

Utah State Tax Commission Tax and Revenue



Utah State Tax Commission

- Monthly webinars of various tax topics.
- Ability to access the recording and presentation after the event.
- Free to all attendees.



Utah State Tax Commission Monthly Webinars

tax.utah.gov/training/webinars

Tax Webinars & Videos

Each month, the Tax Commission holds live public webinars on various tax topics, with access to the recording after the event. We'll also add other training items here as needed. The links will appear below as they're available.

All webinars are held on the third Thursday of each month and begin at **10:00 a.m.**

Health Benefit Plan Credit

When: **July, 18 2024**

Time: **10:00am, Mountain Time**

Description: Join us to talk about common questions on the Health Benefit Plan Credit available on the Utah individual income tax return.

[Join Live](#)

Upcoming Webinars

August 15, 2024 – Restaurants and Facilitators – Grocery Food Items

September 19, 2024 – Retirement Tax Topics and Credits

October 17, 2024 – Lodging Transient Room Tax

November 21, 2024 – General Pass Through Entity Topics – SALT

December 19, 2024 – Construction Industry Sales Tax Exemptions

Information presented in past webinar recordings is current as of the date of the recording and may not reflect legislative and other subsequent changes. For the most up-to-date information, please refer to our [Forms and Publications](#) and our [Recent Info and Tax Law Changes](#) page.

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Category/Tax Type

Date	Title	Category/Tax Type	Links
Jun 20, 2024	Sales Tax Refund Process	Sales Taxes	MP4 PDF
May 16, 2024	Military Income Common Topics and Credits	Income tax	MP4 PDF
Apr 18, 2024	How to determine the correct sales tax rate	Sales Taxes	MP4 PDF
Mar 21, 2024	Utah Child/Dependent Tax Information	IncomeTax	MP4 PDF
Mar 4, 2024	FTA Podcast: Customer Experience with Mike Lee	Customer Experience	External Video Link
Feb 15, 2024	Marketplace Facilitators and Sellers	Sales Tax	MP4 PDF
Jan 18, 2024	What's New for the 2023 Income Tax Filing Season	Income tax	MP4 PDF
Dec 21, 2023	Sales Related Taxes and Fees	Sales Taxes	MP4 PDF
Nov 16, 2023	Withholding Taxes and W-2 Filing	Withholding Tax	MP4 PDF
Oct 19, 2023	Sales Tax Treatment of Real Property vs Tangible Personal Property vs Tangible Personal Property Attached to Real Property	Sales Tax	MP4 PDF



Health Benefit Plan Tax Credit



Health Benefit Plan Tax Credit

- What is the Health Benefit Plan Tax Credit?
- Who Qualifies?
- What Plans Qualify?
- What Plans Do Not Qualify?
- Calculating and Claiming the Tax Credit
- Examples
- Resources



Health Benefit Plan Tax Credit

[UC §59-10-1023](#)

Non refundable tax credit available if you purchased your own health insurance and were not eligible to participate in a health benefit plan maintained and funded through an employer or former employer.

Note: You do not qualify for this credit if you or your spouse had the option to get health insurance through an employer or former employer, even if you chose not to use the employer's plan.

Credit of up to the current Utah tax rate (4.65% for 2023, 4.55% for 2024) of premiums paid for a qualified health benefit plan.

- **Maximum Credit**

- \$300 for a single taxpayer with no dependents
- \$600 for married filing jointly taxpayers with no dependents
- \$900 for all taxpayers with dependents



Who Qualifies for the Credit?

Answer the following questions to determine if you qualify for the Health Benefit Plan Tax credit.

1. Are you or your spouse eligible to participate in a health benefit plan in which a current or former employer pays any portion of the health plan premiums, even if you elect not to participate in the plan?
 - If the answer is Yes, **STOP** you do not qualify for the credit.
 - If the answer is Yes **and** the employer's plan only covers employees and does not allow the employee to purchase coverage through the company plan for his/her family members, go to question 2.
 - If the answer is No, go to question 2.
2. Do you have a health benefit plan that covers you and/or your family? This includes a policy for members of your family that are not eligible to participate in a current or former employer's plan.
 - If the answer is No, **STOP** you do not qualify for the credit.
 - If the answer is Yes, review the information and examples in this presentation.



Qualified Health Benefit Plan?

- You **may** include the following amounts when calculating the credit:
 - Payments for a health benefit plan through an Affordable Care Act (ACA) marketplace.
 - You may also include any extra amounts you had to pay for the plan on your federal income tax return, but you must subtract any amounts refunded to you on your federal tax return.
 - Medicare Plan A premiums, if you are required to pay them (most people are not).
 - Medicare Plan B premiums, even if the payments are deducted from your social security benefits.



Qualified Health Benefit Plan?

- You **may** include the following amounts when calculating the credit (continued):
 - Payments for healthcare plans offered by private insurance carriers approved by Medicare (Medicare Plan C, Medicare Advantage).
 - Payments for Medicare Plan D (drug) plans offered by private insurance carriers and approved by Medicare.
 - Payments for a health benefit plan connected to Medicaid. Do not include amounts paid by Medicaid.
 - Payments through COBRA for a former employer's insurance plan.



Non Qualified Health Benefit Plan?

Health benefit plans **do not** include:

- Accident and disability income insurance
- Liability and supplemental liability insurance
- Workers compensation insurance
- Automobile medical insurance
- Credit-only insurance
- On-site medical coverage
- Insurance where health care is not the main benefit



Non Qualified Health Benefit Plan?

Health benefit plans **do not** include (continued):

- Separate dental, vision, hearing, long-term care or home health plans
- Insurance for a specific illness or disease
- Fixed indemnity insurance
- Medicare supplemental insurance
- Self-insurance
- Other similar coverage.



Excluded Amounts

You **must exclude** the following amounts when calculating the credit:

- Amounts used to calculate a federal Health Coverage Tax Credit (HCTC) for Trade Adjustment Assistance (TAA) recipients, alternate TAA recipients or Pension Benefit Guaranty Corporation (PBGC) pension recipients (IRC Section 35).
- Payments into or for an Archer Medical Savings Account (MSA), Health Savings Account (HSA), Health Flexible Spending Accounts (FSA) or Health Reimbursement Arrangement (HRA) (IRC Section 106).
- Pre-tax employer contributions to cafeteria or employer plans covering employees who may choose among two or more cash and qualified benefits (IRC Section 125).
- Trade or business expenses for self-employed persons up to 100 percent of premiums paid but not more than your net business income (under IRC Section 162).



Excluded Amounts

You **must exclude** the following amounts when calculating the credit
(continued):

- Amounts deducted on federal Schedule A (IRC section 213).
- Amounts paid on your behalf by a third party, such as government subsidies through Medicaid.
- Payments for Medicare supplemental plans (Medigap).
- Fees or co-pays for Children's Health Insurance Program (CHIP) and Primary Care Network (PCN) programs run by the Utah Department of Health, or similar programs run by other states.



Calculating and Claiming the Health Benefit Plan Tax Credit

There is no form for this credit. Keep all related documents with your tax records.

Enter the credit amount from line 10 of the worksheet on TC-40A, Part 3, using code 23.

* Enter an amount on line 2 or line 4 only if you claimed the Health Benefit Plan Tax Credit on your previous year Utah return.



Credit Calculation	
1. Amount paid for health benefit plan in 2023	\$
2*. Enter your excess advance premium tax credit repayment from federal form 1040, • Schedule 2, line 2	\$*
3. Add line 1 and line 2	\$
4*. Enter your net premium tax credit from your federal form 1040, • Schedule 3, line 9	\$*
5. Subtract line 4 from line 3	\$
6. Excluded amount (see instructions, above)	\$
7. Subtract line 6 from line 5 (if less than zero, enter "0")	\$
8. Multiply line 7 by 4.65% (.0465)	
9. Enter maximum credit allowed per return: • \$300 for single taxpayer with no dependents • \$600 for married filing jointly with no dependents • \$900 for all taxpayers with dependents	\$
10. Enter the lesser of line 8 or line 9. This is your credit.	\$

Examples

The following examples will help you determine if you qualify for claiming the Health Benefit Plan Tax Credit. The examples are representative of the most common situations. However, they may not cover your specific situation. If you need additional assistance, contact our Taxpayer Resources group at 801-297-7705 or 1-800-662-4335 ext. 7705 if outside the Salt Lake area.



Examples

Example 1: Retired Federal Employee

- John is a federal employee who retired at the age of 60. The Office of Personnel Management (OPM) continues to fund/subsidize a portion of the retiree's health insurance. His health worsened and he had to purchase an additional health insurance policy at a cost of \$300 a month to help offset his deductibles and medications.
- The amount John pays for his portion of the OPM (former employer) health insurance premiums and the additional health policy premiums **do not** qualify for this credit.



Examples

Example 2: Retired State Employee

- Henry retired from the State of Utah at the age of 62 due to his poor health. His spouse is age 63 and still works. The retiree had enough sick-leave to continue the state medical benefits for himself and his spouse until they are eligible for Medicare coverage. The spouse's employer does not offer health care benefits. They pay an additional \$250 a month for a supplemental health care insurance policy to cover deductibles and co-payments not covered by the state's plan.
- The premiums they paid for the supplemental coverage do not qualify for this credit.



Examples

Example 3: Retired Individual Participates in Former Employer's Insurance Program

- Karen retired at age 62. The former employer provides a limited health program for retirees and she got a separate supplemental health insurance policy.
- Karen cannot claim either the supplemental insurance or the former employer limited insurance premiums paid for credit purposes.



Examples

Example 4: Self-employed Individual

- Ken is self-employed and paid health benefit plan premiums for himself. His spouse works and is covered under her employer's health plan. Her employer's plan only provides coverage for her. (This will rarely happen because most health plans allow an employee to pay an additional portion of the premium for a spouse and dependents.)
- Ken paid \$5,400 in health benefit plan premiums for the year. He claims 100% of his health benefit plan premiums as self-employed health insurance deduction on his federal form 1040.
- No health benefit plan premiums may be considered for the Utah credit.



Examples

Example 5: Company Plan Covers Spouse and Children, but Employee Elects not to Participate

- Ruth is eligible to participate in an employer-funded health benefit plan. The plan provides coverage for her family, but only if she pays an additional premium. Ruth chooses not to cover her family under the plan. Instead she buys a separate, less expensive plan for her spouse and children.
- Since her spouse and children were eligible and could have been included in the employer plan, a credit for any premiums paid is not allowed.



Examples

Example 6: Retired Taxpayer and Family Covered under Former Employer's Plan

- Janice is retired and eligible to participate in a health benefit plan funded and maintained by the employer from which she retired. The plan provides coverage for her family, but only if she pays an additional premium.
- Janice may not use the premiums she paid for the employer's health plan to compute the Utah credit.



Examples

Example 7: Taxpayer age 65, is Retired and Spouse Still Works

- Mel is 65, is on Medicare, and pays premiums for Medicare B, a Medicare B supplemental insurance plan, and a Medicare D prescriptions drug plan. His spouse, Terri, is 55 and is still working. Terri's employer offers a plan that will cover her and Mel. The employer pays 80% and Terri pays the other 20% of the premium cost. They choose to only cover Terri under the company's plan.
- Since Mel and Terri are both eligible under the employer plan, they cannot use any of the premiums paid for the company plan, Medicare Part B or Part D, or the supplemental plan to compute their Utah credit.



Examples

Example 8: Taxpayer and Spouse are 65 and Covered by Medicare

- Larry and his spouse, Jeannette, are both 65 and covered by Medicare Parts A and B. The Medicare Part B premiums are deducted from their social security benefits. They also pay premiums for a Medicare Part B supplemental insurance policy and a separate Medicare Part D prescription drug plan.
- They can treat the full amount of premiums paid for their Medicare Part B and Part D plans as qualified premiums for the credit. However, their Medicare Part B supplemental premiums do not qualify for the credit.

Note: If they claim any portion of the premiums as an itemized deduction on their federal return, their qualifying health insurance premiums for this credit must be reduced by the deduction claimed.



Examples

Example 9: Taxpayer and Spouse are 65 and Participate in Prior Employer Health Plan and Have a Cancer Plan

- Robert and his spouse, Anne, are both 65 and are covered by a plan offered by their former employer, as well as by Medicare. Their Medicare plan becomes a secondary payer. In addition they purchased a cancer policy.
- They cannot use any of the premiums they paid for their former employer's plan or their Medicare Part A and Part B premiums for the credit. They also cannot claim the premiums paid for the cancer policy.



Examples

Example 10: Taxpayer and Spouse are 65 and Participate in the Medicare Part D Drug Plan

- Al and his spouse, Cathy, are both 65 and participate in a Medicare Part D drug plan. They have three options for paying the premiums:
 - They can give permission to the company offering the plan to automatically deduct their premiums from their bank account; or
 - They can have the premiums deducted every month from their social security benefits, similar to their premiums for Medicare Part B, or
 - They can pay their premiums by mailing a check or money order each month.
- Regardless of the method they choose to pay the premiums, they can use the full amount of premiums paid for their Medicare drug plans when computing their Utah credit.

Note: If they claim any portion of the premiums as an itemized deduction on their federal return, their qualifying health insurance premiums for this credit must be reduced by the deduction claimed.



Common Mistakes

- Claiming more than maximum tax credit allowed.
- Claiming self-employment premiums that are claimed on the federal return.
- Claiming credit if employer or former employer offer a health insurance plan maintained and funded in whole or part (even if you choose not to participate in their plan).
- Claiming credit for a supplemental insurance plan.
- Claiming a credit for premiums paid non traditional health coverage – health care cost sharing organization or cooperative



Tax Commission Resources

Contact Us

Practitioner Hotline	801-297-7790 or 1-800-662-4335 ext. 7790
Customer Service – payment processing & liens	801-297-2200 or 1-800-662-4335
Taxpayer Resources Unit – basic tax questions	801-297-7705 or 1-800-662-4335 ext. 7705
TAP Support	801-297-3996 or 1-800-662-4335 ext. 3996 Email: tapsupport@utah.gov
Taxpayer Advocate Service	801-297-7562 or 1-800-662-4335 ext. 7562
Email	taxmaster@utah.gov

Online Resources

Tax Commission Website	tax.utah.gov
Forms and Publications	tax.utah.gov/forms
Online Services (TAP)	tap.utah.gov
Tax Practitioner Information	tax.utah.gov/taxpros
Individual Income Tax	incometax.utah.gov
Tax Training	tax.utah.gov/training
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Thank You

