

## ACA

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(s) 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;

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 recently released new Form 8962 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 form will require substantially more preparation time for this year's return which means, as expected, that we will be once again raising your fee. We are sorry about 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](http://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.

The other aspects of the Affordable Care Act that no one is talking about are the two new surtaxes. Many people incorrectly believe that only high income Americans pay these surtaxes, but because the tax is not adjusted for inflation, within a few years all Americans will pay the additional surtaxes. You need to take steps now to plan for this event and our advice is to utilize every fringe benefit your employer offers, maximize 401-k deferrals and call us if you are expecting a big bonus, stock or asset sale or other major income change so that we can work with you to minimize the effects of these new taxes.

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