

2023 Instructions for Form FTB 3853

Health Coverage Exemptions and Individual Shared Responsibility Penalty

Important Information

Federal Premium Tax Credit (PTC) – The federal Inflation Reduction Act of 2022, expanded the amount of federal premium tax credit assistance made available to improve health coverage affordability. This expanded federal assistance may affect your eligibility to claim a “Coverage considered unaffordable” exemption on form FTB 3853, Health Coverage Exemptions and Individual Shared Responsibility Penalty.

General Information

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. Taxpayers should not consider the instructions as authoritative law.

Minimum Essential Coverage Individual Mandate. For taxable years beginning on or after January 1, 2020, California law requires residents and their dependents to obtain and maintain minimum essential coverage (MEC), also referred to as qualifying health care coverage. Individuals who fail to maintain qualifying health care coverage for any month during the taxable year will be subject to a penalty unless they qualify for an exemption. For more information, get the following health care forms, instructions, and publications:

- Form FTB 3853, Health Coverage Exemptions and Individual Shared Responsibility Penalty
- Form FTB 3895, California Health Insurance Marketplace Statement
- FTB Pub. 3895B, California Instructions for Filing Federal Forms 1094-B and 1095-B
- FTB Pub. 3895C, California Instructions for Filing Federal Forms 1094-C and 1095-C

Checkbox on Form 540/Form 540NR/Form 540 2EZ for full-year health care coverage. You will check the full-year health care coverage box if you, your spouse/registered domestic partner (RDP) (if filing jointly), and anyone you can or do claim as a dependent had qualifying health care coverage that covered all of 2023. If you can check that box on Form 540, California Resident Income Tax Return; Form 540NR, California Nonresident or Part-Year Resident Income Tax Return; or Form 540 2EZ, California Resident Income Tax Return; you **do not** owe the Individual Shared Responsibility Penalty and **do not** need to file form FTB 3853. For more information, get instructions for Form 540, Form 540NR, or Form 540 2EZ.

Registered Domestic Partners (RDPs)

For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP, unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic “partner” and a California registered domestic “partnership,” as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

Purpose

The Minimum Essential Coverage Individual Mandate requires each individual in an applicable household to have qualifying health care coverage, have a health care coverage exemption, or pay an Individual Shared Responsibility Penalty when they file their state tax return. If you are unable to check the box that indicates that you had full-year health coverage on Side 3 of Form 540 and Form 540NR or Side 3 of Form 540 2EZ, use these instructions to calculate your Individual Shared Responsibility Penalty for any month you or another member of your applicable household had neither qualifying health care coverage nor an exemption(s). If you, or any member of your applicable household, did not have qualifying health care for the entire year, but had MEC and/or an exemption(s) for any month use form FTB 3853. This will reduce the amount of your Individual Shared Responsibility Penalty.

Reminder: If you need health coverage, visit coveredca.com to learn about health insurance options that are available for you and your applicable household, how to purchase health insurance, and how you might qualify to get financial assistance with the cost of insurance.

Coverage exemptions. If you or another member of your applicable household were granted a coverage exemption from the Marketplace (see Marketplace, under Definitions), complete Part I, Applicable Household Members, and Part III, Coverage and Exemptions Claimed on Your Tax Return for Individuals. If your applicable household income or gross income is less than your filing threshold, you can check the box in Part II, Coverage Exemption Claimed on Your Tax Return for Your Household. Other exemptions may be claimed in Part III. Depending on your situation, you may need to complete one or more parts of this form.

Individual Shared Responsibility Penalty. You must pay an Individual Shared Responsibility Penalty if, for any month, you and/or another member of your applicable household did not have MEC or an exemption. The maximum monthly penalty for an applicable household size of five or more is equal to the maximum monthly penalty for a responsible individual with an applicable household of five individuals. See the instructions for Part IV, Individual Shared Responsibility Penalty on page 14. You will enter the amount of your Individual Shared Responsibility Penalty, if any, on Form 540, line 92; Form 540NR, line 91; or Form 540 2EZ, line 27.

Who Must File

File form FTB 3853 to report or claim a coverage exemption and/or calculate an Individual Shared Responsibility Penalty if all of the following apply.

- You are filing a Form 540, Form 540NR, or Form 540 2EZ,
- You cannot be claimed as a dependent by another taxpayer,
- You are unable to check the full-year health care coverage box on Form 540, Form 540NR, or Form 540 2EZ.

If you are unable to check the full-year health care coverage box on Form 540, Form 540NR, or Form 540 2EZ, you may need to report an Individual Shared Responsibility Penalty on your Form 540, Form 540NR, or Form 540 2EZ. First check to see if you are eligible for any coverage exemptions for some or all of the months that you and/or a member of your applicable household did not have MEC.

Not required to file a tax return. If you are not required to file a tax return, your applicable household is exempt from the Individual Shared Responsibility Penalty and you do not need to file a tax return to report the exemption. However, if you are not required to file a tax return but choose to file anyway, you can check the box in Part II if your applicable household income or gross income is below the filing threshold. See the instructions under Part II.

Only one form FTB 3853 should be filed for each applicable household. If you can be claimed as a dependent by another taxpayer, you **do not** need to file form FTB 3853 and **do not** owe an Individual Shared Responsibility Penalty. The taxpayer that claims you as a dependent is the responsible individual (see Responsible individual, under Definitions) for the Individual Shared Responsibility Penalty.

Types of Coverage Exemptions

The Types of Coverage Exemptions chart on page 3 shows the types of coverage exemptions available and whether the coverage exemption may be granted by the Marketplace or claimed on your tax return. If you are claiming a coverage exemption, the right-hand column of the chart shows which code you should enter in Part III, columns (a) through (m) to claim that particular coverage exemption.

If a coverage exemption can only be granted by the Marketplace (for example, a coverage exemption based on membership in certain religious sects), apply with the Marketplace for that coverage exemption before filing your tax return. Provide the Exemption Certificate Number(s) (ECN) granted by the Marketplace in the space provided in Part I. If you cannot check the box on Part II, you will need to complete Part III. If the Marketplace has not processed your application before

you file your tax return, complete Part I and enter “pending” in ECN 1 field for each applicable individual with a pending ECN. See Specific Instructions for Exemption Certificate Number in Part I on page 5 for more information.

Definitions

Applicable household. For purposes of form FTB 3853, your applicable household generally includes you, your spouse/RDP (if filing a joint tax return), and any individual you claim as a dependent on your tax return. It also generally includes each individual you can, but do not, claim as a dependent on your tax return. To determine if you can claim someone as your dependent, see Dependents in federal Pub. 501, Dependents, Standard Deduction, and Filing Information or Who Qualifies as Your Dependent in the Instructions for federal Form 1040, U.S. Individual Income Tax Return.

Birth, death, or adoption. An individual is included in your applicable household in a month only if the person is alive for the full month. Also, if you adopt a child during the year, the child is included in your applicable household only for the full months that follow the month in which the adoption occurs. If each individual who is a member of your applicable household for any month had coverage for all the months they were members of your applicable household, you will check the full-year health care coverage box on your tax return. For information on how to identify months during which an individual was not a member of your applicable household for one of these reasons, see Member of applicable household born or adopted during the year and Member of applicable household died during the year in Specific Instructions, Part III.

Dependents of more than one taxpayer. Your applicable household does not include someone you can, but do not, claim as a dependent if the dependent is properly claimed on another taxpayer’s tax return or can be claimed by a taxpayer with higher priority under the tie-breaker rules described in federal Pub. 501.

Responsible individual. An applicable individual who is required to file a tax return and who is either of the following:

- An applicable individual required to be enrolled in and maintain MEC.
- An applicable individual required to ensure that a person who qualifies as the applicable individual’s applicable spouse/RDP or applicable dependent is enrolled in and maintains MEC.

If two applicable individuals file a joint tax return, only one shall be considered the responsible individual for purposes of calculating the Individual Shared Responsibility Penalty as determined by the Franchise Tax Board (FTB).

If a dependent files a tax return, only the dependent or the individual claiming the dependent, but not both, shall be considered the responsible individual for purposes of calculating the Individual Shared Responsibility Penalty as determined by the FTB.

Applicable household income. You will need to calculate your applicable household income if any of the following apply.

- You check the box in Part II, line 1 because your applicable household income or gross income is below the filing threshold,
- You claim the exemption for coverage that is considered unaffordable, or
- You need to calculate your Individual Shared Responsibility Penalty.

For purposes of form FTB 3853, your applicable household income is your modified adjusted gross income (MAGI) plus the MAGI of each individual in your applicable household whom is required to file a tax return because their income meets the income tax return filing threshold. If a dependent is required to file a tax return because their income meets the filing threshold, the dependent’s MAGI must be included in your applicable household income for purposes of form FTB 3853, even if you elect to report that dependent’s income on form FTB 3803, Parents’ Election to Report Child’s Interest and Dividends. Do not include a dependent’s MAGI in your applicable household income if the dependent’s income is below the filing threshold, even if they choose to file a tax return for another reason. Get Form 540, Form 540NR, or Form 540 2EZ to determine whether your dependent is required to file their own tax return.

You can use Step 3 under Part IV on page 14 to determine your applicable household income.

Modified adjusted gross income (MAGI). For the purposes of form FTB 3853, your MAGI is your adjusted gross income plus certain other items from your tax return.

Your MAGI for purposes of the Individual Shared Responsibility Penalty may be different than the MAGI that applies for other tax purposes.

Figure your MAGI, and the MAGI for any other individual in your applicable household who files their own tax return, by adding the taxpayer’s adjusted gross income amount reported on Form 540, line 17; Form 540NR, line 17; or Form 540 2EZ, line 16 and any California tax-exempt interest income. For instructions on how to calculate California tax-exempt interest income see question 2 of Step 3 under Part VI on page 14.

If your dependent has a filing requirement, but you elect to report the dependent’s income on form FTB 3803, calculate each dependent’s MAGI by adding form FTB 3803, line 1b, and the smaller of form FTB 3803, line 4 or \$2,500. Only include this figure in your applicable household income if the amount on your form FTB 3803, line 4 is more than \$1,250.

Marketplace. The term “Marketplace” refers to the California state Marketplace that makes qualified health plans available to individuals and grants certain exemptions, also known as Covered California.

Minimum essential coverage (MEC). MEC is health coverage that satisfies the requirement for individuals to have health coverage. MEC generally includes coverage under a government-sponsored program, coverage from your employer, and coverage under certain plans that you buy in the individual market. If you or a member of your applicable household had MEC in 2023, the provider of the coverage is required to send you federal Form 1095-A, Health Insurance Marketplace Statement, federal Form 1095-B, Health Coverage, or federal Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, that lists individuals in your applicable household who were enrolled in MEC and shows their months of coverage. Individuals enrolled in a qualified health plan through the Marketplace generally receive this information on federal Form 1095-A. Individuals enrolled in MEC outside the Marketplace, in a government-sponsored program, or in certain other coverage generally receive this information on federal Form 1095-B. Individuals enrolled in employer-sponsored coverage generally receive this information on either federal Form 1095-B or on Part III of federal Form 1095-C. For more information, get federal Form 1095-A, FTB Pub. 3895B, and FTB Pub. 3895C.

Timing. You are considered to have MEC for a month if you have it for at least 1 day during that month. For example, if you start a new job on June 26 and are covered under your employer’s plan starting on that day, you are treated as having coverage for the entire month of June.

Foreign coverage. In general, an expatriate health plan is certain health insurance coverage that is offered to foreign nationals who are temporarily assigned for work in the United States, U.S. residents who are temporarily working outside of the United States, and certain nonemployees (such as students and missionaries) who are travelling internationally. To qualify, the health insurance coverage must generally offer a minimum level of benefits in the region in which the covered individual is temporarily located and be offered by a qualifying expatriate health insurance issuer. In general, coverage provided by a foreign employer to its employees and related individuals is MEC. An expatriate health plan is considered employer-sponsored coverage for a primary insured who receives it through their employer (and for that employee’s covered dependents). It is considered individual market coverage for any other primary insured.

However, coverage that an individual purchases directly from a foreign health insurance issuer or that is provided by the government of a foreign country doesn’t qualify as MEC unless it is recognized as MEC by the Department of Health and Human Services (HHS). To find out if HHS has recognized particular forms of foreign coverage as MEC, go to <https://www.cms.gov/ccio/programs-and-initiatives/health-insurance-market-reforms/minimum-essential-coverage.html>.

Types of Coverage Exemptions

This chart shows all of the coverage exemptions available for 2023, including information about where each can be obtained and the code that is to be used on Part III of form FTB 3853 when you claim the exemption. If you are claiming a coverage exemption that was granted by the Marketplace, you will need to enter the ECN provided by the Marketplace. See the instructions for Part I. For additional details about the eligibility rules for the coverage and exemptions that are claimed on the tax return, see the instructions for Part III. For additional details about the exemption if your applicable household income or gross income is below your filing threshold, see the instructions for Part II.

| Coverage Exemption | Granted by Marketplace | Claimed on Tax Return | Code for Exemption |
|--|------------------------|-----------------------|------------------------|
| Income below the filing threshold — Your applicable household income or gross income was less than your applicable minimum threshold for filing a tax return. | | ✓ | No Code See Part II |
| Coverage considered unaffordable — The required contribution is more than 8.17% of your household income. | | ✓ | A |
| Aggregate self-only coverage considered unaffordable — Two or more applicable members' aggregate cost of self-only employer-sponsored coverage was more than 8.17% of household income, as was the cost of any available employer-sponsored coverage for the entire applicable household. | | ✓ | B |
| Short coverage gap — You went without coverage for 3 continuous months or less. | | ✓ | C |
| Citizens living abroad and certain noncitizens — You were: <ul style="list-style-type: none"> • A U.S. citizen or a resident alien who was physically present in a foreign country or countries for at least 330 full days during any period of 12 consecutive months; • A U.S. citizen who was a bona fide resident of a foreign country or countries for an uninterrupted period that includes the entire tax year; • A bona fide resident of a U.S. territory; or • An individual who is not a citizen or national of the United States and is not lawfully present in the United States for that month. | | ✓ | D |
| Non-resident/Part-year resident — A bona fide resident of another state for that month. For more information regarding resident status, get Pub. 1031, Guidelines for Determining Resident Status. | | ✓ | E |
| Members of a health care sharing ministry — You were a member of a health care sharing ministry. | | ✓ | F |
| Members of Indian tribes — You were either a member of a federally recognized Indian tribe, including an Alaska Native Claims Settlement Act (ANCSA) Corporation Shareholder (regional or village), or you were otherwise eligible for services through an Indian health care provider or the Indian Health Service. | | ✓ | G |
| Incarceration — You were in a jail, prison, or similar penal institution or correctional facility after the disposition of charges. | | ✓ | H |
| Member of applicable household born or adopted during the year — The months before and including the month that an individual was added to your applicable household by birth or adoption. You should claim this exemption only if you also are claiming coverage or another exemption for another individual in your applicable household on your form FTB 3853. | | ✓ | I |
| Member of applicable household died during the year — The months after the month that a member of your applicable household died during the year. You should claim this exemption only if you also are claiming coverage or another exemption for another individual in your applicable household on your form FTB 3853. | | ✓ | J |
| General hardship — The Marketplace determined that you experienced a hardship that prevented you from obtaining coverage under a qualified health plan. | ✓ | | K |
| Members of certain religious sects — The Marketplace determined that you are a member of a recognized religious sect. | ✓ | | L |
| Coverage considered unaffordable based on projected income — The Marketplace determined that you did not have access to coverage that is considered affordable based on your projected applicable household income. | ✓ | | M |
| Certain Medi-Cal (Medicaid) programs that are not minimum essential coverage — You were (1) enrolled in limited or restricted-scope Medi-Cal (Medicaid) or other similar coverage, as determined by the California Department of Health Care Services or (2) enrolled in Share-of-Cost Medi-Cal (Medicaid) and were without coverage because the monthly Share-of-Cost had not been met. | | ✓ | N |

Types of Minimum Essential Coverage

MEC means health care coverage under any of the following programs. It does not, however, include coverage consisting solely of excepted benefits. Excepted benefits include stand-alone vision and dental plans, workers' compensation coverage, and coverage limited to a specified disease or illness. If you and/or another member of your applicable household is considered to have MEC for any, or all, months in 2023 enter coverage code "Z" in Part III on form FTB 3853. For additional details about this coverage code, see the instructions for Part III.

Employer-sponsored coverage:

- Group health insurance coverage for employees under:
 - A plan or coverage offered in the small or large group market within a state,
 - A plan provided by a governmental employer, such as the Federal Employees Health Benefits program, or
 - A grandfathered health plan offered in a group market.
- A self-insured health plan for employees,
- COBRA coverage,
- Retiree coverage,
- Coverage under an expatriate health plan for employees and related individuals, or
- Department of Defense Nonappropriated Fund Health Benefits Program.

Individual market coverage:

- Health insurance you purchase directly from an insurance company,
- Health insurance you purchase through the Marketplace,
- Health insurance provided through a student health plan,
- Catastrophic plans, or
- Coverage under an expatriate health plan for non-employees such as students and missionaries.

Coverage under government-sponsored programs:

- Medicare Part A coverage, *
- Medicare Advantage plans,
- Most Medi-Cal (Medicaid) coverage, **
- Children's Health Insurance Program (CHIP) coverage,
- Most types of TRICARE coverage,
- Comprehensive health care programs offered by the Department of Veterans Affairs,
- Health coverage provided to Peace Corps volunteers,
- Refugee Medical Assistance, or
- Coverage through a Basic Health Program (BHP) standard health plan.

*Medicare Part B on its own without Part A does not qualify as MEC.

**Medi-Cal (Medicaid) programs that provide limited benefits generally don't qualify as MEC. However, individuals with certain types of limited-benefit Medi-Cal (Medicaid) coverage may qualify for a coverage exemption. See the Types of Coverage Exemptions chart.

Specific Instructions

Part I – Applicable Household Members

If you are unable to check the full-year health care coverage box on Side 3 of Form 540 and Form 540NR or Side 3 of Form 540 2EZ, complete a line for each applicable household member whether or not an exemption was granted by the Marketplace. If the Marketplace has not processed your application before you file your tax return, complete Part I and enter “pending” in ECN 1 field for each applicable individual with a pending ECN. If an individual has more than one coverage exemption granted by the Marketplace, list all ECNs in the ECN fields. For more information about ECNs, see Exemption Certificate Number below. If an individual was not granted a coverage exemption from the Marketplace, enter “No ECN” in ECN 1 field and leave ECN 2 and ECN 3 fields blank.

Coverage exemptions that apply to multiple years. If you were granted a coverage exemption by the Marketplace that applies to multiple years, you only need to report it on form FTB 3853 if the exemption occurs during the 2023 tax year.

Lines 1–12

Name of Individual

Enter the first name, middle initial, and last name for each person in your applicable household whether or not a coverage exemption or an ECN was granted from the Marketplace. The responsible individual whose name appears on the California tax return should be listed on form FTB 3853, line 1 followed by all other individuals whose names are also listed on Side 1 of your tax return. Enter the names exactly in the same order as they appear on your tax return. Also list any individuals that you can, but do not, claim as a dependent who are not claimed by another taxpayer.

Social Security Number (SSN)

Enter the SSN for each individual in your applicable household. If the individual is listed on Side 1 of your tax return, the SSN in this field should match the individual's SSN listed on your tax return.

No SSN. If the individual listed on the specific line does not have an SSN, see the following options for how to complete the SSN field.

- **IRS Individual Taxpayer Identification Number (ITIN) for Aliens.** If the individual listed on the specific line does not have and is not eligible to get an SSN, enter the ITIN assigned to that person by the Internal Revenue Service (IRS).
- **Adoption Taxpayer Identification Number (ATIN).** If the individual was placed with you for legal adoption and you do not know his or her SSN, enter the ATIN assigned to that individual by the IRS.
- **No Identification Number.** If the individual listed on the specific line does not have an SSN, ITIN, ATIN, or other identification number from the IRS, enter “No ID” in the SSN field for that individual.

Date of Birth (DOB)

Enter the DOB for each person in your applicable household listed.

Exemption Certificate Number (ECN)

Enter all ECNs that you received from the Marketplace for each person in your applicable household in the available ECN fields. If an individual did not have a coverage exemption granted by the Marketplace, enter “No ECN” in ECN 1 field and leave ECN 2 and ECN 3 fields blank. If you were granted a coverage exemption from the Marketplace, enter the ECN in ECN 1 field and leave ECN 2 and ECN 3 fields blank. If you were granted more than one ECN, enter the ECNs in ECN 1, ECN 2, and ECN 3 fields. Only enter one ECN per field. If you were granted more than three ECNs, enter the first three ECNs in the available ECN fields and attach a separate statement listing all other ECNs you have received from the Marketplace. If you were granted a coverage exemption from the Marketplace, but do not receive an ECN or do not know your ECN, contact the Marketplace to obtain your ECN. If the Marketplace has not processed your application by the time you file, enter “pending” in ECN 1 and leave ECN 2 and ECN 3 fields blank.

If you enter “pending” and the Marketplace ultimately denies your coverage exemption (and you did not report or claim another coverage exemption with your original return), the FTB may contact you to collect your Individual Shared Responsibility Penalty, or you may choose to file an amended tax return to report your Individual Shared Responsibility Penalty or claim another exemption for which you are eligible.

The Marketplace exemption approval notice that you received also indicates the months for which the coverage exemption is granted. Do not enter that information in Part I. You will use that information to enter the exemption code in the appropriate months in Part III.

Members of certain religious sects (enter ECN). An individual may claim a coverage exemption for members of recognized religious sects only if the Marketplace has granted the individual an exemption. A recognized religious sect is a religious sect in existence since December 31, 1950, that is recognized by the Social Security Administration as conscientiously opposed to accepting any insurance benefits, including Medicare and social security, or who relies on a religious method of healing, for whom the acceptance of medical health services would be inconsistent with the religious beliefs of the individual.

Duration. If a member of your applicable household was granted a coverage exemption as a member of a religious sect, report it on form FTB 3853. Once the Marketplace grants an individual this exemption, it generally applies each year unless the individual reports to the Marketplace that they no longer qualify for the coverage exemption. However, for an individual granted the exemption before their 21st birthday, the exemption applies only until the last day of the first full month following the individual's 21st birthday. After that, the individual must apply to the Marketplace again for the exemption.

Other Marketplace coverage exemptions. Certain exemptions are only granted by the Marketplace. See the Types of Coverage Exemptions chart.

Modified Adjusted Gross Income (MAGI)

Enter the MAGI for each person in your applicable household. For the purposes of form FTB 3853, your MAGI is your adjusted gross income plus certain other items from your tax return. If you are married filing jointly, add your MAGI and your spouse's/RDP's MAGI and enter that amount in Part I, line 1, Modified AGI for the responsible individual and leave your spouse's/RDP's MAGI field blank. See Definitions on page 2 for more information.

Part II – Coverage Exemption Claimed on Your Tax Return for Your Household

Use Part II if your applicable household income or gross income is less than your filing threshold. See Do I Have to File? on page 18 to determine your filing threshold.

If you are not required to file a tax return because your applicable household income or gross income is less than your filing threshold, and you do not wish to file a tax return, your applicable household is exempt from the Individual Shared Responsibility Penalty and you do not need to file a tax return or do anything else to claim the coverage exemption. If your applicable household income or gross income is less than your filing threshold but you file a tax return for any reason, see the instructions for line 1 next.

Line 1 – Applicable Household Income or Gross Income Below Filing Threshold

To check the box on line 1 based on your applicable household income or gross income, you must first determine your applicable household income (see Applicable household income, under Definitions) and your gross income (see Do I Have to File? on page 18). Then compare your applicable household income to the California adjusted gross income filing threshold or your gross income to the California gross income filing threshold that applies to you based on your filing status. If either your applicable household income or gross income is less than your filing threshold, check the box. If you check the box in Part II, line 1, you do not have to complete Part III.

Example 1. Lisa and Jason are both under age 65. They are married and have three children, all of whom they claim as dependents on their tax return. Lisa and Jason file their tax return as married filing jointly, report \$36,000 of wages, and claim the California Earned Income Tax Credit. One of their children, Jake, received taxable interest of \$1,350. Their other two children have no income. Lisa and Jason were uninsured all year and do not qualify for any other coverage exemption.

To see if they qualify to check the applicable household income or gross income below the filing threshold box on form FTB 3853 based on their applicable household income, they first need to determine their applicable household income. They have no California tax-exempt interest income. Therefore, the amount on their Form 540, line 17 is their CA adjusted gross income and their MAGI of \$36,000. Since Jake has \$1,350 in unearned income, they elect to report and complete form FTB 3803. On the form FTB 3803 that Lisa and Jason filed to report Jake's wages, there is no amount on line 1b for tax-exempt interest income and \$1,350 on line 4, so his MAGI is \$1,350. Their applicable household income is \$37,350 (\$1,350 of Jake's MAGI plus Lisa and Jason's MAGI \$36,000). They look at the Do I Have to File? chart and see that their applicable household income (\$37,350) is less than their filing threshold (\$60,520). Because Lisa and Jason are claiming the California Earned Income Tax Credit, they are going to file a tax return to claim the credit, even though they are below the filing threshold. Lisa and Jason are required to file form FTB 3853 and check the applicable household income or gross income below the filing threshold box in Part II.

Example 2. Lisa and Jason are both under age 65. They are married and have three children, all of whom they claim as dependents on their tax return. Lisa and Jason file their tax return as married filing jointly, report \$36,000 of wages, \$5,000 of tax-exempt interest, and claim the California Earned Income Tax Credit. One of their children, Jake, received taxable interest of \$1,350. Their other two children have no income. Lisa and Jason were uninsured all year and do not qualify for any other coverage exemption.

To see if they qualify to check the applicable household income or gross income below the filing threshold box on form FTB 3853 based on their gross income, they look at the Do I Have to File? chart and compare their gross income (\$37,350) to the filing threshold (\$69,144). Even though their gross income is below the filing threshold, they are going to file a tax return to claim the California Earned Income Tax Credit. Lisa and Jason are required to file form FTB 3853 and check the applicable household income or gross income below the filing threshold box in Part II.

Example 3. The facts are the same as Example 1 except that Lisa and Jason are not claiming the California Earned Income Tax Credit. They do not need to file a tax return. Everyone in the applicable household is exempt from the requirement to have MEC or pay an Individual Shared Responsibility Penalty and need to do nothing further.

Part III – Coverage and Exemptions Claimed on Your Tax Return for Individuals

If you are unable to check the full-year health care coverage box on Side 3 of Form 540 and Form 540NR or Side 3 of Form 540 2EZ, or the applicable household income or gross income below the filing threshold box in Part II, use Part III to report your coverage or claim a coverage exemption for yourself and/or another member of your applicable household. You will also use Part III to report if you and/or another member of your applicable household do not have MEC or an exemption. Complete a line for each individual in your applicable household in the same order they appear in Part I.

Coverage exemptions that may be granted for less than a full tax year apply to each month in which an individual was eligible for the coverage exemption for at least one day in that month. For example, if following the disposition of charges, an individual is incarcerated from June 28 to July 28, the individual is eligible for the coverage exemption for June and July.

Lines 1–12

Name of Individual

Enter the first name, middle initial, and last name for each person in your applicable household and in the order as it appears in Part I of this form. If the individual is listed on Side 1 of your tax return, enter the name exactly as it appears on your tax return.

Columns (a) through (m) – Coverage and Exemption Codes

Use columns (a) through (m) to identify whether you or another member of your applicable household had MEC or is claiming an exemption by entering the appropriate coverage or exemption code. If the coverage or exemption applies to the entire year, enter the coverage or exemption code in column (a) and leave columns (b) through (m) blank. If the coverage or exemption code does not apply to the entire year, leave column (a) blank and enter the appropriate code in the column for each applicable month. If a code is **not** entered in column (a), a code must be entered for each month from January through December, columns (b) through (m). There are two available fields to enter coverage and/or exemption codes for each month in columns (b) through (m) for each individual. Enter one coverage or exemption code per field. The exemption codes are listed on the Types of Coverage Exemption chart. A description of the coverage and exemption codes can be found below.

No coverage and no exemption (code “X”). If you and/or another member of your applicable household do not have MEC or an exemption, you must enter code “X” in Part III, column (a) for the entire year or columns (b) through (m) for the appropriate months. You must pay an Individual Shared Responsibility Penalty if, for any month, you and/or another member of your applicable household did not have health care coverage or an exemption.

Healthcare coverage (code “Z”). You or another member of your applicable household is considered to have MEC for any month in which:

- You or another member of your applicable household have coverage under an eligible employer-sponsored plan.
- You or another member of your applicable household have coverage under a health plan in the individual market.
- You or another member of your applicable household have coverage under government-sponsored programs.

For more information, see Minimum essential coverage (MEC) under Definitions on page 2 and Types of Minimum Essential Coverage on page 4.

To claim you have MEC, enter code “Z” in the appropriate months in Part III, columns (a) through (m).

Coverage considered unaffordable (code “A”). You can claim a coverage exemption for yourself or another member of your applicable household for any month in which:

- The individual is eligible for coverage under an employer plan and that coverage is considered unaffordable, or
- The individual is not eligible for coverage under an employer plan and the coverage available for that individual through the Marketplace is considered unaffordable.

Coverage is considered unaffordable if the individual's required contribution is more than 8.17% of applicable household income.

Use the Affordability Worksheet on page 10 to determine whether this coverage exemption applies to you or another member of your applicable household for one or more months of the year.

To claim this coverage exemption, enter code “A” in the appropriate months in Part III, columns (a) through (m).

Required contribution. Your required contribution depends on the type of coverage you are eligible to purchase. If you or another member of your applicable household is eligible for coverage under an employer plan, see Determining an individual's required contribution—Individuals eligible for coverage under an employer plan. If you or another member of your applicable household is not eligible for coverage under an employer plan, see Determining an individual's required contribution—Individuals not eligible for coverage under an employer plan.

Eligibility for employer-sponsored coverage. An individual is treated as eligible for coverage under an employer plan for a month if the individual could have been covered by that plan for any day that month, even if the individual is also eligible for another type of MEC. Individuals eligible for coverage under an employer plan for a month do not need to determine whether other coverage is considered affordable for that month.

Applicable household income adjustment. For the purposes of determining whether this coverage exemption applies, increase your applicable household income by any amount that your wages, or the wages of any other member of your applicable household whose MAGI was included in your applicable household income, that were excluded from your gross income to pay all or a portion of the premiums for employer-sponsored coverage through a salary reduction arrangement.

Determining an individual's required contribution — Individuals eligible for coverage under an employer plan. Employees eligible for self-only coverage from their employers. If you or another member of your applicable household is an employee and is eligible for self-only coverage through their employer, the employee's required contribution is the amount they would pay for the lowest cost self-only coverage in which they can enroll. For this purpose, the amount the employee would pay includes an amount that may be paid through a salary reduction arrangement. Also see Certain employer arrangements for information about how the required contribution may be affected by various arrangements offered by an employer.

Other applicable household members eligible for employer coverage. If you or another member of your applicable household is not eligible for coverage through their employer (if any) but is eligible for coverage under a plan offered by your employer or your spouse's/RDP's employer if filing jointly (for example, a child who is eligible to enroll in coverage for all applicable household members offered by your employer) the individual's required contribution is the amount they would pay for the lowest cost coverage that would cover everyone in the applicable household who:

- You list on your 2023 tax return (such as yourself, your spouse/RDP if filing jointly, and your dependents);
- Cannot be claimed as a dependent on someone else's 2023 tax return;
- Is eligible for the coverage; and
- Does not qualify for another coverage exemption.

For this purpose, the amount the individual would pay includes amounts that may be paid through a salary reduction arrangement. Also see Certain employer arrangements for information about how the required contribution may be affected by various arrangements offered by an employer.

Example 1 – Unmarried employee with no dependents. Jackie is unmarried and has no dependents. Her applicable household income is \$60,000. During 2023, Jackie could purchase self-only coverage through her employer at a total cost to her of \$5,000. As a result, Jackie can claim the exemption for unaffordable coverage because her required contribution (\$5,000) is more than 8.17% of her applicable household income (\$4,902, which is \$60,000 multiplied by 0.0817).

Example 2 – Married employee with dependents. Sharon and Luke are married and file a joint tax return for 2023. They have two children, Ely and Emma, whom they claim as dependents on their tax return. During 2023, Sharon could purchase self-only coverage under a plan offered by her employer at a cost to her of \$4,000. Alternatively, Sharon could purchase coverage for all the applicable household members under the plan, which would cover her, Luke, Ely, and Emma, at a cost to her of \$12,000. Luke could not purchase health insurance through his employer. Their applicable household income for 2023 is \$90,000.

Sharon is ineligible for the exemption for unaffordable coverage for 2023 because her required contribution (\$4,000) is not more than 8.17% of her applicable household income (\$7,353, which is \$90,000 multiplied by 0.0817). If Sharon does not qualify for another coverage exemption, she would pay an Individual Shared Responsibility Penalty for the months during which she did not have coverage.

The required contribution for Luke, Ely, and Emma is Sharon's share of the cost for coverage (\$12,000), which is more than 8.17% of their applicable household income (\$7,353). As a result, Luke, Ely, and Emma are eligible for the exemption for unaffordable coverage for 2023. Sharon and Luke do not need to pay an Individual Shared Responsibility Penalty on behalf of Luke, Ely, and Emma for any months during which the three of them did not have coverage.

Employer-sponsored coverage for part of the year. If you or another member of your applicable household becomes unemployed or changes employers during the year, test the affordability of coverage for that individual separately for each employment period. Similarly, if the required contribution for any employer plan changes during the year (such as when one plan year ends and another one starts during the year), test the affordability of the coverage separately for each period.

Coverage under an employer plan is considered unaffordable for a part-year period if the annualized required contribution for self-only coverage (in the case of an employee) or coverage for all applicable household members (in the case of a related individual) under the plan for the part-year period is more than 8.17% of your applicable household income.

You can use the Annualized Required Contribution Worksheet to figure the annualized required contribution.

Annualized Required Contribution Worksheet*

Complete a separate worksheet for each part-year period.

1. Enter the required contribution for the part-year period . . . 1 _____
2. Enter the number of full months in the part-year period . . . 2 _____
3. Divide line 1 by line 2. 3 _____
4. Multiply line 3 by 12.0. This is your annualized required contribution. 4 _____

*The required contribution for employer-sponsored coverage may be affected by various arrangements offered by your employer and may affect the required contribution amount you enter into the Annualized Required Contribution Worksheet. For more information, see Certain employer arrangements.

Certain employer arrangements. An employee's required contribution for employer-sponsored coverage may be affected by various arrangements offered by the employer.

- **Wellness incentives.** If the employer that offered you (or your spouse/RDP) employer-sponsored coverage for 2023 also offered a wellness incentive that potentially affected the amount that you had to pay toward coverage, the following rules apply: If the condition for satisfying the wellness incentive (in other words, the condition the employee must meet to pay the smaller amount for coverage) relates exclusively to tobacco use, your required contribution is based on the amount you would have paid for coverage if you had satisfied the condition for the wellness incentive. Wellness incentives relating exclusively to tobacco use are treated as satisfied in determining your required contribution regardless of whether you would have actually earned the incentive had you enrolled in the coverage. If factors other than tobacco use are part of the condition for satisfying the wellness incentive, your required contribution is based on the amount you would have paid for coverage had you not satisfied the wellness incentive.
- **Health reimbursement arrangements (HRAs).** If the employer that offered you employer-sponsored coverage for 2023 also contributed (or offered to contribute) to an HRA that may be used to pay premiums for the employer-sponsored coverage, your required contribution for the employer-sponsored coverage is reduced by the amount the employer contributed (or offered to contribute) to the HRA for 2023, as long as you were informed of the HRA contribution offer by a reasonable time before you had to decide whether to enroll in the coverage.
- **Health flex contributions.** If the employer that offered you (or your spouse/RDP) employer-sponsored coverage for 2023 also made (or offered to make) a health flex contribution for 2023, your required contribution for the employer-sponsored coverage is reduced by

the amount of the health flex contribution (or offer). A health flex contribution is an employer contribution to a cafeteria plan that may be used only to pay for medical care (and not taken as cash or other taxable benefits), and is available for use toward the purchase of MEC. Cafeteria plan contributions that may be used for expenses other than medical care are not health flex contributions and so do not reduce your required contribution.

- **Opt-out payments.** If the employer that offered you (or your spouse/RDP) employer-sponsored coverage for 2023 also offered you an additional payment if you declined to enroll in the coverage (an “opt-out payment”), your required contribution for employer-sponsored coverage is increased by the amount that the employer offered to pay you for declining the coverage. In some cases, an employer may make this opt-out payment only if the employee both declines the coverage and also satisfies another condition (such as enrolling in coverage offered by the employee’s spouse/RDP). If your employer imposed other conditions on receiving the opt-out payment (in addition to declining the employer’s health coverage, such as enrolling in coverage offered by your spouse’s/RDP’s employer), you may treat the opt-out payment as an increase to the employee’s required contribution only if you can demonstrate that you met the conditions.

Determining an individual’s required contribution — Individuals not eligible for coverage under an employer plan. If you or another member of your applicable household cannot purchase coverage under an employer plan for a month, the individual’s required contribution for that month is based on the gross premium for the lowest cost bronze plan. Subtract from the gross premium the maximum premium assistance that you could have claimed if the individual had enrolled in this plan.

For this purpose, use the lowest cost bronze plan that covers everyone in your applicable household who:

- You list on your 2023 tax return (such as yourself, your spouse/RDP if filing jointly, and your dependents);
- Cannot be claimed as a dependent on someone else’s 2023 tax return;
- Is not eligible for employer coverage; and
- Does not qualify for another coverage exemption.

For information on the lowest cost bronze plan you could have purchased for your applicable household, visit coveredca.com/3853. Subtract from the gross premium the maximum premium assistance that you could have claimed if these individuals had enrolled in that plan. You can claim the exemption for unaffordable coverage for the individual if the result is more than 8.17% of your applicable household income.

The maximum premium assistance that you could have claimed may be zero, for example, if everyone in your applicable household is eligible for MEC other than individual market coverage, such as Medi-Cal. In general, you are eligible for Medi-Cal if your MAGI is less than or equal to 138% of the federal poverty line.

Use the Marketplace Coverage Affordability Worksheet, on page 11, before filling out the Affordability Worksheet, on page 10, to determine whether you or another member of your applicable household is eligible for this coverage exemption.

Example 1 – Unmarried individual with no dependents and no offer of employer coverage. Ethan is unmarried and has no dependents. His applicable household income is \$30,000. He cannot enroll in employer coverage for any month in 2023. The annual premium for the lowest cost bronze self-only plan in Ethan’s rating area is \$5,000 and the maximum premium assistance that he could claim if he had enrolled in this coverage is \$1,700. Ethan can claim the exemption for unaffordable coverage for 2023 because his required contribution is \$3,300 (\$5,000 minus \$1,700), which is more than 8.17% of his applicable household income (\$2,451, which is \$30,000 multiplied by 0.0817).

Example 2 – Unmarried individual with no dependents and no offer of employer coverage. April is unmarried and has no dependents. Her applicable household income is \$29,000. She cannot enroll in employer coverage for any month in 2023. The annual premium for the lowest cost bronze self-only plan in April’s rating area is \$5,000. She was eligible for Medi-Cal, so she is not eligible for the premium assistance. The maximum premium assistance that she could claim if she had enrolled in the lowest cost bronze plan is \$0. April can claim the exemption for unaffordable coverage for 2023 because her required contribution is \$5,000, which is more than 8.17% of her applicable household income (\$2,369, which is \$29,000 multiplied by 0.0817).

Aggregate self-only coverage considered unaffordable (code “B”). You and any other members of your applicable household you list on your 2023 tax return (such as yourself, your spouse/RDP if filing jointly, and your dependents) who cannot be claimed as a dependent on someone else’s 2023 tax return can claim a coverage exemption for all months in 2023 if, for at least 1 month in 2023, all of the following apply:

1. The cost of self-only coverage through employers for two or more members of your applicable household does not exceed 8.17% of your applicable household income when tested individually,
2. The cost of coverage that the members of your applicable household described in condition 1 could enroll in through an employer exceeds 8.17% of your applicable household income, and
3. The combined cost of the self-only coverage identified in condition 1 exceeds 8.17% of your applicable household income.

If you meet the requirements just described, you and any other members of your applicable household that you list on your 2023 tax return who cannot be claimed as dependents on someone else’s 2023 tax return are exempt for the entire year. To claim this coverage exemption, enter code “B” in Part III, column (a).

Example 1 – Two offers of self-only coverage that together are unaffordable. Jacob and Sarah are married, have no dependents, and file a joint tax return. Jacob is offered self-only coverage through his employer at a cost of 6% of the applicable household income and is offered coverage that would cover both Sarah and him at a cost of 10% of the applicable household income. Sarah is offered self-only coverage through her employer at a cost of 5% of the applicable household income and is not offered coverage for all applicable household members. Jacob and Sarah both may claim the coverage exemption for two or more members of an applicable household whose combined cost of employer-sponsored coverage is considered unaffordable because the self-only coverage offered to Jacob and Sarah does not exceed 8.17% of the applicable household income when tested individually, the cost of coverage for all applicable household members exceeds 8.17% of the applicable household income, and the combined cost of the self-only coverage offered to Jacob and Sarah exceeds 8.17% of the applicable household income. Jacob and Sarah would both claim coverage exemption “B” in Part III, column (a).

Example 2 – Affordable coverage for all applicable household members. The facts are the same as in Example 1 except Jacob’s employer offers coverage for all applicable household members that would cover both Sarah and him at a cost of 7% of the applicable household income. Neither Jacob and Sarah may claim the coverage exemption for two or more members of an applicable household whose combined cost of employer-sponsored coverage is considered unaffordable, because the coverage offered by Jacob’s employer covers both Jacob and Sarah and its cost does not exceed 8.17% of the applicable household income.

Example 3 – One spouse/RDP enrolls in coverage. The facts are the same as in Example 1 except Jacob enrolls in the self-only coverage offered by his employer. Sarah may claim the coverage exemption for two or more members of an applicable household whose combined cost of employer-sponsored coverage is considered unaffordable.

Federal poverty line. Use the following tables to determine the applicable federal poverty line.

| Federal Poverty Line | |
|--|----------------------------------|
| IF the size of your applicable household* is | THEN the federal poverty line is |
| 1 | \$13,590 |
| 2 | \$18,310 |
| 3 | \$23,030 |
| 4 | \$27,750 |
| 5 | \$32,470 |
| 6 | \$37,190 |
| 7 | \$41,910 |
| 8 | \$46,630 |

*If your applicable household is more than 8 people, add \$4,720 for each additional person. For example, if your applicable household is 11, you have 3 additional people. Multiply \$4,720 by 3 and add the result of \$14,160 to \$46,630.

Short coverage gap (code “C”). You generally can claim a coverage exemption for yourself or another member of your applicable household for each month of a gap in coverage of 3 continuous months or less. If an individual had more than one short coverage gap during the year, the individual is exempt only for the month(s) in the first gap. If an individual had a gap of more than 3 months, the individual is not exempt for any of those months. For example, if an individual had coverage for every month in the year except January, February and March, the individual is exempt for those 3 months. However, if an individual had coverage for every month in the year except January, February, March, and April, the individual is not exempt for any of those months.

Example 1 – Multiple gaps in coverage. Chris had coverage for every month except February, March, October, and November. Chris is eligible for the short coverage gap exemption only for February and March.

Example 2 – Gaps in coverage for partial months. Roger has MEC except for the period April 5 through July 25. An individual is treated as having coverage for any month in which they have coverage for at least 1 day of the month. As a result, Roger has MEC in April and July and is eligible for the short coverage gap exemption for May and June.

Continuous coverage gap straddles 2022 and 2023. If you do not have MEC for a continuous period that begins in 2022 and ends in 2023, for purposes of applying the short coverage gap rules to 2023, the months in 2022 are counted.

Example 1 – Eligible for continuous gap straddles 2022 and 2023. Sam, an unmarried taxpayer with no dependents, has MEC from January 1 through November 30, 2022. Sam is without coverage until March 1, 2023. On her 2023 tax return, December 2022 is included in the continuous period of non-coverage. January and February 2023 are considered as a part of the continuous coverage gap. The continuous period for 2023 is 3 continuous months or less; therefore, January and February are part of a short coverage gap. To claim this coverage exemption, enter code “C” in Part III, column (b) and column (c).

Example 2 – Ineligible for continuous gap straddles 2022 and 2023. The facts are the same as in Example 1 except Sam is without coverage until April 1, 2023. On her 2023 tax return, December 2022 is included in the continuous period of non-coverage. January, February, and March 2023 are considered as a part of the continuous coverage gap. The continuous period for 2023 is more than 3 continuous months; therefore, she is not eligible to claim short coverage gap exemption from January through March.

Citizens living abroad and certain noncitizens (code “D”). You can claim a coverage exemption for yourself or another member of your applicable household to which any of the following apply.

- The individual is a U.S. citizen or a resident alien who is physically present in a foreign country (or countries) for at least 330 full days during any period of 12 consecutive months. You can claim the coverage exemption for any month during your tax year that is included in the 12-month period. For more information, get Physical Presence Test in federal Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad.
- The individual is a U.S. citizen who is a bona fide resident of a foreign country (or countries) for an uninterrupted period which includes the entire tax year. You can claim the coverage exemption for the entire year. For more information, get Bona Fide Residence Test in federal Pub. 54.
- The individual is a bona fide resident of a U.S. territory. You can claim the coverage exemption for the entire year.
- An individual who is not a citizen or national of the United States and is not lawfully present in the United States for that month. For more information about who is treated as lawfully present for purposes of this coverage exemption, visit [coveredca.com/lawfullypresent](https://www.irs.gov/coverage/ca/lawfullypresent).

If you meet one of these conditions, you qualify for this exemption even if you have a SSN. To claim this coverage exemption, enter code “D” in the appropriate months in Part III, columns (a) through (m).

Nonresident/Part-year resident (code “E”). You can claim a coverage exemption for yourself or another member of your applicable household if the individual is a bona fide resident of another state for that month. For more information regarding resident status, get FTB Pub. 1031.

To claim this coverage exemption, enter code “E” in the appropriate months in Part III, columns (a) through (m).

Members of a health care sharing ministry (code “F”). You can claim a coverage exemption for yourself or another member of your applicable household for any month in which the individual was a member of a health care sharing ministry for at least 1 day in the month. Enter code “F” in the appropriate months in Part III, columns(a) through (m).

In general, a health care sharing ministry is a tax-exempt organization whose members share a common set of ethical or religious beliefs and share medical expenses in accordance with those beliefs, even after a member develops a medical condition. For you to qualify for this exemption, the health care sharing ministry (or a predecessor) must have been in existence and sharing medical expenses continuously and without interruption since December 31, 1999. An individual who is unsure whether a ministry meets the requirements should contact the ministry for further information.

Members of Indian tribes or individuals otherwise eligible for services from an Indian health care provider (code “G”). You can claim a coverage exemption for yourself or another member of your applicable household for any month in which the individual was a member of a federally recognized Indian tribe, including an Alaska Native Claims Settlement Act (ANCSA) Corporation Shareholder (regional or village), for at least 1 day in the month. You also can claim a coverage exemption for yourself or another member of your applicable household for any month in which the individual was eligible for services through an Indian health care provider or through the Indian Health Service.

To claim either of these coverage exemptions, enter code “G” in the appropriate months in Part III, columns (a) through (m).

Incarceration (code “H”). You can claim a coverage exemption for yourself or another member of your applicable household for any month in which the individual was incarcerated for at least 1 day in the month. For this purpose, an individual is considered incarcerated if they were confined, after the disposition of charges, in a jail, prison, or similar penal institution or correctional facility. To claim this coverage exemption, enter code “H” in the appropriate months in Part III, columns (a) through (m).

Affordability Worksheet

Use this worksheet to determine whether coverage for each individual in your applicable household is considered unaffordable. If you or another member of your applicable household is not eligible for employer-sponsored coverage, use the Marketplace Coverage Affordability Worksheet to determine the required contribution for that individual. An individual is eligible for the affordability exemption for any month in which (B), the Required Contribution, is more than (A), the Affordability Threshold. To claim this coverage exemption, enter code "A" or "B" in Part III, columns (a) through (m). See Type of Coverage Exemption on page 3 for more information. If you have more than 6 individuals in your applicable household, complete additional copies of the Affordability Worksheet, as necessary.

(A) Affordability Threshold

Enter 8.17% (multiply the applicable household income amount by .0817) of your applicable household income (see Applicable household income on page 2). For this purpose, increase the applicable household income by the amount of any premium that is paid through a salary reduction arrangement and excluded from gross income.

(B) Required Contribution Amount

For each member of your applicable household, enter in the columns provided the amount the individual must pay for coverage for the first situation below that applies to that person. If the required contribution is the same for the whole year, enter the annual required contribution in the space for each month. If the required contribution covers only part of the year, use the Annualized Required Contribution Worksheet to determine what the annualized required contribution would be for each month. Once you have determined the annualized required contribution, enter it in the space for each month.

Situations (use the first that applies to each member of your applicable household, including you, for each month):

1. The lowest cost self-only policy offered to each member of your applicable household by his or her employer.
2. The lowest cost policy* for all applicable household members offered by your employer or your spouse's/RDP's employer (if you are filing a joint tax return).
3. The amount from the Marketplace Coverage Affordability Worksheet.

For each individual, coverage is considered unaffordable and the individual is exempt for any month in which (B), the Required Contribution Amount, is more than (A), the Affordability Threshold.

| | | | | | | |
|---|--|--|--|--|--|--|
| Members of your applicable household (enter one name per column): | | | | | | |
| Annualized required contribution for: | | | | | | |
| January | | | | | | |
| February | | | | | | |
| March | | | | | | |
| April | | | | | | |
| May | | | | | | |
| June | | | | | | |
| July | | | | | | |
| August | | | | | | |
| September | | | | | | |
| October | | | | | | |
| November | | | | | | |
| December | | | | | | |

*The policy must cover everyone in your applicable household:

- Who you list on your 2023 tax return (such as yourself, your spouse/RDP if filing jointly, and your dependents) and who cannot be claimed as a dependent on someone else's 2023 tax return,
- Who is not eligible for other employer coverage, and
- Who does not qualify for another coverage exemption.

Marketplace Coverage Affordability Worksheet

Use this worksheet to calculate an individual's required contribution for any month in which the individual is not eligible for employer-sponsored coverage. Complete a separate worksheet for each part of the year in which either the individual resided in different geographic rating areas served by the Marketplace or for which the number of people in your applicable household who are neither exempt nor eligible for MEC (other than individual market coverage) was different.

| | |
|---|------------|
| Do not complete this worksheet unless you were instructed to do so in the Affordability Worksheet | |
| 1. Enter the gross monthly premium for the lowest cost bronze plan that covers everyone in your applicable household who you list on your 2023 tax return (such as yourself, your spouse/RDP if filing jointly, and your dependents) and who cannot be claimed as a dependent on someone else's 2023 tax return, who is not eligible for employer coverage, and who does not qualify for another coverage exemption for the month. To find the lowest cost bronze plan, go to coveredca.com/3853 . If you are married and file a separate tax return, enter the monthly premium here and on line 12. Do not complete line 2 through line 11 | 1. _____ |
| 2. Enter your applicable household income (see Applicable household income on page 2) | 2. _____ |
| 3. Enter the total of all nontaxable social security benefits* received by you, your spouse/RDP, and each claimed dependent who must file a tax return | 3. _____ |
| 4. Add line 2 and line 3 | 4. _____ |
| 5. Enter the federal poverty line for the number of individuals in your applicable household less any dependents not claimed | 5. _____ |
| 6. Divide line 4 by line 5. If the result (without rounding) is less than 1.0, skip line 7 through line 10 and enter -0- on line 11 | 6. _____ |
| 7. Multiply line 6 by 100 and round down to the nearest whole number. Use the Federal Applicable Figure Table on page 12 to determine the applicable figure to enter here | 7. _____ |
| 8. Multiply line 4 by line 7 | 8. _____ |
| 9. Divide line 8 by 12.0 | 9. _____ |
| 10. Enter the gross monthly premium for the second lowest cost silver plan premium that covers everyone in your applicable household, who you list on your 2023 tax return (such as yourself, your spouse/RDP if filing jointly, and your dependents) and who cannot be claimed as a dependent on someone else's 2023 tax return, who is not eligible for MEC (other than individual market coverage), and who does not qualify for another coverage exemption for the month. If one or more members of your applicable household meet this criteria, find the second lowest cost silver plan for those members at coveredca.com/3853 . If no one in your applicable household meets this criteria (for example, everyone in your applicable household is eligible for Medi-Cal (Medicaid) or qualifies for a coverage exemption), enter -0- | 10. _____ |
| 11. Subtract line 9 from line 10. If zero or less, enter -0- | 11. _____ |
| 12. Subtract line 11 from line 1. If zero or less, enter -0-. This is the individual's required contribution for the month | 12. _____ |
| 13. Is the individual eligible for this coverage for every month of the year? | |
| <input type="checkbox"/> Yes. Multiply line 12 by 12.0. This is the annualized required contribution. Enter this amount in the space for every month on the Affordability Worksheet. | 13a. _____ |
| <input type="checkbox"/> No. Multiply line 12 by 12.0. This is the annualized required contribution. Enter this amount in the space on the Affordability Worksheet for each month the individual was eligible for the coverage being tested | 13b. _____ |
| *Calculate the nontaxable social security benefits received by that individual by subtracting federal Form 1040 or Form 1040-SR, line 6b from federal Form 1040 or Form 1040-SR, line 6a. | |

Federal Applicable Figure Table

| IF your household income as a percentage of FPL is... | ENTER the applicable figure on line 7... | IF your household income as a percentage of FPL is... | ENTER the applicable figure on line 7... | IF your household income as a percentage of FPL is... | ENTER the applicable figure on line 7... | IF your household income as a percentage of FPL is... | ENTER the applicable figure on line 7... | IF your household income as a percentage of FPL is... | ENTER the applicable figure on line 7... |
|--|---|--|---|--|---|--|---|--|---|
| less than 150 | 0.0000 | 200 | 0.0200 | 251 | 0.0404 | 302 | 0.0605 | 353 | 0.0733 |
| 150 | 0.0000 | 201 | 0.0204 | 252 | 0.0408 | 303 | 0.0608 | 354 | 0.0735 |
| 151 | 0.0004 | 202 | 0.0208 | 253 | 0.0412 | 304 | 0.0610 | 355 | 0.0738 |
| 152 | 0.0008 | 203 | 0.0212 | 254 | 0.0416 | 305 | 0.0613 | 356 | 0.0740 |
| 153 | 0.0012 | 204 | 0.0216 | 255 | 0.0420 | 306 | 0.0615 | 357 | 0.0743 |
| 154 | 0.0016 | 205 | 0.0220 | 256 | 0.0424 | 307 | 0.0618 | 358 | 0.0745 |
| 155 | 0.0020 | 206 | 0.0224 | 257 | 0.0428 | 308 | 0.0620 | 359 | 0.0748 |
| 156 | 0.0024 | 207 | 0.0228 | 258 | 0.0432 | 309 | 0.0623 | 360 | 0.0750 |
| 157 | 0.0028 | 208 | 0.0232 | 259 | 0.0436 | 310 | 0.0625 | 361 | 0.0753 |
| 158 | 0.0032 | 209 | 0.0236 | 260 | 0.0440 | 311 | 0.0628 | 362 | 0.0755 |
| 159 | 0.0036 | 210 | 0.0240 | 261 | 0.0444 | 312 | 0.0630 | 363 | 0.0758 |
| 160 | 0.0040 | 211 | 0.0244 | 262 | 0.0448 | 313 | 0.0633 | 364 | 0.0760 |
| 161 | 0.0044 | 212 | 0.0248 | 263 | 0.0452 | 314 | 0.0635 | 365 | 0.0763 |
| 162 | 0.0048 | 213 | 0.0252 | 264 | 0.0456 | 315 | 0.0638 | 366 | 0.0765 |
| 163 | 0.0052 | 214 | 0.0256 | 265 | 0.0460 | 316 | 0.0640 | 367 | 0.0768 |
| 164 | 0.0056 | 215 | 0.0260 | 266 | 0.0464 | 317 | 0.0643 | 368 | 0.0770 |
| 165 | 0.0060 | 216 | 0.0264 | 267 | 0.0468 | 318 | 0.0645 | 369 | 0.0773 |
| 166 | 0.0064 | 217 | 0.0268 | 268 | 0.0472 | 319 | 0.0648 | 370 | 0.0775 |
| 167 | 0.0068 | 218 | 0.0272 | 269 | 0.0476 | 320 | 0.0650 | 371 | 0.0778 |
| 168 | 0.0072 | 219 | 0.0276 | 270 | 0.0480 | 321 | 0.0653 | 372 | 0.0780 |
| 169 | 0.0076 | 220 | 0.0280 | 271 | 0.0484 | 322 | 0.0655 | 373 | 0.0783 |
| 170 | 0.0080 | 221 | 0.0284 | 272 | 0.0488 | 323 | 0.0658 | 374 | 0.0785 |
| 171 | 0.0084 | 222 | 0.0288 | 273 | 0.0492 | 324 | 0.0660 | 375 | 0.0788 |
| 172 | 0.0088 | 223 | 0.0292 | 274 | 0.0496 | 325 | 0.0663 | 376 | 0.0790 |
| 173 | 0.0092 | 224 | 0.0296 | 275 | 0.0500 | 326 | 0.0665 | 377 | 0.0793 |
| 174 | 0.0096 | 225 | 0.0300 | 276 | 0.0504 | 327 | 0.0668 | 378 | 0.0795 |
| 175 | 0.0100 | 226 | 0.0304 | 277 | 0.0508 | 328 | 0.0670 | 379 | 0.0798 |
| 176 | 0.0104 | 227 | 0.0308 | 278 | 0.0512 | 329 | 0.0673 | 380 | 0.0800 |
| 177 | 0.0108 | 228 | 0.0312 | 279 | 0.0516 | 330 | 0.0675 | 381 | 0.0803 |
| 178 | 0.0112 | 229 | 0.0316 | 280 | 0.0520 | 331 | 0.0678 | 382 | 0.0805 |
| 179 | 0.0116 | 230 | 0.0320 | 281 | 0.0524 | 332 | 0.0680 | 383 | 0.0808 |
| 180 | 0.0120 | 231 | 0.0324 | 282 | 0.0528 | 333 | 0.0683 | 384 | 0.0810 |
| 181 | 0.0124 | 232 | 0.0328 | 283 | 0.0532 | 334 | 0.0685 | 385 | 0.0813 |
| 182 | 0.0128 | 233 | 0.0332 | 284 | 0.0536 | 335 | 0.0688 | 386 | 0.0815 |
| 183 | 0.0132 | 234 | 0.0336 | 285 | 0.0540 | 336 | 0.0690 | 387 | 0.0818 |
| 184 | 0.0136 | 235 | 0.0340 | 286 | 0.0544 | 337 | 0.0693 | 388 | 0.0820 |
| 185 | 0.0140 | 236 | 0.0344 | 287 | 0.0548 | 338 | 0.0695 | 389 | 0.0823 |
| 186 | 0.0144 | 237 | 0.0348 | 288 | 0.0552 | 339 | 0.0698 | 390 | 0.0825 |
| 187 | 0.0148 | 238 | 0.0352 | 289 | 0.0556 | 340 | 0.0700 | 391 | 0.0828 |
| 188 | 0.0152 | 239 | 0.0356 | 290 | 0.0560 | 341 | 0.0703 | 392 | 0.0830 |
| 189 | 0.0156 | 240 | 0.0360 | 291 | 0.0564 | 342 | 0.0705 | 393 | 0.0833 |
| 190 | 0.0160 | 241 | 0.0364 | 292 | 0.0568 | 343 | 0.0708 | 394 | 0.0835 |
| 191 | 0.0164 | 242 | 0.0368 | 293 | 0.0572 | 344 | 0.0710 | 395 | 0.0838 |
| 192 | 0.0168 | 243 | 0.0372 | 294 | 0.0576 | 345 | 0.0713 | 396 | 0.0840 |
| 193 | 0.0172 | 244 | 0.0376 | 295 | 0.0580 | 346 | 0.0715 | 397 | 0.0843 |
| 194 | 0.0176 | 245 | 0.0380 | 296 | 0.0584 | 347 | 0.0718 | 398 | 0.0845 |
| 195 | 0.0180 | 246 | 0.0384 | 297 | 0.0588 | 348 | 0.0720 | 399 | 0.0848 |
| 196 | 0.0184 | 247 | 0.0388 | 298 | 0.0592 | 349 | 0.0723 | 400 or more | 0.0850 |
| 197 | 0.0188 | 248 | 0.0392 | 299 | 0.0596 | 350 | 0.0725 | | |
| 198 | 0.0192 | 249 | 0.0396 | 300 | 0.0600 | 351 | 0.0728 | | |
| 199 | 0.0196 | 250 | 0.0400 | 301 | 0.0603 | 352 | 0.0730 | | |

Member of applicable household born or adopted during the year (code “I”). Your applicable household for a month only includes individuals who were alive for the entire month. In general, if an individual was added to your applicable household by birth or adoption, you do not need to file form FTB 3853 solely to report that fact. For example, if all members of your applicable household have MEC for every month they are part of your applicable household, check the full-year health care coverage box on Side 3 of Form 540 and Form 540NR or Side 3 of Form 540 2EZ. You do not need to file form FTB 3853.

However, if you had or adopted a child during 2023 and at least one member of your applicable household is either claiming a coverage exemption or does not have MEC for one or more months, you must file form FTB 3853 and you can claim this coverage exemption for that child for the months before and including the month when the child was born or adopted. To claim this coverage exemption, enter code “I” in the appropriate months in Part III, columns (a) through (m).

Example 1 – Adoption during year, all individuals have MEC. Jane is unmarried and has one dependent, Kate. Jane legally adopted Kate effective April 10, 2023. Jane has MEC all year. Kate has MEC from May through December. Kate is a member of Jane’s applicable household from May through December. Jane should check the full-year health care coverage box on Side 3 of Form 540 and Form 540NR or Side 3 of Form 540 2EZ, regardless of whether Kate had MEC in January through April. Jane does not need to file a form FTB 3853.

Example 2 – Adoption during year, no MEC in other months. The facts are the same as Example 1, except that Kate does not have MEC in any month of the year and does not qualify for a coverage exemption (other than code “I”) for any month of the year. Jane should fill out Part I and Part III of form FTB 3853, calculate and report the Individual Share Responsibility Penalty for Kate for the months May through December 2023 on Part IV, line 1 and her state tax return.

Example 3 – Adoption during year, other coverage exemptions claimed. The facts are the same as Example 2, except Kate qualifies for the exemption for coverage considered unaffordable for October through December 2023. Jane should fill out Part I of form FTB 3853, complete Part III to enter code “I” for Kate for January through April and code “A” for Kate for October through December, then calculate and report the Individual Share Responsibility Penalty for Kate for the months May through September 2023 on Part IV, line 1 and her state tax return.

Member of applicable household died during the year (code “J”). Your applicable household for a month only includes individuals who were alive for the entire month. In general, if a member of your applicable household died during the year, you do not need to file form FTB 3853 solely to report that fact. For example, if all members of your applicable household have MEC for every month they are part of your applicable household, check the full-year health care coverage box on Side 3 of Form 540 and Form 540NR or Side 3 of Form 540 2EZ. You do not need to file form FTB 3853.

However, if a member of your applicable household died during 2023 and at least one member of your applicable household is either claiming a coverage exemption or does not have MEC for one or more months, you must file form FTB 3853 and you can claim this coverage exemption for the months following and including the month of their death. To claim this coverage exemption, enter code “J” in the appropriate months in Part III, columns (a) through (m).

Example – Death during year, coverage exemptions claimed. Jerry is unmarried and has one dependent, Helena. Neither Jerry nor Helena has MEC in any month. Jerry is a member of a health care sharing ministry for all of 2023. Helena dies on October 12, 2023. Jerry should calculate an Individual Shared Responsibility Penalty for Helena for January through September and report it on form FTB 3853 and his state tax return. Jerry should also file form FTB 3853, claiming code “F” for himself for the year. Jerry also should claim code “J” for Helena for October through December.

Exemptions granted by the Marketplace

General hardship (code “K”). You can claim a coverage exemption for yourself or another member of your applicable household for 2023 if you experienced a hardship that prevented you from obtaining MEC and the Marketplace has granted you an exemption. Hardship exemptions usually cover the month before the hardship, the months of the hardship, and the month after the hardship. General hardships can include:

- You were experiencing homelessness;
- You were evicted or facing eviction or foreclosure;
- You received a shut-off notice from a utility company;
- You experienced domestic violence;
- You experienced the death of a close family member;
- You experienced a fire, flood, or other natural or human-caused disaster that caused substantial damage to your property;
- You filed for bankruptcy;
- You had medical expenses you could not pay;
- You experienced unexpected increases in necessary expenses due to caring for an ill, disabled, or aging family member;
- Your child was denied Medi-Cal (Medicaid) and CHIP, and another person is required by court order to provide coverage to the child;
- You were without coverage while awaiting an appeals decision from the Marketplace;
- You were determined ineligible for Medi-Cal (Medicaid);
- You experienced personal circumstances that create a hardship, such as when no affordable plans provide access to needed specialty care; or
- You experienced a hardship not included in this list that prevented you from getting MEC. For more information, go to [coveredca.com](https://www.coveredca.com).

To claim this coverage exemption, complete Part I and provide the ECN in the ECN fields. See instructions for Part I. Then enter code “K” in the appropriate months in Part III, columns (a) through (m).

Members of certain religious sects (code “L”). An individual may claim a coverage exemption for members of recognized religious sects only if the Marketplace has granted the individual an exemption.

To claim this coverage exemption, complete Part I and provide the ECN in the ECN fields. See instructions for Part I. Then enter code “L” in the appropriate months in Part III, columns (a) through (m).

Coverage considered unaffordable based on projected income (code “M”). The Marketplace determined that you did not have access to coverage that is considered affordable based on your projected household income.

To claim this coverage exemption, complete Part I and provide the ECN in the ECN fields. See instructions for Part I. Then enter code “M” in the appropriate months in Part III, columns (a) through (m).

Part IV – Individual Shared Responsibility Penalty

Line 1 – Individual Shared Responsibility Penalty

Enter your Individual Shared Responsibility Penalty amount from step 5 of the Individual Shared Responsibility Penalty Worksheet.

Use the following steps to determine if you need to pay an Individual Shared Responsibility Penalty, and if so, calculate the amount.

- Follow Steps 1 through 5 next.
- Complete Worksheet A and Worksheet B if you are directed to them as you complete Steps 1 through 5.
- Complete the Individual Shared Responsibility Penalty Worksheet as directed in Steps 1 through 5 or Worksheets A and B.

Step 1 All Filers

1. Can someone claim you as a dependent? Yes No
If you answered **YES**, stop here. You do not owe an Individual Shared Responsibility Penalty. Check the "If someone can claim you as a dependent" box on line 6 of Form 540, Form 540NR, or Form 540 2EZ. You do not need to file form FTB 3853.
If you answered **NO**, continue.
2. Did you, and everyone else in your applicable household (see Applicable household under Definitions on Page 2) have MEC for every month of 2023? Yes No
If you answered **YES**, stop here. You do not owe an Individual Shared Responsibility Penalty. Check the full-year health care coverage box on Side 3 of Form 540 and Form 540NR or Side 3 of Form 540 2EZ. You do not need to file form FTB 3853.
If you answered **NO**, continue.
3. Did you or anyone else in your applicable household have MEC or qualify for a coverage exemption for any month in 2023? Yes No
If you answered **YES**, stop here. You need to file form FTB 3853 and complete Part I and Part III to claim any qualified coverage or coverage exemptions. Skip question 4; go to Worksheet A.
If you answered **NO**, continue.
4. Did you, or anyone else in your applicable household turn 18 during 2023? Yes No
If you answered **YES** go to Worksheet A.
If you answered **NO**, go to Step 2.

Step 2 Flat Dollar Amount

1. Multiply \$900 by the number of people in your applicable household who were at least 18* years old. 1 _____
- *For purpose of calculating the Individual Shared Responsibility Penalty, an individual is considered 18 for an entire month if they turn 18 on the first day of the month.
2. Multiply \$450 by the number of people in your applicable household who were under age 18 2 _____
 3. Add lines 1 and 2 3 _____
 4. Enter the smaller of line 3 or \$2,700 here and on line 1 of the Individual Shared Responsibility Penalty Worksheet. Go to Step 3 4 _____

Step 3 Applicable Household Income

1. Enter the amount from Form 540, line 17; Form 540NR, line 17; or Form 540 2EZ, line 16. 1 _____
2. Did you receive any tax-exempt interest? 2 _____
 - Yes.** Use the worksheet below to determine the California tax-exempt interest and enter the amount on line 2.
 - No.** Continue to the next question.

| California tax-exempt interest | |
|---|---------|
| a. Enter the amount from Schedule CA (540), Part I, or Schedule CA (540NR), Part II, Section A, line 2a | a _____ |
| b. Enter the amount from Schedule CA (540), Part I, or Schedule CA (540NR), Part II, Section A, line 2b, column B | b _____ |
| c. Add line a and line b. Enter the subtotal here | c _____ |
| d. Enter the amount from Schedule CA (540), Part I, or Schedule CA (540NR), Part II, Section A, line 2b, column C | d _____ |
| e. Subtract line d from line c. This is your California tax-exempt interest. Enter this amount here and on line 2 | e _____ |

3. Did you claim any dependents?
 - Yes.** If you answered **YES**, continue to Question 4.
 - No.** If you answered **NO**, add line 1 and line 2. **This is your applicable household income.** Enter the result on Step 4, line 1.
4. Were any of the dependents you claimed required to file a tax return? 4 _____
 - Yes.** Calculate each dependent's income by following Question 1 through Question 2 above. Add all dependent's income together and enter the total on line 4.
 - No.** Add line 1 and line 2. **This is your applicable household income.** Enter the result on Step 4, line 1.
5. Did you attach form FTB 3803?
 - Yes.** Continue to the next question.
 - No.** Add line 1, line 2, and line 4. **This is your applicable household income.** Enter the result on Step 4, line 1.
6. Is form FTB 3803, line 4, more than \$1,250? 6 _____
 - Yes.** Add the amount from each form FTB 3803, line 1b, and the smaller of form FTB 3803, line 4 or \$2,500. Enter the amount(s) on line 6.
 - No.** Enter -0- on line 6. Continue to the next question.
7. Add line 1, line 2, line 4, and line 6. **This is your applicable household income.** Enter the result on Step 4, line 1.

Step 4 Percentage Income Amount

1. Enter your applicable household income from Step 3. 1 _____
2. Enter your filing threshold amount. Use your gross income to look up your filing threshold based on your filing status, your age, and the number of dependents you claim. To determine your filing threshold, see the Do I Have to File? chart on page 18. 2 _____
3. Subtract line 2 from line 1. 3 _____
4. Is the amount on line 3 zero or less?
 Yes. You do not owe an Individual Shared Responsibility Penalty. You need to file form FTB 3853 and check the "Applicable household income or gross income is below the filing threshold" box in Part II.
 No. Continue
5. Multiply line 3 by 2.5% (0.025). Round to the nearest dollar. This is your percentage income amount. 5 _____
6. Were you required to complete Worksheet A?
 Yes. Go to Worksheet B. Then continue to Step 5.
 No. Enter the amount from line 5 above on line 2 of the Individual Shared Responsibility Penalty Worksheet and complete line 3 of that worksheet. Then continue to Step 5.

Step 5 State Average Bronze Plan Premium

1. Were you required to complete Worksheet A?
 Yes. Continue
 No. Skip question 2; Go to question 3.
2. Multiply \$324* by the number on Worksheet A, line 8. Enter the result here and on line 4 of the Individual Shared Responsibility Penalty Worksheet. Skip question 3 and complete line 5 of the Individual Shared Responsibility Penalty Worksheet. 2 _____

* \$324 is the 2023 state average premium for a bronze level health plan available through the Marketplace for one individual for one month.
3. Enter on line 4 of the Individual Shared Responsibility Penalty Worksheet the amount below that corresponds to the total number of people in your applicable household. Then complete line 5 of the Individual Shared Responsibility Penalty Worksheet.
 - 1 person — \$3,888
 - 2 people — \$7,776
 - 3 people — \$11,664
 - 4 people — \$15,552
 - 5 or more people — \$19,440

Individual Shared Responsibility Penalty Worksheet

Use this worksheet if you are referred here from the Individual Shared Responsibility Penalty flowchart or from Worksheet A or B.

- | | | |
|-----------------|---|---------|
| Complete Step 1 | Enter the flat dollar amount. (From Step 2, question 4 or Worksheet A, line 7). | 1 _____ |
| Complete Step 2 | Enter the percentage income amount. (From Step 4, question 5 or Worksheet B, line 14) | 2 _____ |
| Complete Step 3 | Enter the larger of line 1 or line 2 | 3 _____ |
| Complete Step 4 | Enter the State Average Bronze Plan Premium. (From Step 5, question 2 or 3) | 4 _____ |
| Complete Step 5 | Enter the smaller of line 3 or line 4 here and on Form 540, line 92; Form 540NR, line 91; or Form 540 2EZ, line 27. This is your Individual Shared Responsibility Penalty | 5 _____ |

Worksheet A

Use this worksheet if you were referred here from Step 1 under Individual Shared Responsibility Penalty. After completing the worksheet, go to **Step 3** under Individual Shared Responsibility Penalty. If everyone in your applicable household had either MEC or a coverage exemption for every month during 2023, stop here. You do not owe an Individual Shared Responsibility Penalty.

Complete the monthly columns by placing "Xs" in each month in which you or another member of your applicable household had neither MEC nor a coverage exemption.

| Name | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
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| | | | | | | | | | | | | |
| 1. Add the total number of Xs in a month. If 5 or more, enter 5* | | | | | | | | | | | | |
| 2. Add the total number of Xs in a month for individuals 18 or over** | | | | | | | | | | | | |
| 3. Enter one-half the number of Xs in a month for individuals under 18* . . . | | | | | | | | | | | | |
| 4. Add lines 2 and 3 for each month | | | | | | | | | | | | |
| 5. Multiply line 4 by \$900 for each month. If \$2,700 or more, enter \$2,700 | | | | | | | | | | | | |
| 6. Add the amounts for each month on line 5 6 | | | | | | | | | | | | |
| 7. Divide line 6 by 12.0. Round to the nearest dollar. This is your flat dollar amount. Enter this amount on line 1 of the Individual Shared Responsibility Penalty Worksheet. 7 | | | | | | | | | | | | |
| 8. Add the total number of Xs entered for each month on line 1. Go to Step 3 8 | | | | | | | | | | | | |
| *The maximum monthly penalty for an applicable household size of five or more is equal to the maximum monthly penalty for a responsible individual with an applicable household of five individuals. | | | | | | | | | | | | |
| **For purposes of calculating the Individual Shared Responsibility Penalty, an individual is considered 18 for the entire month if they turn 18 on the first day of the month. | | | | | | | | | | | | |

Worksheet B

Do not complete this worksheet unless you were directed here in Step 4 under Individual Shared Responsibility Penalty.

For each month, you must determine if the amount on line 5 of Worksheet A is less than the amount on line 5 of Step 4 under Individual Shared Responsibility Penalty.*

| Name | (a)* Enter the amount from line 5 of Worksheet A | (b)* Enter the amount from Step 4, line 5 | (c)* Enter the larger of column (a) or column (b) |
|--|--|---|---|
| 1. January | | | |
| 2. February | | | |
| 3. March | | | |
| 4. April | | | |
| 5. May | | | |
| 6. June | | | |
| 7. July | | | |
| 8. August | | | |
| 9. September | | | |
| 10. October | | | |
| 11. November | | | |
| 12. December | | | |
| 13. Add the amounts in column (c) | | | |
| 14. Divide line 13 by 12.0. Enter the result on line 2 and line 3 of the Individual Shared Responsibility Penalty Worksheet. Go to Step 5. | | | |
| *If the amount on line 1 of Worksheet A is -0- for any month, leave all columns of this worksheet blank for that month. | | | |

Do I Have to File?

Steps to Determine Filing Requirement

Step 1: Is your gross income (all income received from all sources in the form of money, goods, property, and services that are not exempt from tax) more than the amount shown in the California Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, go to Step 2.

Step 2: Is your adjusted gross income (federal adjusted gross income from all sources reduced or increased by all California income adjustments) more than the amount shown in the California Adjusted Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, go to Step 3.

Step 3: If your income is less than the amounts on the chart you may still have a filing requirement. See “Requirements for Children with Investment Income” and “Other Situations When You Must File.” Do those instructions apply to you? If yes, you have a filing requirement. If no, go to Step 4.

Step 4: Are you married/RDP filing separately with separate property income? If no, you do not have a filing requirement. If yes, prepare a tax return. If you owe tax, you have a filing requirement.

| On 12/31/23, my filing status was: | and on 12/31/23, my age was: <small>(If your 65th birthday is on January 1, 2024, you are considered to be age 65 on December 31, 2023)</small> | California Gross Income | | | California Adjusted Gross Income | | |
|--|---|--|--------|--------------|----------------------------------|--------|--------------|
| | | Dependents | | | Dependents | | |
| | | 0 | 1 | 2 or more | 0 | 1 | 2 or more |
| Single or Head of household | Under 65 | 21,561 | 36,428 | 47,578 | 17,249 | 32,116 | 43,266 |
| | 65 or older | 28,761 | 39,911 | 48,831 | 24,449 | 35,599 | 44,519 |
| Married/RDP filing jointly Married/RDP filing separately <small>(The income of both spouses/RDPs must be combined; both spouses/RDPs may be required to file a tax return even if only one spouse/RDP had income over the amounts listed.)</small> | Under 65 (both spouses/RDPs) | 43,127 | 57,994 | 69,144 | 34,503 | 49,370 | 60,520 |
| | 65 or older (one spouse/RDP) | 50,327 | 61,477 | 70,397 | 41,703 | 52,853 | 61,773 |
| | 65 or older (both spouses/RDPs) | 57,527 | 68,677 | 77,597 | 48,903 | 60,053 | 68,973 |
| Qualifying surviving spouse/RDP | Under 65 | | 36,428 | 47,578 | | 32,116 | 43,266 |
| | 65 or older | | 39,911 | 48,831 | | 35,599 | 44,519 |
| Dependent of another person Any filing status | Any age | More than your standard deduction (Use the California Standard Deduction Worksheet for Dependents on page 13 in Form 540 Booklet or Form 540NR Booklet to figure your standard deduction.) | | | | | |

Requirements for Children with Investment Income

California law conforms to federal law which allows parents' election to report a child's interest and dividend income from children under age 19 or a student under age 24 on the parent's tax return. For each child under age 19 or student under age 24 who received more than \$2,500 of investment income in 2023, complete Form 540 or Form 540NR and form FTB 3800, Tax Computation for Certain Children with Unearned Income, to figure the tax on a separate Form 540 or Form 540NR for your child.

If you qualify, you may elect to report your child's income of more than \$1,250 but less than \$12,500 on your tax return by completing form FTB 3803. To make this election, your child's income must be **only** from interest and/or dividends. To get forms FTB 3800 or FTB 3803, see "Order Forms and Publications" or go to ftb.ca.gov/forms.

Other Situations When You Must File

If you have a tax liability for 2023 or owe any of the following taxes for 2023, you must file Form 540 or Form 540NR.

- Tax on a lump-sum distribution.
- Tax on a qualified retirement plan including an Individual Retirement Arrangement (IRA) or an Archer Medical Savings Account (MSA).
- Tax for children under age 19 or student under age 24 who have investment income greater than \$2,500 (see paragraph in the left column).
- Alternative minimum tax.
- Recapture taxes.
- Deferred tax on certain installment obligations.
- Tax on an accumulation distribution from a trust.

Franchise Tax Board Privacy Notice on Collection

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for **1131** to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection – Aviso de Privacidad del Franchise Tax Board sobre la Recaudación. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.

How To Avoid Common Mistakes

Mistakes in completing form FTB 3853 or calculating your Individual Shared Responsibility Penalty can cause you to pay too much, delay the processing of your tax return or refund, or cause you to receive notices or other correspondence from the FTB. Review the list below to avoid making common mistakes on your form.

Mistakes in Completing Form FTB 3853

If you can check the full-year health care coverage box on Side 3 of Form 540 and Form 540NR or Side 3 of Form 540 2EZ, you do not need to file form FTB 3853.

If you can claim a coverage exemption for yourself or another member of your applicable household, complete Part I and Part III of form FTB 3853. If you are claiming a coverage exemption in Part III:

- Make sure you entered one of the codes listed on the Types of Coverage Exemptions chart in columns (a) through (m). Use only the codes listed on the Types of Coverage Exemptions chart.

Mistakes in Calculating Your Individual Shared Responsibility Penalty

Before paying an Individual Shared Responsibility Penalty:

- Make sure you are unable to check the full-year health care coverage box on Side 3 of Form 540 and Form 540NR or Side 3 of Form 540 2EZ. See Individual Shared Responsibility Penalty in the Instructions for Form 540, Form 540NR, or Form 540 2EZ.
- Make sure you cannot be claimed as a dependent on another person's tax return. See Who Qualifies as Your Dependent in the Instructions for Form 540, Form 540NR, or Form 540 2EZ. You do not owe an Individual Shared Responsibility Penalty if you can be claimed as a dependent by another taxpayer.
- Review the Types of Coverage Exemptions chart to see if you have overlooked a coverage exemption that may apply to you or someone in your applicable household.
- Make sure that your applicable household income or gross income is more than the filing threshold that applies to you. See Part II on page 5. You do not owe an Individual Shared Responsibility Penalty if your applicable household income or gross income is below the filing threshold.
- Make sure that the amount on line 1 of the Individual Shared Responsibility Penalty Worksheet on page 15 is not more than \$2,700. See Step 2 under Individual Shared Responsibility Penalty on page 14 for instructions on how to calculate the flat dollar amount.
- Make sure that your Individual Shared Responsibility Penalty is not more than line 4 of the Individual Shared Responsibility Penalty Worksheet (the State Average Bronze Plan Premium). See Step 5 under Individual Shared Responsibility Penalty on page 15 for instructions on how to calculate the State Average Bronze Plan Premium that applies to you.

You may be able to claim the coverage exemption for Coverage considered unaffordable for one or more months if you did not qualify for the federal Premium Tax Credit because you were eligible for Medi-Cal (Medicaid).