



Remove Limitation on Repayment of Excess Premium Tax Credits

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<https://budgetmodel.wharton.upenn.edu/estimates/2025/1/13/remove-limitation-on-repayment-of-excess-premium-tax-credits>

Summary: Under current law, qualified taxpayers receive a refundable Premium Tax Credit (PTC) to purchase health insurance through the marketplaces established by the Affordable Care Act. The PTC is advanceable, meaning that taxpayers may choose to receive advance payments of the PTC each month to cover payments of monthly health insurance premiums. The amount of PTC received depends on family size and income; for the advance PTC (APTC), the taxpayer must estimate these factors for the current year ahead of time. When the taxpayer files their return at the end of the year, the amount of APTC received based on estimated income is reconciled with the amount they should have received based on actual income.

If the taxpayer's actual income is greater than their estimated income (or their family is smaller) and they received too much in APTC payments during the year, the excess credit amount generally must be repaid when the taxpayer files their return.* However, for taxpayers with incomes below 400 percent of the federal poverty line (FPL), the amount of repayment is capped at certain dollar limits. For most unmarried individuals, the applicable limits in 2024 are \$1,575 for individuals with incomes between 300 and 400 percent of the FPL, \$950 for individuals between 200 and 300 percent of the FPL, and \$375 for individuals below 200 percent of the FPL.

This proposal would eliminate the limits on excess credit amounts required to be repaid by taxpayers. All taxpayers would be liable for the full amount of any excess payments received, regardless of income.

* The requirement to repay excess APTC payments was eliminated for tax year 2020.

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Change in revenues from TCJA extension baseline, billions of dollars

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total, 2026 - 2035
4.4	4.1	4.2	4.3	4.4	4.6	4.8	5.1	5.3	5.5	46.7

Note: Estimate is relative to a Tax Cuts and Jobs Act (TCJA) extension baseline* in which all expiring provisions of the TCJA are made permanent after 2025.

* <https://budgetmodel.wharton.upenn.edu/issues/2024/5/22/effects-of-permanently-extending-tcja-expiring-provisions>