



# DOR NewsRelease

Commonwealth of Massachusetts

Department of Revenue

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## **DEPARTMENT OF REVENUE ISSUES DRAFT PENALTY GUIDELINES FOR THOSE WITHOUT HEALTH INSURANCE IN 2008**

The Massachusetts Department of Revenue issued draft guidelines today on tax penalties for not having health insurance in 2008.

Penalties will apply only to adults who can afford health insurance, based on separate standards established by the state Health Connector on an annual basis and subject to hardship appeals. While the 2007 penalty is the loss of the personal exemption worth \$219 on an individual's state tax return, the 2008 penalties will be based on one-half the lowest cost plans available through the Connector as of January 1, 2008. Under the draft guidelines, the penalties will range from zero to \$912 for an entire year without coverage.

"These proposed guidelines are a direct reflection of the responsibility given to us by the landmark Massachusetts health care reform law as the Commonwealth tries to enroll nearly all adults in health insurance plans," said Revenue Commissioner Henry Dormitzer. "With nearly 300,000 newly insured, the state is well on its way to achieving its goal."

DOR has worked to ensure that these penalty guidelines are easy to understand, streamlining the schedule to establish only a handful of penalty categories. The penalties will accrue each month an individual does not have health insurance in 2008 and will be due as part of the tax filing process for the year.

Individuals up to the age of 26 with incomes too high to qualify for subsidized health insurance will face a penalty of \$672 for an entire year without coverage. People with similar incomes age 27 and over will face a potential annual penalty of \$912. Subsidized insurance is available to individuals earning up to \$30,636 per year. For a family of four, the threshold is \$61,956.

Individuals who meet the income guidelines for subsidized insurance through either the Commonwealth Care program offered by the Health Connector or MassHealth will be penalized based on four income ranges.

Individuals earning up to \$15,324 will face no penalty since Commonwealth Care is free for people at this income level. This income cohort represents the largest number of newly insured.

Those earning between \$15,325 and \$20,424 will face a penalty of \$210 per year if they were uninsured the entire year.

For individuals earning between \$20,425 and \$25,536, the 2008 penalty would be \$420 if they were uninsured the entire year.

Individuals earning between \$25,537 and \$30,636 face a penalty of \$630 for the year.

“We have worked to craft these penalties in a manner that is straightforward and easy to understand.” said Dormitzer. “We hope they will help encourage people who can afford health insurance to buy it and enjoy its many benefits.”

Comments on the draft penalty schedule can be emailed to the Department of Revenue’s Rulings & Regulations Bureau at [RulesandRegs@dor.state.ma.us](mailto:RulesandRegs@dor.state.ma.us) by January 15, 2008.