

Small businesses (including non-profits and churches) are now eligible for a current year health care tax credit that could be significant, depending on the number of employees and the average pay of the employees at the organization.

The small business majority website (<http://www.smallbusinessmajority.org/tax-credit-calculator/>) lists information on, questions about and calculation of, the new health care law tax credit for small businesses (including churches). You may input and run the simple calculation for your church to see if your church may be eligible. Since this is based on number of employees and average salary, some churches will qualify and many others will not.

Simple summary:

Who is eligible for the tax credit?

Small employers that provide healthcare coverage are eligible (a “qualified employer”) if:

They have fewer than 25 full-time equivalent employees (FTEs) for the tax year

The average annual wages paid are less than \$50,000* per FTE

The employer pays at least 50% of the premium cost under a “qualified arrangement”

* Wage limits will be indexed to the Consumer Price Index for Urban Consumers (CPI-U) for tax years beginning in 2014.

A “qualified arrangement” means:

The employer pays 50% or more of the cost of the employee-only premium for coverage through a state-licensed company

Is a tax-exempt organization a qualified employer?

Yes. The same definition of qualified employer applies, but the amount of the tax credit is lower and special rules apply.

Helpful links:

<http://www.smallbusinessmajority.org/hc-reform-faq/index.php>

<http://www.irs.gov/newsroom/article/0,,id=220839,00.html>