

Premium Tax Credit Regulations Finalized

The IRS and Treasury Department have [issued final regulations](#) amending the definition of “coverage month” and amending certain other rules in existing income tax regulations addressing the computation of an individual's premium tax credit. The regulations apply to tax years beginning after Jan. 1, 2025, for taxpayers who may be eligible for the premium tax credit to enroll themselves or a family member in individual health insurance coverage through a health care exchange.

The coverage month amendment generally provides that, for the purposes of calculating the premium tax credit, a month may qualify as a coverage month for an individual if the amount of premium paid is sufficient to avoid terminating the individual's coverage for the month. This includes advance payments of the premium tax credit.

The final regulations also amend the existing regulations related to the enrollment premiums used in computing the taxpayer's monthly premium tax credit if a portion of the monthly premium for a coverage month is unpaid. Lastly, the finalized regulations clarify when an individual is considered to be ineligible for coverage under a state's basic health program.