

641 WOODS CREEK DRIVE, SUITE B
SONORA, CALIFORNIA 95370

TELEPHONE (209) 532-5548
FAX (209) 532-0148



11833 POWDERHOUSE ROAD
POST OFFICE BOX 803
GROVELAND, CALIFORNIA 95321

TELEPHONE (209) 962-7832
(209) 532-7877
FAX (209) 962-6544

Dear Client,

Beginning in 2014, the "individual mandate" under the Affordable Care Act begins. Not only are all individuals required to have insurance but all people who are required to file a tax return must report their insurance on that return. So we will need quite a bit of additional information to prepare your 2014 return.

In reporting their insurance, people will fall into one of four categories:

- You got qualifying insurance through the exchange (the Marketplace);
- You got qualifying insurance through some other source such as an employer or Medicare;
- You did *not* get qualifying insurance and you do not have an exemption which means you will be subject to the penalty for not having insurance;
- You did *not* get qualifying insurance but you *are* entitled to an exemption from the penalty.

To complicate matters, the above four categories apply to each member of your family and may apply *differently* to each member (for example, different members of the family have insurance from different sources). Moreover, any one member of your family may have changed categories during the year. The information we request below must cover each family member on a month-to-month basis. If a family member's situation was the same for the entire year, then you can document that member's insurance on a yearly basis.

Exchange: If you got insurance through the exchange, the exchange will send you a Form 1095-A, Health Insurance Marketplace Statement. This form will be used to claim any Premium Tax Credit to which you may be entitled. Note that we *cannot* give you this tax credit if you don't provide us with the form.

Other source: If you got insurance from another source, you will need to bring us documentation. If it is government insurance, such as Medicare, the government will send you the documentation. If it is employer insurance, the employer may provide you with Form 1095-B or Form 1095-C. If they do not provide either form, we can accept documentation such as a copy of the insurance policy. If you cannot provide any documentation, but you are sure you had qualifying coverage, we will have you sign a statement to that effect.

Exemption: Some exemptions are claimed on the tax return and others require a certificate from the exchange. We cannot claim an exchange exemption without that certificate. Examples of exemptions that require certification from the exchange include:

- You are a member of certain religious sects;
- You did not have access to affordable coverage at the beginning of the year due to your household income;
- You were notified that your health insurance plan would not be renewed and other plans were not affordable; or
- You experienced other problems that prevented you from getting insurance. This broad category includes homelessness, evictions or foreclosures, domestic violence, bankruptcy, illness or death in the family, and many other hardships.

If you think you qualify for an exchange exemption, visit <http://marketplace.cms.gov> to learn more and to get an application for exemption. We suggest you file the application as soon as possible.

As you can see, preparing your tax return this year will include an entirely new and complex process. We are ramping up now, getting all the education we need to properly prepare your tax returns that now include these new government requirements.

We ask you to start preparing now so you have the information you will need come tax time.

If you would like to schedule a tax consultation and planning appointment, we would be happy to look at your situation and try to mitigate any possible tax surprises next year.

Sincerely,

Robert C. Davis, C.P.A.

Enclosed is a form which represents data that will be required for us to file your 2014 personal tax return.