



.....
Small Business Health Care Tax Credit for Small Employers
.....

As part of the health care legislation that was passed in 2010, the Credit for Small Employer Health Insurance Premiums does not just apply to taxable organizations. Non-profit organizations may also be able to take advantage of this refundable tax credit if certain requirements are met. In some instances, this credit may be very lucrative and is maximized at 25% of a tax-exempt employer's 2010 premium costs.

To qualify for this credit, an employer will need to meet the following requirements and limitations:

- Must cover at least 50% of the cost of health care coverage for its employees;
- Must have less than 25 full-time equivalent employees ("FTE"); and
- Must pay average annual wages below \$50,000.

Of course each of these requirements and limitations has its own set of rules so the calculation of the actual credit can be cumbersome. For example, seasonal employees who worked 120 or fewer days during the tax year are not counted in the 25 FTE number.

To claim the credit, a non-profit organization must complete a 2010 Form 8941 and attach to a 2010 Form 990-T. Again, this credit is refundable, so even if your organization does not have a tax liability it can claim this credit. If you have any questions or need assistance in claiming this credit, please contact a GBQ representative.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, please be informed that to the extent this communication and any attachments contain any federal tax advice, such advice is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or promoting, marketing, or recommending to another person any transaction, arrangement or matter addressed herein.

