

TAX NEWS

Things to remember:

- If you had health insurance in 2014 through Covered California, you need Form 1095-A to be able to file your tax return.
- You need to present proof of insurance when filing your tax return.
- If you qualify for the Earned Income Tax Credit, you need to have documentation that shows your children lived with you in your household for more than 6 months in 2014. Examples are school records and medical records.
- If you will get your refund through direct deposit you need the routing number from your bank, your bank account and type of account.
- If you have been a victim of identity theft, you need an identity pin number from the Internal Revenue Service.
- ULTRATAX, has moved to a new location. Our new address:

**110 South A Street
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OBAMACARE AND YOUR TAX RETURN

The Affordable Care Act or as is commonly known, Obamacare, went into effect at the beginning of 2014. This year many people have questions regarding the impact of Obamacare on their tax return. If you and each member of your family had health insurance coverage throughout 2014 either through your employer, a private insurance company, Medical or Medicare, you don't have to worry about it. There is no special form you need to file on your tax return.

The individual shared responsibility provision of the Health Care Law requires you and each member of your family to have qualified health insurance, also called minimum essential coverage, have an exemption, or make a shared responsibility payment when

filing your federal income tax return. What this means is that if you did not have health insurance through 2014 you will pay a penalty unless you have an exemption.

Exemptions, if you meet certain criteria, you will be exempt from the individual shared responsibility provision and will not have to obtain coverage or make a shared responsibility payment when you file your federal income tax return. You obtain exemptions from either the Marketplace or IRS depending on the type. All exemptions are reported on the tax return, although you are automatically exempt if you don't have to file a return because your income is below your filing threshold. Here are the types of exemptions available:



Members of Certain Religious Sects - The taxpayer was a member of a religious sect that has been in existence since December 31, 1950 and is recognized by the Social Security Administration.

Short Coverage Gap - The taxpayer went without coverage for less than three consecutive months during the year.

Certain Noncitizens - The taxpayer was neither a U.S. citizen, U.S. national, nor an alien lawfully present in the U.S.

Continues on next page

EARNED INCOME TAX CREDIT

If you're like millions of Americans, you work hard but you don't earn a high income and want to keep more of what you earn. The Earned Income Tax Credit also called EITC or more simply EIC is a credit for people who earn low-to-moderate incomes. EITC can reduce your taxes, and can

mean a refund. In simple terms, working families and individuals keep more of what they earn. The maximum EIC amounts are \$495 when you have no qualifying children, \$3,305 with one qualifying child, \$5,460 with two qualifying children and \$6,143 with three qualifying children or

more. To qualify for EITC, you must meet certain rules:

- Have a valid Social Security Number
- Have earned income from employment, self-employment or another source
 - Cannot use the married, filing separate filing status
 - Must be a U.S. citizen or

Continues on next page

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Where's My Refund?

The most common question we receive after taxpayers file a tax return is when will I get my refund? The IRS issued more than 9 out of 10 refunds to taxpayers in less than 21 days last year. The same results are expected in 2015.

The IRS has the "Where's My Refund" application on www.irs.gov. There are 3 things a taxpayer needs to access that information.



Their filing status, their Social Security Number and the exact amount of refund. Due to the significant increase in the filing of fraudulent returns and identity theft, the

IRS will be increasing their fraud filters for the upcoming filing season. This means more returns will be selected for further review and could result in a delay in the processing of these returns.

"He that is of the opinion money will do everything may well be suspected of doing everything for money"

Benjamin Franklin

Obamacare, From Page 1

Coverage is Considered Unaffordable - The cost for coverage is more than eight percent of the taxpayer's household income for the year.

Household Income Below the Return Filing Threshold.

Members of Federally-Recognized Indian Tribes. Members of Health Care Sharing Ministries.

Incarceration - The taxpayer was in jail, prison, or similar penal institution or correctional facility after the disposition of charges.

Hardships - An event or condition that prevents and individual from obtaining minimum essential coverage.

If anyone in the taxpayer's tax household does not have minimum essential coverage, and does not qualify for a coverage exemption, the taxpayer will need to make an individual shared responsibility payment (SRP) or in a few words will have to pay a penalty when filing their federal income tax return. The penalty amount is the

greater of a percentage of household income or a flat dollar amount, but is capped at the national average premium for a bronze level qualified health plan available through the Marketplace that would cover everyone in the tax household who does not have coverage and does not qualify for a coverage exemption. Taxpayers owe 1/12th of the annual penalty for each month they or their dependents do not have coverage and do not qualify for a coverage exemption. For 2014, the annual penalty amount is the greater of 1 percent of the household income that is above the tax return filing threshold for the taxpayer filing status, or the family's flat dollar amount, which is \$95 per adult and \$47.5 per child under age 18, limited to a family maximum of \$285.

The premium tax credit is a refundable tax credit that helps eligible people with moderate incomes afford health insurance purchased through the Health Insurance Marketplace. You may

choose to have all or part of the credit paid in advance to your insurance company to lower what you pay for your monthly premiums, or you may receive the full benefit of the premium assistance when you file your tax return. If you choose to have the credit paid in advance, you will reconcile the advance payments with the actual credit you compute when you file your tax return. Advance credit payments made to your insurance company are based on an estimate of the credit that you will claim on your federal income tax return. The Marketplace estimates the credit by using information about your family composition and projected income that you provide when you submit your application. Those who choose advance credit payments must file a tax return to reconcile their advance credit payments with their actual premium tax credit even if they have gross income that is below the income tax filing threshold.

EITC, From page 1

resident alien all year or a nonresident alien married to a U.S. citizen or resident alien and choose to file a joint return and be treated as a resident alien

- Cannot be the qualifying child of another person
- Cannot file Form 2555 or 2555-EZ (related to foreign earned income)
- Your Adjusted Gross Income and earned income must meet certain limits
- Your investment income must be \$3,350 or less