

ST20-32 – NJ Health Insurance Mandate Income-Related Exemptions

This document explains how to handle the 3 Income-Related Exemptions on the NJ Health Insurance Mandate Exemptions menu

https://www1.state.nj.us/TYTR_RevTaxPortal/jsp/HealthInsuranceMandate/ExemptionMenu.jsp

- A. Poverty Line Exemption
- B. Marketplace Affordability
- C. Job-Based Affordability

STEP 1

Determine if the taxpayers without insurance coverage would qualify for one of the income-related exemptions so that they would not have to pay a Shared Responsibility Payment (SRP)

Poverty Line Exemption

- Use the NJ Income-Related Exemptions Tester tool on TaxPrep4Free Preparer page in NJ Preparer Tools section to see if taxpayers qualify for the Poverty Line Exemption
- Complete the Basic Information and Info from NJ Return sections of the tool
 - Be sure to read and follow the directions at the beginning of each section
 - If you wish to see the details behind the calculations that are occurring, click on the “Show detail” box at the bottom of the screen
- The tool will calculate the tax household total NJ income
 - Be sure to include all income for dependents, regardless of whether they have a filing requirement
- The tool will determine if the taxpayers qualify for the Poverty Line exemption. They will qualify if their NJ household income is at or below 138% of the Federal Poverty Level (FPL)
 - If they qualify, skip to STEP 2
 - If they do not qualify, continue to next sections of the tool to test for Marketplace Affordability Exemption

Marketplace Affordability Exemption

- Complete the Info from Federal return and Info for Health Plan Costs sections of the tool
 - Again, be sure to read and follow the directions at the beginning of each section
- The tool will calculate the Lowest Cost Bronze Plan (LCBP) premiums for the people who need an exemption. It will also determine the appropriate Premium Tax Credit (PTC) that the taxpayers might qualify for as a subsidy to help pay the plan premiums
 - These calculations are based on income from the Federal return (not from the NJ return)
- The tool will determine if the taxpayers qualify for the Marketplace Affordability exemption. They will qualify if their total subsidized LCBP cost is greater than 8.05% of their household income
 - If they qualify, skip to STEP 2
 - If they do not qualify, continue to Job-Based Affordability Exemption

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Job-Based Affordability Exemption

- If any member of the tax household is eligible for employer-based health coverage, obtain the cost of the appropriate insurance plan that covers each person that needs an exemption from the taxpayer. If the total costs of the insurance exceed 8.05% of household income, they may be eligible for a Job Based Affordability exemption – skip to STEP 2.

If the taxpayers do not qualify for any of the income-related exemptions or any of the other exemptions listed on the NJ Exemptions Menu, they will have to pay a SRP for the months with no health coverage or exemption

STEP 2

Using the NJ Health Insurance Exemptions Menu link above, select the appropriate exemption that the taxpayer qualifies for (based on STEP 1)

- Complete all required screens for the appropriate exemption
 - All exemption applications must be filed under the primary taxpayer's name and Social Security number, even if the primary taxpayer does not need an exemption
- Obtain an 11-digit exemption number when the application is completed. This must be entered into TaxSlayer(TSO) so that TSO can complete the NJ-HCC form correctly
- Print out the application screens from the NJ website and include in the taxpayer tax return envelope. To further prove eligibility for the exemption, also print out and include the detail page from the tool used in Step 1

STEP 3

In the TSO State Section, click on the Tax sub-menu. Then choose Health Care Coverage (Schedule NJ-HCC) to enter the NJ Health Insurance Mandate information

- The first question asks, "Did you and, if applicable, all members of your tax household have qualifying coverage for every month in 2020?"
 - If the answer to this question is No, you will have to complete a Health Care Coverage (HCC) screen for every family member in the household, even if some people have health coverage for every month.
 - Click on either "Individual Health Coverage for Individuals Claimed on federal tax return" or "Individual Health Coverage for Individuals NOT Claimed on federal tax return," whichever is appropriate for a particular person in the tax family
 - On each person's HCC screen, you have to indicate his/her status for each month. Answer Yes if the person has either health coverage **or** an exemption. For any month that you answer No, the person will be charged an SRP
 - After answering for all 12 months, enter any exemption numbers that you obtained in STEP 2 for that person (up to 4 different exemptions, if appropriate). On this screen, do not enter the exemption number for the primary taxpayer unless the primary really needs an exemption (i.e. – do not enter number if you just entered the primary's info in STEP 2 because it is required, not because he does not have insurance)
- Look at the PDF of the NJ return to ensure that the NJ-HCC reflects each person's situation correctly. Also verify that any SRP calculated on Schedule L appears correct