



Tax Penalty Information

The fee you pay if you don't have health coverage

If you don't have health coverage in 2014, you may have to pay a fee. You also have to pay for all of your health care.

The fee is sometimes called the "penalty," "fine," "individual responsibility payment," or "individual mandate."

The fee in 2014 and beyond

The penalty in 2014 is calculated one of 2 ways. If you or your dependents don't have insurance that qualifies as minimum essential coverage, you'll pay whichever of these amounts is higher:

- 1% of your yearly household income. (Only the amount of income above the tax filing threshold, \$10,150 for an individual, is used to calculate the penalty.) The maximum penalty is the national average premium for a bronze plan.
- \$95 per person for the year (\$47.50 per child under 18). The maximum penalty per family using this method is \$285.

The way the penalty is calculated, a single adult with household income below \$19,650 would pay the \$95 flat rate. A single adult with household income above \$19,650 would pay an amount based on the 1% rate. (If income is below \$10,150, no penalty is owed.)

The penalty increases every year. In 2015 it's 2% of income or \$325 per person. In 2016 and later years it's 2.5% of income or \$695 per person. After that it's adjusted for inflation.

If you're uninsured for just part of the year, 1/12 of the yearly penalty applies to each month you're uninsured. If you're uninsured for less than 3 consecutive months, you don't have to make a payment.

You'll pay the fee on your 2014 federal income tax return. Most people will file this return in 2015.

When the uninsured need care

When someone without health coverage gets urgent — often expensive — medical care but doesn't pay the bill, everyone else ends up paying the price.

That's why the health care law requires all people who can afford it to take responsibility for their own health insurance by getting coverage or paying a fee.

If you pay the fee, you're not covered

It's important to remember that even if you pay the penalty you still don't have any health insurance coverage. You are still responsible for 100% of the cost of your medical care.

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