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## IRS and the Healthcare Law

The new healthcare law that mandates most Americans to buy health insurance by 2014 and insurance companies to accept them regardless of their health conditions has caused no small storm of controversy. And the fact that the IRS has been tasked to facilitate its enforcement has likely added fodder to the debate. According to the law, if you fail to purchase health insurance by the stipulated time, you are liable to pay a fine administered by the IRS.

But what if you do not pay the fine? IRS Commissioner Doug Shulman has confirmed that in such an event, the IRS will not chase you for it. However, they will send you a letter. The healthcare law prohibits the IRS from taking measures to get you to pay the fine such as pressing criminal charges or seizing assets. But the law does provide for the IRS to garnish your future tax refunds.

The new healthcare fines go into full effect in 2016.

Various parties have criticized the constitutionality of such a healthcare bill while others say the penalties for noncompliance are too weak to be truly effective. The fines for not purchasing health insurance could come up to \$695 or 2.5% of taxable income, which is far less than the annual health insurance premium. Some people have taken Shulman's comments as the reason why the fines would not be effective. If the IRS does not hunt the breakers of this law, then people who choose to save on their money by not buying the insurance will be further emboldened to do so regardless of the fine.

On another note, people may choose to pay the fines until such time when they feel they need the insurance coverage because insurance companies are mandated to accept them regardless of pre-existing health conditions. In Massachusetts, the only state that requires its citizens to carry health insurance, thousands of people are choosing to buy health insurance only when they are about to incur expensive medical expenses like major surgeries.

On the other end of the spectrum are those who support the healthcare bill. They say that most Americans without health insurance are uninsured because they cannot afford it not because they do not want it. Thus the healthcare bill provides a means through government subsidies to finally afford this necessity. Thus the supporters of the bill do not foresee most Americans will reject taking up health insurance.

In their effort to help people afford the rising cost of healthcare, the government has had to introduce this controversial bill that mandates insurance companies to accept proposers for insurance regardless of their health conditions. But to balance the equation, if the insurers must accept whoever who purchases insurance then the people must be compelled to buy it. This is to ensure a fair spread of insured persons of all health conditions and prevent people from trying to game the system by only buying insurance when they are about to get seriously sick.

Nevertheless the aspirations of the healthcare bill will only be achieved with proper enforcement which includes effective penalties for breaking this law.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.