



## NEW MEXICO HEALTH INSURANCE EXCHANGE

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*Valuable information for Certified Agents and Brokers*

Greetings!

The IRS has now released more information about how consumers can receive this tax relief. The information is directly relevant to many of the 2020 Marketplace enrolled consumers,

### **Background**

Section 9662 of the ARP generally forgives the repayment of any excess advance payment of the premium tax credit (APTC) for coverage year 2020. This is an important benefit to consumers but has created questions because the tax filing season began February 12, 2021, and forms, instructions, and tax software were all finalized before the ARP was signed on March 11. Some people have already filed, reconciled, and paid back APTC. Others still need to file and have faced a situation where tax forms, instructions, and software do not accurately reflect the new law.

Before the release of this information, the IRS had indicated that those who had already filed and repaid excess APTC should not file an amended return and should await additional instructions. It had not provided guidance for consumers who still needed to file.

### **New IRS Guidance**

On April 9, the IRS released additional information on how consumers can receive the 2020 APTC reconciliation relief.

- Consumers who have already filed Form 8962 and repaid excess APTC should not file an amended return. The IRS will reimburse these consumers for any APTC they repaid with their tax return.
- Consumers with excess APTC who haven't filed yet should **file a tax return without attaching Form 8962**. This will appropriately exclude any APTC repayment from income tax liability.

- Consumers who are owed additional PTC at tax filing still need to attach Form 8962 under the normal rules to receive additional PTC.

This information has been shared with tax preparers and software vendors, and our understanding is that many are already prepared to implement this guidance, or will be very shortly.

### What Can You Do?

We understand that many of you have been receiving questions about this provision and are interested in sharing the new IRS guidance with your consumers. To assist with that outreach, we have a few statements below, to help in the discussion.

- The American Rescue Plan, which was signed into law on March 11, 2021, provides tax relief for people who received [advance payments] in 2020 and would normally have to pay back [advance payments] when filing their 2020 tax return. For 2020 only, these excess [advance payment] do not need to be repaid. This relief may affect how you complete your 2020 tax return, which is due May 17, 2021.
- On April 9, 2021, the IRS released new information explaining how consumers can receive this tax relief, including if they have already filed their tax return or still need to file. You can find this new information [below/enclosed/at the following link: <https://www.irs.gov/newsroom/irs-suspends-requirement-to-repay-excess-advance-payments-of-the-2020-premium-tax-credit-those-claiming-net-premium-tax-credit-must-file-form-8962>
- If your consumer has any questions about this tax relief, please have them visit <https://www.irs.gov/newsroom/more-details-about-changes-for-taxpayers-who-received-advance-payments-of-the-2020-premium-tax-credit>.

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