Company launches free tools and services, highlights 2012 income tax return as central to determining health insurance eligibility

It's the biggest change to the federal tax code in the past 20 years. But, taxpayers are alarmingly unfamiliar with its impact. The Affordable Care Act – aka health care reform – carries changes that impact just about every taxpayer. A survey conducted by The Tax Institute at H&R Block (NYSE: HRB) found that 3 out of 4 taxpayers do not know what it takes to become eligible for health insurance under the new law.

H&R Block is the only tax preparation company providing clients with a free personalized review of how the health care law would impact them and has launched www.hrblock.com/healthcare for all taxpayers to "test drive" the new law.

The law, passed two years ago and upheld by the U.S. Supreme Court last summer, mandates that most individuals have health insurance by 2014 or pay a penalty via their tax return. Those who qualify could be eligible for government assistance to help pay their insurance premium.

"There certainly is an intersection of health care and taxes," said Andrew Jensen, master tax advisor at H&R Block. "This tax season will be one of historical significance – both in terms of understanding what credits and deductions remain in the new tax laws, as well as how health care reform will impact taxes. This is not the year to go it alone."

Taxpayers to receive personalized health care and tax review

The survey conducted by The Tax Institute showed that 77 percent of consumers were unaware the 2012 tax return can be used to determine eligibility for health care benefits. The survey also found that 44 percent of respondents age 18-34 were not aware of a possible tax penalty if they do not have health insurance.

Based on information from the tax return, H&R Block will provide the taxpayer with information showing if they qualify for a subsidy and how much they can expect to pay out of pocket for the monthly premium. In addition, it will detail the possible penalty they would pay if they do not obtain health insurance.

Just who may qualify for a subsidy could surprise some taxpayers. For example:

• A family of four earning approximately $90,000 could be eligible for some government assistance paying for health insurance.

• A married couple with two minor children and income of $40,000 would owe approximately $170 a month for insurance and be eligible for government assistance. If they choose not to obtain insurance their penalty would be $285 for 2014 and $975 for 2015.

"This personalized tax and health care review will be an initial education for the taxpayer as to their options and provide them a solid foundation as they prepare to comply with the health care law later in 2013," said Meg Sutton, senior advisor of tax and health care services at H&R

Block.

Take a test drive through health care reform

New for this tax season, H&R Block has launched a website – www.hrblock.com/healthcare. The site is designed to educate consumers on the basics of the law and provide real-life examples of the impact on various taxpayers. This user-driven experience enables the taxpayer to get a sense of the impact of the law through examples of four different taxpayers based on where they live, their family size, income and current health care insurance status.

Taxpayers also can visit the website to access a calculator that can help them determine if they would be eligible for a subsidy.

“The website and calculator are great self-service tools for taxpayers to educate themselves about the new health care law and its impact on them and their family,” Sutton said.

New tax consequences also emerge from health care law

Beginning with the 2012 tax return, taxpayers who have health insurance through their employer may notice an additional data on their W-2 detailing the cost of their employer-provided insurance. That information is for informational purposes only to help individuals understand the true cost of health insurance, but is not a taxable benefit to employees.

In addition, several provisions of the law go into effect:

• The threshold for deducting medical expenses for those who itemize moves up from 7.5 percent to 10 percent of adjusted gross income for most taxpayers.

• The cap on health flexible spending accounts goes from $5,000 to $2,500.

• There is an additional 0.9-percent Medicare tax on single filers with earned income in excess of $200,000 and married couples filing jointly with income of in excess of $250,000. The additional tax only applies to the amount of income above these thresholds.

“Universally, people don’t understand what health care reform is, what they need to do and where to go for help,” Sutton said. “There are so many intersections between the health care law and taxes, and that is where H&R Block is the expert and here to help.”

For more information about how health care reform impacts the tax return, contact a local H&R Block tax professional. To find the nearest H&R Block office, visit www.hrblock.com or call 800-HRBLOCK.

H&R Block’s tax professionals prepare and sign their clients’ tax returns, guaranteeing accuracy and the maximum refund. In-office preparation services include Second Look® reviews and Block LiveSM, the industry’s only video solution. H&R Block At Home™ gives do-it-yourself

filers the expertise and guidance of The Tax Institute at H&R Block on their computers, iPads and smartphones. The new My H&R Block Account lets taxpayers upload receipts and other important tax season documents securely, to one place, year-round, for free. The company offers affordable financial products and services through H&R Block Bank, and keeps its offices open and tax conversation going with clients year-round via blogs, tweets and Facebook.