



Contribute to Your Employees' Health Insurance

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CREDIT

Are you a **small business** or **tax-exempt organization** that pays at least half the cost of single health insurance coverage for your employees? If so, you may qualify for a new tax credit. The new **small business health care tax credit** is effective now as part of the Affordable Care Act, which became law this year.

Who's eligible for the credit?

The credit is targeted to help employers with low and moderate income workers afford to offer employees health insurance coverage. Generally, employers that have fewer than 25 full-time equivalent (FTE) employees and pay wages averaging less than \$50,000 per employee per year may qualify for the credit. Because the eligibility formula is based in part on the number of FTEs, not the number of employees, employers that have more than 25 individual workers may also qualify if some of their workers are part-time.

How much is the tax credit?

For each year from 2010 through 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. An enhanced version of the credit will be effective beginning in 2014.

How and when can I claim the credit?

Small businesses can claim the credit as part of the general business credit starting with the 2010 income tax return they file in 2011. Tax-exempt employers can expect additional information in the coming months on how to claim the credit.

Find out more about the credit and
how to claim it at www.irs.gov

