



Information about the Small Business Healthcare Tax Credit

In the past few days, you may have noticed a postcard in the mail from the IRS regarding a healthcare tax credit available for small businesses. This credit, which is part of the recently enacted Patient Protection and Affordable Care Act, is intended to encourage small businesses and tax-exempt organizations to begin offering health insurance coverage to employees or maintain coverage if they already do so. As your trusted advisor, we have provided highlights of this tax credit, including eligibility requirements, below.

About the Credit

Generally speaking, the Small Business Healthcare Tax Credit applies to small businesses and tax-exempt organizations which pay at least half the cost of insurance coverage for individual employees. The credit is effective immediately and may be claimed on employers' 2010 tax returns. The maximum credit for businesses is 35% of premiums paid in 2010 and 25% of premiums paid by tax-exempt organizations. Beginning in 2014, the rates increase to 50% for businesses and 35% for tax-exempt employers.

Who's Eligible?

The IRS has clearly defined the eligibility rules for the tax credit. If you can answer "yes" to each of the three questions posed below, there is a good chance you may qualify. Please note that both taxable (for profit) and tax-exempt organizations are eligible for the credit.

1. Do you pay at least 50% of the cost of healthcare coverage for your employees?
2. Do you employ less than 25 full-time equivalent (FTE) workers or fewer than 50 part-time workers?
3. Do you pay average annual wages below \$50,000?

For more information, or to find out if you qualify for this tax credit, please visit the IRS' website at <http://www.irs.gov/newsroom/article/0,,id=220809,00.html?portlet=6>. As always, please do not hesitate to contact us if you have any questions or concerns at our Fort Smith office at 479-484-5740 or Rogers office at 479-636-4461. Until then, please accept our best wishes for continued success.

Sincerely,

Beall Barclay