



Small Business Health Care Tax Credit

Small employer's providing health care coverage to their employees are eligible to receive federal tax credit provided they meet certain criteria.

1. Must have 25 or fewer full time employees for the tax year
2. Average annual wages of its employers for the tax year must be less than \$50,000 per full time employee
3. The employer must pay the premium under qualifying arrangement.

Under qualifying arrangement

For each employee enrolled in the health coverage plan, the employer must pay at least 50 percent of the premium cost.

If an employer pays only a portion of the premiums for the coverage provided to employees under the arrangement (with employees paying the rest), the amount of premiums counted in calculating the credit is only the portion paid by the employer. For example, if an employer pays 80 percent of the premiums for employees' coverage (with employees paying the other 20

percent), the 80 percent premium amount paid by the employer counts in calculating the credit. For purposes of the credit (including the 50 percent requirement), any premium paid pursuant to a salary reduction arrangement under a section 125 cafeteria plan is not treated as paid by the employer.

Maximum Credit for a Qualified Employer (other than a tax exempt employer)

For tax year beginning in 2010 through 2013, the maximum credit is 35 percent of the employer's premium expenses.

Example:

For the 2010 tax year, a qualified employer has 9 full time employees with average annual wages of \$23,000 per full time employee. The employer pays \$72,000 in health care premiums for those employees (which does not exceed the average premium for the small group market in the employer's State) and otherwise meets the requirements for the credit. The credit for 2010 equals \$25,200 (35% x \$72,000)



The credit is claimed on the employer's annual income tax return.

The following guiding steps are provided by the Internal Revenue Service to determine if you qualify for small business health care credit:

Guidelines

Step 1

Total number of your employees (not counting owners or family members) _____

Enter the number of employees who work at least 40 hours per week.

Full-time equivalent of part-time employees: _____

(Calculate the number of full-time equivalents by dividing the total annual hours of part-time employees by 2080 equals

_____ total employees

If the total number of employees is fewer than 25, go to step 2.

Step 2

Calculate the average annual wages of employees (not counting owners or family members)

Take the total annual wages paid to employees: _____

Divide it by the number of employees from Step 1: _____

(total wages divided by number of employees) = _____ average wages

If the result is less than \$50,000, AND

Step 3

You pay at least half of the insurance premiums for your employees at the single (employee-only)

Coverage rate, then:

You may be able to claim the Small Business Health Care Tax Credit.



FOOD DRIVE

We are hosting our first annual canned food drive from June 1st to August 15th. Please drop off your canned goods at our offices located at 275 Hillside Avenue, Williston Park, NY between the hours of 9 and 5 Monday through Friday.



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