



IRS ISSUES GUIDANCE ON MAXIMUM INDIVIDUAL MANDATE PAYMENT FOR 2016

The Affordable Care Act's "[individual mandate](#)" provision requires every individual to have minimum essential health coverage for each month, qualify for an exemption, or make a penalty payment when filing his or her federal income tax return. Recently, the Internal Revenue Service (IRS) issued [Revenue Procedure 2016-43](#), which provides information needed to determine the maximum penalty that may be due for 2016.

Calculating the Payment

The penalty in 2016 will be calculated in one of two ways. In general, individuals will pay whichever of the following amounts is **higher**:

- 2.5% of the individual's yearly household income above his or her applicable filing threshold; or
- \$695 per person for the year (\$347.50 per child under 18). The maximum penalty per family using this method is \$2,085.

The maximum penalty is capped at the cost of the national average premium for a bronze level health plan available through a Health Insurance Marketplace in 2016.

New Guidance

According to the new IRS guidance, the monthly national average premium for qualified health plans that have a bronze level of coverage and are offered through a Health Insurance Marketplace in 2016 is:

- **\$223 per individual**; and
- **\$1,115 for a family with five or more members.**

The guidance is effective for **taxable years ending after December 31, 2015.**

