

The Small Business Health Care Tax Credit

- The small business health care tax credit was included in the Affordable Care Act.
- Small employers that pay at least half of the premiums for employee health insurance coverage under a qualifying arrangement may be eligible for the small business health care tax credit. The credit is specifically targeted to help small businesses and tax-exempt organizations that primarily employ 25 or fewer workers with average income of \$50,000 or less.
- Upcoming deadlines for 2011:
 - **September 15.** Corporations that file on a calendar year basis and requested an extension to file to September 15 can calculate the small employer health care credit on Form 8941 and claim it as part of the general business credit on Form 3800, which they would include with their corporate income tax return.
 - **October 17.** Sole proprietors who file Form 1040 and partners and S-corporation shareholders who report their income on Form 1040 and requested an extension have until October 17 to complete their returns. They would also use Form 8941 to calculate the small employer health care credit and claim it as a general business credit on Form 3800, reflected on line 53 of Form 1040.
- **Businesses who have already filed can still claim the credit:** For small businesses that have already filed and later determine they are eligible for the credit, they can always file an amended 2010 tax return. Corporations use Form 1120X and individual sole proprietors use Form 1040X
- **Businesses without tax liability this year can still benefit:** The Small Business Jobs Act of 2010 provided that for Tax Year 2010, eligible small businesses may carry back unused general business credits (including the small employer health care tax credit) five years. Previously these credits could only be carried back one year. Small businesses that did not have tax liability to offset in 2010 should still evaluate eligibility for the small business health care tax credit in light of this expanded carry back opportunity.
- **Businesses that couldn't use the credit in 2010 can claim it in future years:** Some businesses that already locked into health insurance plan structures and contributions for 2010 may not have had the opportunity to make any needed adjustments to qualify for the credit for 2010. So these businesses may be eligible to claim the credit on 2011 returns or in years beyond. Small employers can claim the credit for 2010 through 2013 and for two additional years beginning in 2014.

More information is located at:

<http://www.healthcare.gov/news/blog/smallbusiness09072011.html> and [Small Business Health Care Tax Credit for Small Employers](#).