

Additional Benefits of the Affordable Care Act for Small Businesses:

In addition to the Small Business Health Care Tax Credit, small businesses and their employees stand to benefit in a number of ways from the Affordable Care Act. Other benefits of ACA include:

Health insurance exchanges. Full implementation of the health insurance exchanges in 2014 will further reduce costs for small employers by allowing them to pool their purchasing power and save on administrative costs.

Lowering costs through wise investments. Investing in preventive care, linking provider incentives to outcomes, and providing additional tools to control Medicare costs through the Independent Payment Advisory Board will further lower costs for small businesses.

Greater coverage. Covering a greater share of the population will reduce the number of uninsured who end up in the emergency room, a hidden cost that is passed on to businesses that insure their employees through higher premiums.

For more information on the tax credit and other provisions of the Affordable Care Act, visit:

<http://www.healthcare.gov/foryou/small/>

*How Small
Businesses
Can Benefit
From the
Affordable
Care Act's*

Small Business Health Care Tax Credit



The Small Business Health Care Tax Credit

Small businesses will see substantial benefits from the Affordable Care Act (ACA). For qualifying employers providing insurance in 2010, one significant benefit can be claimed on 2010 tax returns – the Small Business Health Care Tax Credit. This pamphlet provides information on claiming the tax credit as well as other ways small businesses will benefit from the law.

Highlights:

The credit ***is worth up to 35 percent of the health insurance premium costs*** a small business incurred for insuring its employees in 2010. ***Starting in 2014, the credit will cover up to 50 percent of premium costs.***

As many as 4 million small businesses could be eligible for the credit if they offer insurance, and the Congressional Budget Office estimates it will be ***worth \$40 billion*** to small businesses over the next 10 years.

Eligible small businesses that provided insurance in 2010 can claim the credit on 2010 tax returns. Eligible small business who do not yet provide insurance, can start providing insurance and claim the credit for 2011 forward.

Eligibility Rules:

Providing health care coverage.

A qualifying employer must contribute an amount equal to at least 50 percent of the cost of employee-only health insurance for covered workers.

Firm size. A qualifying employer must have less than the equivalent of 25 full-time workers (for example, an employer with fewer than 50 half-time workers may be eligible).

Average annual wage. A qualifying employer must pay average annual wages below \$50,000 for a full-time worker.

Both taxable (for-profit) and tax-exempt firms qualify. Taxable small businesses may be eligible for a credit of up to 35 percent of premium costs for 2010, 2011, 2012 and 2013. In 2014, this rate increases to 50 percent. Tax-exempt firms may receive a credit of up to 25 percent for 2010, 2011, 2012 and 2013. In 2014, this rate increases to 35 percent.

Claiming the Credit:

Small employers, whether businesses or tax-exempt organizations, will use IRS Form 8941, Credit for Small Employer Health Insurance Premiums, to calculate the small business health care tax credit.

Small businesses will include the amount of the credit as part of the general business credit on their income tax returns. Tax-exempt employers will include the credit on IRS Form 990-T.

For more information

To learn more about which businesses qualify for the credit and how to claim it, please visit: <http://www.healthcare.gov/>