Instructions for Form 1099-H

Section references are to the Internal Revenue Code unless otherwise noted.

Reminder

In addition to these specific instructions, you should also use the 2008 General Instructions for Forms 1099, 1098, 5498, and W-2G. Those general instructions include information about the following topics.
- Backup withholding.
- Electronic reporting requirements.
- Penalties.
- Who must file (nominee/middleman).
- When and where to file.
- Taxpayer identification numbers.
- Statements to recipients.
- Corrected and void returns.
- Other general topics.

You can get the general instructions from the IRS website at *www.irs.gov* or by calling 1-800-TAX-FORM (1-800-829-3676).

Specific Instructions for Form 1099-H

File Form 1099-H, Health Coverage Tax Credit (HCTC) Advance Payments, if you received in the course of your trade or business any advance payments during the calendar year of qualified health insurance payments for the benefit of eligible trade adjustment assistance (TAA), alternative TAA, or Pension Benefit Guaranty Corporation (PBGC) recipients and their qualifying family members.

Who Must File

Section 6050T requires that if you are a provider of qualified health insurance coverage (section 35(e)) you must file Forms 1099-H with the IRS reporting the advance payments that you receive from the Department of the Treasury on behalf of eligible individuals. You must also furnish a statement to the eligible recipient.

However, Notice 2004-47, which is on page 48 of Internal Revenue Bulletin 2004-29 at *www.irs.gov/pub/irs-irbs/irb04-29.pdf*, provides that the HCTC Transaction Center, as an administrator of the Health Coverage Tax Credit (HCTC), will file the required returns and furnish statements to the recipients unless you elect to file and furnish information returns and statements on your own. Contact the HCTC Transaction Center for this purpose by calling 1-866-628-4282. Unless you notify the HCTC Transaction Center of your intent to file information returns and furnish statements, you will be considered to have elected to have the Transaction Center file Form 1099-H and furnish statements to recipients in satisfying section 6050T filing requirements.

Statements to Recipients

If you are required to file Form 1099-H, a statement must be furnished to the recipient. You or the Transaction Center, if elected, must furnish a copy of Form 1099-H or an acceptable substitute statement to each recipient. Also, see part M in the 2008 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Penalties

Waiver of penalties. Section 6724(a) authorizes the IRS to waive any penalties under sections 6721 and 6722 for failure to comply with the reporting requirements of section 6050T if such failures resulted from reasonable cause and not willful neglect. If you elect to allow the HCTC Transaction Center to file and furnish Forms 1099-H, the IRS will not assert the penalties imposed by sections 6721 and 6722 regarding the reporting of advance payments made to you. If you do not elect to allow the HCTC Transaction Center to file and furnish Forms 1099-H, the general rules for seeking a penalty waiver under section 6724(a) apply. See Regulations section 301.6724-1.

For more information on penalties, see part O in the 2008 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Box 1. Amount of HCTC Advance Payments

Enter the total amount of advance payments of health insurance premiums received on behalf of the recipient for the period January 1, 2008, through December 31, 2008. The amount received cannot exceed 65% of the total health insurance premium for the individual.

Box 2. No. of Months HCTC Advance Payments Received

Enter the number of months for which payments were received on behalf of the recipient. This number cannot be more than 12.

Boxes 3-14. Amount of Advance Payment(s) Included in Box 1

Enter the amount of the advance payment received for each month in the applicable box. You may receive these payments prior to the month for which they are paid. Be sure to enter the amounts in the correct box.