

Legislative Alert: Small Business Health Care Tax Credit

Dear Gianna,

As one of BenefitMall's leading producers, we know how important it is for you to gain a strong understanding of what we can expect as insurance professionals. Much of this legislation is still undefined, but BenefitMall can assure you that we will continue to provide you with exclusive health care resources, guidance and up-and-coming information, such as the small business health care tax credit effective for 2010.

Under the health care bill passed in March, tax credits will be granted to some small employers for a part of the health insurance premiums the employer pays. The purpose of this credit is to encourage employers to offer their employees health care coverage for the first time, and to encourage those who do currently offer it, to continue to do so.

Effective 2010 through 2013, the IRS will provide a tax credit of up to 35% for small businesses and 25% for tax-exempt organizations that provide health insurance for their employees. A small business is eligible for this tax credit if the employer:

- Employs 25 or fewer "full-time equivalent" employees (FTE)
- Pays average annual wages of less than \$50,000 per FTE
- Contributes a uniform percentage of the premium cost of coverage which must not be less than 50%, based upon the premium rates for single coverage

In 2014, the tax credit for small businesses will increase to 50% and 35% for tax-exempt organizations. This tax credit is designed to help small businesses afford health care coverage, specifically those who employ low to medium income workers. Employers can claim this 2010 tax credit when they file their income taxes in 2011.

In order to determine the total 2010 tax credit, there are specific qualifications that must be met. In order review those specifications in detail and learn more about this tax credit, please see the summary prepared by BenefitMall, [Health Care Reform: Near Term Changes for Small Employers](#). You can also view [Small Business Health Care Tax Credit: FAQ's](#) on the IRS website.

We thank you for taking the time to read this important piece of legislative information. We will continue to communicate with you regarding the ongoing health care changes in a timely manner. If you have any questions regarding this change, please feel free to contact your local BenefitMall Sales Team, and we would be happy to offer you more information and resources.

Sincerely,



Michael Gomes
Executive Vice President

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