
Spotlight: Small Business Tax Credit

Small Businesses and the Affordable Care Act

Overview – The Affordable Care Act includes a provision to help make health insurance coverage more financially attractive to small employers. The small business tax credit can be up to 50% of what you pay towards your employee’s health insurance premium.

Eligibility Guidelines

- Employers must have fewer than 25 Full Time Employees/Full Time Equivalent Employees (F.T.E.s)
- Average employee salary must be below \$50,000.
- Employer must purchase their plan on the SHOP (Small Business Health Options Program) Marketplace.
- Employer must contribute a minimum of 50% of the single employee’s premium.

Next Steps to Find Out If You Qualify:

1. Determine how many full time employees you have.

<http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-Questions-and-Answers:-Determining-FTEs-and-Average-Annual-Wages>
2. Take a look at your average salaries and see if you fall below the average maximum of \$50,000.
3. Begin exploring plans/information on the SHOP Marketplace with a Registered Broker.
4. Consider your budget for a contribution to employees’ premium.
5. Review our case studies to see examples of how this could impact your business. www.illinoishealthmatters.com

What is a “Full Time Employee?”

The Affordable Care Act changes the way we count total number of employees. The number of hours a Full Time Employee works varies between programs and eligibility. You should also be aware that your part time and seasonal workers (working more than 120 days) can be added together to be “Full Time Equivalent” employees.

Other Resources

Here is a direct link to the IRS website’s to get additional information.

www.irs.gov/aca

Looking for assistance with the accessing the tax credit? You may want to contact a Registered Marketplace Health Insurance Broker. Find one near you:

<http://getcoveredillinois.gov/get-help/>



