



2020 Tax Year Low-Income Exemption Eligibility

Starting January 1, 2019, all DC residents must have health coverage or pay a tax penalty for the months that they do not have coverage. Some people qualify for an exemption from the tax penalty. For more information on exemptions, go to <https://www.dchealthlink.com/individual-responsibility-requirement#exemption>.

Each DC resident that does not have health coverage, and does not want to pay the penalty, must qualify for an exemption. One of the exemptions you can claim on your DC tax return is based on having low income. Below are the eligibility amounts for the low-income exemption for tax year 2020. Eligibility is based on the age that the applicant will be as of the last day of the year and the federal adjusted gross income (before deductions) for **the entire household**.

Age 21 and over

Tax Household Size	Adjusted Gross Income
1	\$28,327
2	\$38,273
3	\$48,218
4	\$58,164
5	\$68,110
6	\$78,055
7	\$88,001
8	\$97,946
Add \$9,945 for each additional member	

Under Age 21

Tax Household Size	Adjusted Gross Income
1	\$41,342
2	\$55,858
3	\$70,373
4	\$84,888
5	\$99,403
6	\$113,918
7	\$128,434
8	\$142,949
Add \$14,515 for each additional member	

Comparison to Medicaid Eligibility – The eligibility standards for the low-income exemption are similar to, but not the same as, the standards to be eligible for Medicaid in the District of Columbia. Medicaid eligibility is based on what your circumstances are at the time of application whereas the low-income exemption is based on what your circumstances were during the tax year that you want the exemption for (usually looking to the past because you file your tax return and apply for the exemption after the tax year is over). If you believe your income will be in the ranges indicated in the above chart, contact DC Health Link at (855) 532-5465 and apply for Medicaid to see if you can enroll in coverage now. Medicaid offers comprehensive health coverage, at no cost. Enrolling in Medicaid satisfies the requirement to have health insurance and therefore individuals would not need an exemption for any month that they were enrolled in Medicaid; they would also benefit from having health coverage.

EXAMPLE 1

Joe will be 29 years old as of 12/31/2020. He files his own taxes in DC, is not married, and does not claim any dependents on his taxes. He is therefore a tax household of one. In 2020, he earns \$750 every two weeks in wages (before deductions) and also earns \$100 per year in interest on his checking account. In total, that is \$19,600 in federal adjusted gross income. He would be eligible for a low-income exemption as a taxpayer over 21 as of 12/31/2019 with a federal adjusted gross income below \$28,327. However, the District Government would strongly encourage Joe to contact DC Health Link during 2020 or as soon as possible and apply for Medicaid. Once he enrolled in Medicaid, he will satisfy the DC requirement to have health coverage for the months he is enrolled.

EXAMPLE 2

Rachel and Lucy are married and do not claim any dependents on their DC taxes. They are therefore a tax household of two. Rachel will be 35 years old and Lucy will be 38 years old as of 12/31/2020. Rachel lost their job at the end of March 2020. Their wages through the end of March totaled \$6,200. Lucy earned wages throughout the year; \$500 each week. Rachel has been living off of withdrawals from their Individual Retirement Account (IRA). In 2020, they withdrew \$15,000. Rachel and Lucy's total federal adjusted gross income is \$47,200. This means that they would not be eligible for the low-income exemption because \$47,200 is more than \$38,273.

However, the District Government would strongly encourage the to contact DC Health Link during 2020 or as soon as possible and apply for Medicaid. The Medicaid program has slightly different income-counting rules and the household could be still be eligible. If enrolled in Medicaid, Rachel and Lucy will satisfy the DC requirement to have health coverage for the months they are enrolled.

EXAMPLE 3

Frank and Murray are married and have a son named Luke and a daughter named Heather, who they claim as tax dependents on their DC taxes. Frank will be 63 years old, Murray will be 49; Luke will be 15; and Heather will be 19 as of 12/31/2020. Murray is self-employed and has net self-employment income (after expenses) of \$46,130. Frank has a pension of \$1,020 per month and Social Security payments. The taxable portion of his Social Security payments are \$250 per month. Therefore, the household's total adjusted gross income is \$58,370. Based on this amount, neither Frank nor Mary would qualify for the low-income exemption, but both Luke and Heather would. That is because their adjusted gross income in 2020 is more than the

threshold for persons over 21 (\$58,164), but lower than the threshold for persons under 21 (\$84,888) based on a tax household of 4. The household would have to pay a penalty based on the months Frank and Murray went without health coverage unless they qualified for another exemption. Even though they appear to qualify for an exemption, the District Government would strongly encourage the family to contact DC Health Link during 2020 or as soon as possible and apply for Medicaid. At a minimum, Luke and Heather may be able to get Medicaid coverage.