



HCTT-2014-20: Small Employers Should Check Out the Health Care Tax Credit

Internal Revenue Service (IRS) sent this bulletin at 10/08/2014 10:12 AM EDT



IRS Tax Tips

October 8, 2014

Useful Links:

[IRS.gov Home](#)

[1040 Central](#)

[Help For Hurricane Victims](#)

News Essentials

[What's Hot](#)

[News Releases](#)

[IRS - The Basics](#)

[IRS Guidance](#)

[Media Contacts](#)

[Facts & Figures](#)

[Problem Alerts](#)

[Around The Nation](#)

[e-News Subscriptions](#)

The Newsroom Topics

[Multimedia Center](#)

[Noticias en Español](#)

[Radio PSAs](#)

Issue Number: HCTT-2014-20

Inside This Issue

Small Employers Should Check Out the Health Care Tax Credit

New and existing small employers who do not yet benefit from the Small Business Health Care Tax Credit should look into whether the credit can help them provide insurance to their employees.

For tax years beginning in 2014 and after, the maximum credit is 50 percent of premiums paid for small business employers, and 35 percent of premiums paid for tax-exempt small employers, such as charities.

Beginning in 2014, a small employer may qualify for the credit if:

- It has fewer than 25 employees who work full-time, or a combination of full-time and part-time. For example, two half-time employees equal one full-time employee for purposes of the credit.
- It pays premiums on behalf of employees enrolled in a qualified health plan offered through a [Small Business Health Options Program Marketplace](#) or qualifies for an exception to this requirement.
- The average annual wages of full-time equivalent employees are less than \$51,000. The annual average wages will be adjusted annually for inflation.

[Tax Scams](#)

[The Tax Gap](#)

[Fact Sheets](#)

[IRS Tax Tips](#)

[Armed Forces](#)

[Latest News Home](#)

IRS Resources

[Compliance & Enforcement
News](#)

[Contact My Local Office](#)

[Filing Options](#)

[Forms & Pubs](#)

[Frequently Asked Questions](#)

[News](#)

[Taxpayer Advocate](#)

[Where to File](#)

[IRS Social Media](#)

- It pays a uniform percentage for all employees that is equal to at least 50 percent of the premium cost of the insurance coverage.

The credit is available to eligible employers for two consecutive taxable years.

A small business employer who did not owe tax during the year can carry the credit back or forward to other tax years. Also, since the amount of the health insurance premium payments is greater than the total credit claimed, eligible small employers can still claim a business expense deduction for premiums in excess of the credit.

For tax-exempt small employers, the credit is refundable. Even if the tax-exempt small employer has no taxable income, it may be eligible to receive the credit as a refund so long as it does not exceed its income tax withholding and Medicare tax liability.

More information

More information about the Small Business Health Options Program Marketplace – better known as the SHOP Marketplace – including the Federally Facilitated Marketplace, is available at HealthCare.gov.

Find out more about the small business health care tax credit at IRS.gov/aca.

Find out more about the health care law at HealthCare.gov.

[Subscribe to IRS Tax Tips](#) to get easy-to-read tips via e-mail from the IRS.

[Back to Top](#)

Thank you for subscribing to IRS Tax Tips, an IRS e-mail service. For more information on federal taxes please visit IRS.gov.

This message was distributed automatically from the IRS Tax Tips mailing list. **Please Do Not Reply To This Message.**