



# Instructions for Form 1099-H

Section references are to the Internal Revenue Code.

## New for 2003

The Trade Act of 2002 provides that eligible individuals may have advance payments equaling 65% of health insurance premiums paid on their behalf. Payments are made directly to recipients' health insurance providers under a program established by the Department of the Treasury. Advance payments started June 1, 2003, for some eligible individuals.

An eligible individual is an eligible trade adjustment assistance (TAA) recipient (under provisions of the Trade Act of 1974), an alternative TAA recipient, and a Pension Benefit Guaranty Board (PBGC) pension recipient. Qualifying family members are the individual's spouse and any dependent for whom the individual can claim a dependency exemption.

The eligible individual claims the credit on **Form 8885**, Health Coverage Tax Credit, that is attached to the individual's Form 1040. Any advance payments reduce the amount of the credit figured on Form 8885 for which recipients are eligible. New **Form 1099-H**, Health Coverage Tax Credit (HCTC) Advance Payments, is used to report any advance payments made on behalf of the eligible individual. See **Who Must File** below.

## An Item To Note

In addition to these specific instructions, you should also use the **2003 General Instructions for Forms 1099, 1098, 5498, and W-2G**. Those general instructions include information about:

- Backup withholding
- Magnetic media and 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](http://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, with the IRS by February 2, 2004, 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.

### Who Must File

Section 6050T requires that the providers of qualifying health care coverage (defined in section 35(e)) file information returns with the IRS reporting the advance payments received from the Department of the Treasury on behalf of eligible individuals.

### Statements to Recipients

If you are required to file Form 1099-H, you must furnish a statement to the recipient. Provide a copy of Form 1099-H or an acceptable substitute statement to each recipient for whom you received any advance payments. Also, see part **H** in the **2003 General Instructions for Forms 1099, 1098, 5498, and W-2G**.

### Box 1. Amount of Health Insurance Advance Payments

Enter the total amount of advance payments of health insurance premiums received on behalf of the recipient beginning June 1, 2003, through December 31, 2003.

### Box 2. No. of Months HCTC Advance Payments Received

Enter the number of months for which payments were received on behalf of the recipient. For 2003, this number cannot be more than 7.

### 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. For example, if you receive an advance payment of \$1,000 for TAA "X" on December 12, 2003, for January 2004 medical insurance premium, then report the \$1,000 payment on Form 1099-H for January 2004, not December 2003.