professional or use tax software to figure the amount of allowable PTC and reconcile it with APTC received using the information from 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 they file their 2020 tax return. See the [Instructions for Form 8962](#) for more information. Taxpayers claiming a net PTC should respond to an IRS notice asking for more information to finish processing their 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.

Again, IRS is taking steps to reimburse people who filed Form 8962, reported, and paid an excess advance Premium Tax Credit repayment amount with their 2020 tax return before the recent legislative changes were made. Taxpayers in this situation should not file an amended return solely to get a refund of this amount. The IRS will provide more details on IRS.gov. There is no need to file an amended tax return or contact the IRS.

As a reminder, 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 when they file their federal income tax return even if they otherwise are not required to file a tax return for that year. The IRS continues to process prior year tax returns and correspond for missing information. If the IRS sends a letter about a 2019 Form 8962, we need more information from the taxpayer to finish processing their tax return. Taxpayers should respond to the letter so that the IRS can finish processing the tax return and, if applicable, issue any refund the taxpayer may be due.

See the [Form 8962, Premium Tax Credit](#), and IRS [Fact Sheet](#) for more details about the changes related



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to the PTC for tax year 2020.