Correcting IRS Reject 8962 – 070

If an individual tax return should include Form 8962, *Premium Tax Credit* but does not, it will reject with Code F8962-070.

- This occurs if the IRS has information that the taxpayer, spouse, or dependent has Marketplace insurance, and/or received an advanced payment for marketplace insurance.

- This must be reconciled on Form 8962 in order to determine if the taxpayer is either owed more credit or has to pay any part of it back.

The IRS began using this reject in Tax Year 2021. Prior to 2021, if the tax return was missing Form 8962 the IRS sent the taxpayer a letter requesting they complete and submit the form. Beginning with Tax Year 2021, a return that ought to include Form 8962 simply rejects.
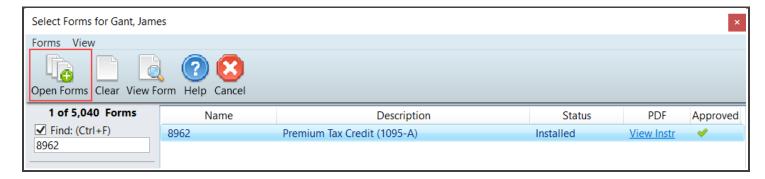
ⓘ IRS implemented this check for taxpayers who received the Premium Tax Credit payments during the year and must add form 8962 to the return to reconcile the payments received against the credit calculated and either pay back or get an additional refund. The reject prevents e-files from falling to the back-end IRS - ERS resolution system, delaying refunds.

To resolve the reject, the taxpayer needs to give the preparer the Form 1095-A they received from the Health Insurance Marketplace so that the preparer can complete Form 8962.

If the taxpayer is uncertain whether or not they were covered by Marketplace insurance, or if they cannot locate Form 1095-A, they should log in to their account at healthcare.gov and retrieve a copy of the form there.

To correct this error form the open return:

1. If not already in the return, add Form 8962.

2. Note that in Part I, the program has already calculated the tax family size, AGI, and federal poverty line for this taxpayer. If the Federal Poverty line is not automatically populated, select the appropriate checkbox on line 4 to indicate where this taxpayer resided.

Form 8962 — Premium Tax Credit (PTC)

Department of the Treasury
Internal Revenue Service

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form8962 for instructions and the latest information.

OMB No. 1545-0074
2023
Attachment Sequence No. 73

Name shown on your return: JOHN EXAMPLE
Your social security number: 111-11-1111

A. You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception. See instructions. If you qualify, check the box

Part I   Annual and Monthly Contribution Amount

1	Tax family size. Enter your tax family size. See instructions	1	3
2a	Modified AGI. Enter your modified AGI. See instructions	2a 37,158	
b	Enter the total of your dependents' modified AGI. See instructions	2b	
3	Household income. Add the amounts on lines 2a and 2b. See instructions	3	37,158
4	Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3. See instructions. Check the appropriate box for the federal poverty table used. **a** ☐ Alaska **b** ☐ Hawaii **c** ☒ Other 48 states and DC	4	23,030
5	Household income as a percentage of federal poverty line (see instructions)	5	161%
6	Reserved for future use		
7	Applicable figure. Using your line 5 percentage, locate your "applicable figure" on the table in the instructions	7	0.0044
8a	Annual contribution amount. Multiply line 3 by line 7. Round to nearest whole dollar amount	8a 163	
b	Monthly contribution amount. Divide line 8a by 12. Round to nearest whole dollar amount	8b	14

3. On Line 8, the program automatically calculates what the taxpayer's expected contribution is to their own insurance premiums for both the annual and monthly amounts.

Form 8962 — Premium Tax Credit (PTC)

Department of the Treasury
Internal Revenue Service

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form8962 for instructions and the latest information.

OMB No. 1545-0074
2023
Attachment Sequence No. 73

Name shown on your return: JOHN EXAMPLE
Your social security number: 111-11-1111

A. You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception. See instructions. If you qualify, check the box

Part I   Annual and Monthly Contribution Amount

1	Tax family size. Enter your tax family size. See instructions	1	3
2a	Modified AGI. Enter your modified AGI. See instructions	2a 37,158	
b	Enter the total of your dependents' modified AGI. See instructions	2b	
3	Household income. Add the amounts on lines 2a and 2b. See instructions	3	37,158
4	Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3. See instructions. Check the appropriate box for the federal poverty table used. **a** ☐ Alaska **b** ☐ Hawaii **c** ☒ Other 48 states and DC	4	23,030
5	Household income as a percentage of federal poverty line (see instructions)	5	161%
6	Reserved for future use		
7	Applicable figure. Using your line 5 percentage, locate your "applicable figure" on the table in the instructions	7	0.0044
8a	Annual contribution amount. Multiply line 3 by line 7. Round to nearest whole dollar amount	8a 163	Highlight Box
b	Monthly contribution amount. Divide line 8a by 12. Round to nearest whole dollar amount	8b	14

4. In Part II, answer Question 9, which asks if we are allocating with another taxpayer, or if we need to use an alternative calculation due to a marriage during the year. For the purpose of this lesson, select **No**.

5. Answer Question 10 based on whether the taxpayer paid the same amount every month for the entire year, or if they paid different amounts for different months. For the purpose of this lesson, select **Yes**.

Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit

9   Are you allocating policy amounts with another taxpayer or do you want to use the alternative calculation for year of marriage? See instructions.

☐ **Yes.** Skip to Part IV, Allocation of Policy Amounts, or Part V, Alternative Calculation for Year of Marriage.   ☐ **No.** Continue to line 10.

10   See the instructions to determine if you can use line 11 or must complete lines 12 through 23.

☐ **Yes.** Continue to line 11. Compute your annual PTC. Then skip lines 12–23 and continue to line 24.   ☐ **No.** Continue to lines 12–23. Compute your monthly PTC and continue to line 24.

6. If you select **Yes** in Question 10, continue to Line 11. Use the information from Form 1095A to complete the annual totals in this section.

7. When you complete the Column A – Annual Enrollment Premiums & B – Second Lowest Cost Silver Plan Premiums , the program automatically calculates the Annual Contribution, Annual Maximum Assistance, and calculates the Maximum Premium Tx Credit this taxpayer is eligible for.

Annual Calculation	(a) Annual enrollment premiums (Form(s) 1095-A, line 33A)	(b) Annual applicable SLCSP premium (Form(s) 1095-A, line 33B)	(c) Annual contribution amount (line 8a)	(d) Annual maximum premium assistance (subtract (c) from (b); if zero or less, enter -0-)	(e) Annual premium tax credit allowed (smaller of (a) or (d))	(f) Annual advance payment of PTC (Form(s) 1095-A, line 33C)
11 Annual Totals				0	0	

Monthly Calculation	(a) Monthly enrollment premiums (Form(s) 1095-A, lines 21–32, column A)	(b) Monthly applicable SLCSP premium (Form(s) 1095-A, lines 21–32, column B)	(c) Monthly contribution amount (amount from line 8b or alternative marriage monthly calculation)	(d) Monthly maximum premium assistance (subtract (c) from (b); if zero or less, enter -0-)	(e) Monthly premium tax credit allowed (smaller of (a) or (d))	(f) Monthly advance payment of PTC (Form(s) 1095-A, lines 21–32, column C)
12 January				0	0	
13 February				0	0	
14 March				0	0	
15 April				0	0	
16 May				0	0	
17 June				0	0	
18 July				0	0	
19 August				0	0	
20 September				0	0	
21 October				0	0	
22 November				0	0	
23 December				0	0	

8. If you answer **No**, then continue with Lines 12 – 23.

9.   The program calculates the Net Premium Tax Credit that the taxpayer will receive on line 26.

24	Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here .	24	0
25	Advance payment of PTC. Enter the amount from line 11(f) or add lines 12(f) through 23(f) and enter the total here .	25	0
26	Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Schedule 3 (Form 1040), line 9. If line 24 equals line 25, enter -0-. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27	26	0

10. If the taxpayer received Advanced Premium Tax Credit, enter the corresponding amount(s) in column F.

Annual Calculation	(a) Annual enrollment premiums (Form(s) 1095-A, line 33A)	(b) Annual applicable SLCSP premium (Form(s) 1095-A, line 33B)	(c) Annual contribution amount (line 8a)	(d) Annual maximum premium assistance (subtract (c) from (b); if zero or less, enter -0-)	(e) Annual premium tax credit allowed (smaller of (a) or (d))	(f) Annual advance payment of PTC (Form(s) 1095-A, line 33C)
11 Annual Totals	6,500	4,500	320	4,180	4,180	2,000

11. In this example the taxpayer received less than they are entitled to according to column E. This adjusts the amount reported on Line 26 to reflect the amount they are still owed.

24	Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here .	24	4,180
25	Advance payment of PTC. Enter the amount from line 11(f) or add lines 12(f) through 23(f) and enter the total here .	25	2,000
26	Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Schedule 3 (Form 1040), line 9. If line 24 equals line 25, enter -0-. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27	26	2,180

12. If the taxpayer received more than they were entitled to according to column E. Then the program calculates the amount the taxpayers are expected to repay on Line 29.

24	Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here .	24	4,180
25	Advance payment of PTC. Enter the amount from line 11(f) or add lines 12(f) through 23(f) and enter the total here .	25	4,500
26	Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Schedule 3 (Form 1040), line 9. If line 24 equals line 25, enter -0-. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27	26	
Part III	**Repayment of Excess Advance Payment of the Premium Tax Credit**		
27	Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here . . .	27	320
28	Repayment limitation (see instructions)	28	325
29	Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Schedule 2 (Form 1040), line 2	29	320

Once you have completed Form 8962, check the return for any errors, then recreate the e-file and resubmit it.