

TurboTax Releases Study on ACA Compliance for Tax Year 2014

End-of-Year Study Shows ACA Impact on Taxpayers was Less than Expected

SAN DIEGO--(BUSINESS WIRE)-- More than one-third of marketplace taxpayers who took an advanced tax credit received an additional premium subsidy on their 2014 tax return, according to new data from [TurboTax®](#), the nation's leading tax preparation service from Intuit Inc. (Nasdaq:INTU). Additionally, TurboTax reports the average penalty amount for taxpayers who did not have health insurance coverage was less than forecasted.

Premium Tax Credits Offered Significant Financial Help

The majority of taxpayers (81%) with marketplace health insurance plans received subsidies. Despite concerns that marketplace users would have to pay back large amounts of their subsidies because of not reporting changes in their income, the average range of [premium tax credit](#) payback was lower than industry estimates prior to tax filing season. Of the marketplace users:

- 33% took an advanced tax credit and got an additional subsidy when they filed their taxes, at an average range of \$207 - \$257.
- 44% took an advanced tax credit and were required to pay some money back, at an average range of \$315 - \$365, because they underestimated their projected income for 2014. This is a lower amount than some previous industry estimates.
- 5% took an advanced tax credit and saw no adjustments when they filed their taxes.
- Of the marketplace insurance customers who did not qualify for a premium tax credit when they signed up for a marketplace plan, 2% received the premium tax credit when they filed their taxes.

Average Penalty for Non-Coverage was Lower than Predicted

The average penalty was lower than expected for taxpayers as many of them were partially insured during 2014 and most early penalty calculations were based on a full year of being uninsured. The tax [penalty for being uninsured](#) is pro-rated for the months an individual in a household was uninsured. There were also a significant number of individuals who only had to pay the \$95 penalty rather than 1% of their income.

- The average health insurance penalty for taxpayer households was at an average range of \$88 – \$138.
- For uninsured single filers, 43% paid the minimum \$95 penalty, and 57% paid 1% of their annual income.

Tax Compliance More Straightforward than Projected for a Majority of Taxpayers

According to TurboTax, approximately eight out of 10 households were only required to check a box on their tax returns to indicate they had employer-sponsored insurance, Medicare, Medicaid, or another qualifying plan in 2014. This is higher than the 75 percent projection from the Centers for Medicare and Medicaid Services (CMS).

“This was the first year when taxpayers were required to report their health insurance status on their federal income taxes,” said David Williams, Chief Tax Officer at TurboTax. “Despite ominous predictions, the vast majority of our customers had no trouble filing their taxes, even with the new changes brought about by the ACA.”

Lessons Learned: Tips and Advice for Tax Year 2015

People who purchased marketplace health insurance coverage during 2015 Open Enrollment and received an advanced premium tax credit to help pay for coverage should [update their financial information](#) through the marketplace website throughout the year. This will ensure they are getting as much help as they are eligible for and can help avoid paying back any extra tax credits the next year.

The penalty for going without health insurance in 2015 increases to \$325 per adult (up to \$975 for a family) or 2% of income, whichever is greater.

“Many uninsured people still have the option of purchasing a marketplace plan during the [Special Enrollment Period](#) that ends on April 30th, which expires in the next 24 hours,” added Williams. “This is their last chance to avoid a penalty next year and potentially save money in the long run.”

For more information about how the Affordable Care Act can affect taxes, please visit [TurboTaxHealth.com](#).

About Intuit Inc.

[Intuit Inc.](#) creates business and financial management solutions that simplify the business of life for small businesses, consumers and accounting professionals.

Its flagship products and services include [QuickBooks®](#), [Quicken®](#) and [TurboTax®](#), which make it easier to manage [small businesses](#) and [payroll processing](#), [personal finance](#), and [tax preparation and filing](#). [Mint.com](#) provides a fresh, easy and intelligent way for people to manage their money, while [Demandforce®](#) offers marketing and communication tools for small businesses. [ProSeries®](#) and [Lacerte®](#) are Intuit's leading tax preparation offerings for professional accountants.

Founded in 1983, Intuit had revenue of \$4.2 billion in its fiscal year 2013. The company has approximately 8,000 employees with major offices in the [United States](#), [Canada](#), the [United Kingdom](#), [India](#) and other locations. More information can be found at [www.intuit.com](#).

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