



# TaxNewsFlash

United States



No. 2021-159  
April 9, 2021

## IRS suspends requirement to repay excess advance payments of 2020 premium tax credit

The IRS today issued a release announcing relief for taxpayers with excess advance payments of the premium tax credit for 2020.

The *American Rescue Plan Act of 2021* (Pub. L. No. 117-2) suspends the requirement that taxpayers increase their tax liability by all (or a portion of) their excess advance payments of the premium tax credit for tax year 2020. A taxpayer's excess advance payments of the premium tax credit is the amount by which the taxpayer's advance payments of the premium tax credit exceed the taxpayer's premium tax credit.

Today's IRS release— [IR-2021-84](#) (April 9, 2021)—provides taxpayers with excess advance payments of the premium tax credit for 2020 are not required to file Form 8962, *Premium Tax Credit*, or to report an excess advance premium tax credit repayment on their individual income tax returns for 2020.

- Eligible taxpayers may claim a premium tax credit for health insurance coverage in a qualified health plan purchased through a health insurance marketplace.
- Taxpayers use Form 8962, *Premium Tax Credit*, to determine the amount of their premium tax credit and reconcile it with their advance payments of the premium tax credit.

The process remains unchanged for taxpayers claiming a net premium tax credit for 2020. The IRS reported that these taxpayers must file Form 8962 when they file their 2020 tax return.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)