

Self-Employed Health Insurance

Training@villagestaxaide.com

■ What Health Insurance Can Be Deducted

- Coverage for:
 - Schedule C owner
 - The spouse (if MFJ)
 - Dependents
 - Child under age 27, even if the child is not your dependent
- Must be paid by the Schedule C owner, or spouse if MFJ
 - Not on a pre-tax basis and not reimbursed
 - Premium Tax Credit is OOS unless there is other health insurance (such as Medicare for the spouse) that covers the net profit on Schedule C (See 4012 for more guidance)

■ What Health Insurance Can Be Deducted

- Eligible premiums for the following may be included for each month the Schedule C owner is not eligible for an employer subsidized health insurance plan
 - Medicare
 - Private health insurance (including dental, vision, medi-gap, etc.)
 - Unsubsidized (non-pretax) employer insurance
 - Public safety officer (PSO) health insurance paid from pension (only amount above the \$3,000 exclusion)
 - Marketplace coverage (scope limitation – check the 4012)

■ Schedule C Entries

- Enter the qualifying insurance premiums and LTC insurance premiums (limit based on age) on the General Expenses screen
 - Enter BOTH on the Health Insurance line
- TaxSlayer will automatically take any excess health insurance costs to Schedule A
- Remember: Health Insurance is NOT a deduction from Self-employed Income

■ How Schedule C Expenses are Calculated

- Entered amount is transferred to Schedule 1, line 16 "Self-employed Health Insurance Adjustment"
- Amounts that exceed the limit are carried to Schedule A automatically
- If Medicare is included in the Health Insurance Amount on Schedule C, Medicare on the Social Security income screen should be 0

■ Example – Mary’s Business Health Ins Deductions

- Mary (self-employed, age 59) and her husband (MFJ):
 - She paid \$400 a month for health insurance and \$2000 Long Term Care Premium
 - Her husband (age 66) paid \$150 a month for Medicare
- She declined subsidized coverage from her spouse’s employer for the months of January through March
- Schedule C entry under Health Insurance?
 - Can include all the eligible insurances premiums for April through December (Mary’s health insurance and her husband’s medicare)
 - LTC insurance premiums paid for the entire year (limited to \$1690)

Questions



Comments

