



Small Business Health Care Tax Credit

The health care reform law includes a Small Business Health Care Tax credit for small employers with fewer than 25 full-time equivalent employees paying wages averaging less than \$50,000 per employee per year.

The maximum credit goes to smaller employers with 10 or fewer full-time employees and average annual wages of \$25,000 or less.

Under the law, the maximum credit is 35% of premiums paid in 2010 by eligible employers. Tax-exempt organizations can obtain a maximum credit of 25% of premiums paid in 2010. In the year 2014, the credit will increase to 50% of premiums paid by eligible employers and 30% of premiums for tax-exempt organizations.

The credit can be claimed as part of the general business credit beginning with the 2010 income tax return that you will file in 2011.

The IRS has created an online portal to help small businesses understand the tax credit. Please visit their site at:

<http://www.irs.gov/newsroom/article/0,,id=220809,00.html?portlet=6>

The website contains a “Frequently Asked Questions” section as well as illustrated scenarios on how the credit applies to small employers.

If you have any questions regarding the credit, please contact your TJ&S representative at 412-395-4000.