**Non-subscribers**

**Health Reimbursement Arrangements (HSAs)**

**IRS Finds HRA Contributions for Disabled Former Employees Excludable from Income**

The IRS recently found in Private Letter Ruling 201527040 that contributions to a health reimbursement arrangement (HRA) and medical expense reimbursements from that HRA were excludable from income under IRC Sections 105 and 106.  In this case, pursuant to a bankruptcy court settlement agreement, the debtor created an entity to establish and administer an HRA plan in which only long-term disabled former employees, their spouses and dependents were eligible to participate.  Because the debtor had ceased operations six months before the effective date of the plan, no plan participants were performing services at any time when the HRA contributions and reimbursements were made.  In general, reimbursements were only permitted for documented medical expenses of participants, their spouses and eligible dependents. Read More

**Affordable Care Act**

**IRS Provides Guidance on Repayment of Premium Tax Credits Paid in Advance**

The IRS recently provided guidance in Private Letter Ruling 201527040 to a taxpayer who had claimed the premium tax credit and chosen to receive advance payments of the credit, but later found that he must repay a portion of the credit because his actual household income for the year was higher than the estimated amount used to calculate his eligibility.  The guidance reminded taxpayers that eligibility is based upon family size and household income, which includes the income of a taxpayer's spouse and dependents who are required to file tax returns.  In this case, the taxpayer failed to include his wife's income in determining his estimated household income for eligibility purposes.  As a result, he was found to be eligible for the credit and elected to receive the credit via advance payments made directly to the insurance company.  When he filed his income tax return, it was found that he was required to repay a portion of those advance payments because his wife's income caused the income reported on his return to exceed the figure that was used to calculate his eligibility for the credit.  Read More

**Affordable Care Act**

**IRS Offers Tax Tip on Affordable and Minimum Value Coverage under the ACA**

The IRS has released Tax Tip 2015-37, which explains that applicable large employers must provide employees with health coverage that is affordable and provides minimum value in order to avoid the ACA shared responsibility penalties.  The Tax Tip provides that coverage is considered to be affordable if the lowest cost self-only plan offered by the employer costs 9.5 percent or less of the full-time employee's household income.  A plan provides minimum value if it covers at least 60 percent of the total allowed cost of benefits that are expected to be incurred under the plan.  The Department of Health and Human Services provides a calculator for employers to use in order to determine whether a plan provides minimum value if the plan offers only standard features.  Subscribe to Read More

**Featured Article**

**Final Regs Clear Path to Portability for Smaller Estates**

 Clients who anticipate leaving relatively modest estates should pay close attention to the recently released IRS final regulations governing the deceased spousal unused exclusion amount (DSUE, also known as portability).  While the portability rules are typically most helpful in the context of large estates that will exceed the estate tax exemption amount (currently $5.43 million per spouse), it is the on-the-fence, mid-sized estates that could be most impacted by the new regulations.  Subscribe to Read More