

What's the penalty for not having health insurance?

The tax penalties go into effect in 2014, which means, if you're uninsured for more than three months in 2014, you may incur the tax penalty and that penalty would be applied when you file your 2014 income tax return.

If you don't qualify for an exemption to the Affordable Care Act's mandate to purchase qualifying health coverage, then you will be subject to a tax penalty.

The penalty is phased-in over a three year period.

In 2014, the penalty will be the greater of 1.0% of taxable income or \$95 per adult and \$47.50 per child (up to \$285 per family).

In 2015, the penalty will be the greater of 2.0% of taxable income or \$325 per adult and \$162.50 per child (up to \$975 per family).

In 2016, the penalty will be at the greater of 2.5% of taxable income or \$695 per adult and \$347.50 per child (up to \$2,085 per family).

After 2016, the penalty will be increased annually by the increase to the cost-of-living.

Households with incomes above 400% of FPL will be exempt from paying tax penalties if insurance in their area costs more than 8% of their taxable income, after taking into account employer contributions or tax credits.

People will be able to apply for exemptions to the tax penalty if

1. they have financial hardships,
2. they have religious objections,
3. they're an American Indian,
4. they're uninsured for less than three months,
5. they're an undocumented immigrant,
6. they're incarcerated.