

Publications

# The Health Coverage Tax Credit: Retroactively Reincarnated

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On July 6, 2015, President Obama signed into law the Trade Preferences Extension Act of 2015 (the Act), which *retroactively* reinstated, extended, and modified the Health Coverage Tax Credit (HCTC) from 2014 through 2019.

The HCTC is a refundable tax credit that was first available in 2002 and allowed certain individuals to pay only a portion of their qualified health insurance. The credit was available to certain displaced workers certified by DOL as eligible to receive Trade Readjustment Allowances under the Trade Adjustment Assistance Program (TAA) and certain individuals who receive benefits from the PBGC and are at least 55 years old. The HCTC previously expired on January 1, 2014.

The Act reinstated the HCTC. The HCTC provision is a six-year extension, retroactive to January 1, 2014 and carrying through December 31, 2019 at a 72.5% credit level. The IRS has indicated that it is currently reviewing the new legislation and will provide guidance shortly on steps that individuals will need to take to claim the tax credit. Please see the attached memo for further information.

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