

CLIENT ALERT

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The IRS has issued additional guidance for employers who are eligible for the Small Business Health Care Tax Credit for 2010

Part of the Affordable Care Act included a small business health care tax credit, the goal of which is designed to encourage both small businesses and tax-exempt organizations to offer health insurance coverage to their employees.

The criteria for a business to be eligible for the tax credit is:

- The employer must pay at least half of the premiums for single health insurance coverage for their employees.
- The employer must have fewer than 25 FTEs, with the greatest credit going to those employers with less than 10 FTEs. (FTE - Full time equivalent employee)
- The maximum average salary for those employers with less than 10 FTE's is \$25,000 a year. (\$50,000 a year for those employers with less than 25 FTE's)
- Small businesses can claim the credit for 2010 through 2013 and for any two years after that. For tax years 2010 to 2013, the maximum credit is 35 percent of premiums paid by eligible small businesses and 25 percent of premiums paid by eligible tax-exempt organizations. Beginning in 2014, the maximum tax credit will increase to 50 percent of premiums paid by eligible small business employers and 35 percent of premiums paid by eligible tax-exempt organizations.

Attached is a 3 Step Worksheet to help determine if your company is eligible for the credit. Additional information is available on the IRS Website at:

<http://www.irs.gov/newsroom/article/0,,id=223666,00.html>

DISCLAIMER - This information is provided as an informational service and is not considered insurance, legal or tax advice. If you would like more information, please do not hesitate to contact our office or your corporate accountant.