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Reg. Section 1.162(l)-1

Deduction for health insurance costs of self-employed individuals.

(a) Coordination of section 162(l) deduction for taxpayers subject to section 36B.

(1) In general. A taxpayer is allowed a deduction under section 162(l) for specified premiums, as defined in paragraph (a)(2) of this section, not to exceed an amount equal to the lesser of--

(i) The specified premiums less the premium tax credit attributable to the specified premiums; and

(ii) The sum of the specified premiums not paid through advance credit payments, as described in paragraph (a)(3) of this section, and the additional tax (if any) imposed under section 36B(f)(2)(A) and §1.36B-4(a)(1) with respect to the specified premiums after application of the limitation on additional tax in section 36B(f)(2)(B) and §1.36B-4(a)(3).

(2) Specified premiums. For purposes of paragraph (a)(1) of this section, specified premiums means premiums for a specified qualified health plan or plans for which the taxpayer may otherwise claim a deduction under section 162(l). For purposes of this paragraph (a)(2), a specified qualified health plan is a qualified health plan, as defined in §1.36B-1(c), covering the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer (enrolled family member) for a month that is a coverage month within the meaning of §1.36B-3(c) for the enrolled family member. If a specified qualified health plan covers individuals other than enrolled family members, the specified premiums include only the portion of the premiums for the specified qualified health plan that is allocable to the enrolled family members under rules similar to §1.36B-3(h), which provides rules for determining the amount under §1.36B-3(d)(1) when two families are enrolled in the same qualified health plan.

(3) Specified premiums not paid through advance credit payments. For purposes of paragraph (a)(1)(ii) of this section, specified premiums not paid through advance credit payments equal the amount of the specified premiums minus the advance credit payments attributable to the specified premiums.

(b) Additional guidance. The Secretary may provide by publication in the Federal Register or in the Internal Revenue Bulletin (see § 601.601(d)(2) of this chapter) additional guidance on coordinating the deduction allowed under section 162(l) and the credit provided under section 36B.

(c) Applicability date. This section applies for taxable years beginning after December 31, 2013.