

Your Future is Our Focus



RINA Alert!

July 27, 2010
Volume 8 Issue 5
800-746-2272

Health Care Credit for Small Businesses and Non-Profits

The IRS is sending out postcard notifications on the recently enacted Patient Protection and Affordable Care Act that could earn you a new tax credit this year for providing health insurance for your employees starting in 2010.

These are some key health care credit eligibility standards:

- The credit is available to companies with fewer than 25 employees with average wages of \$50,000 or less.
- An employer with fewer than 50 half-time employees can qualify.
- Your Company must provide health coverage for employees and pay 50 percent of each premium.
- A qualifying employer must pay average annual wages below \$50,000 to get even a partial credit.
- Both taxable (for-profit) and tax-exempt (non-profit) firms qualify.
- The credit is not available to self-employed individuals.
- Businesses with average payrolls over \$50,000 will not qualify for the credit at all.

The full credit goes to companies with 10 or fewer employees and average annual wages of \$25,000 or less.

The credit is worth up to 35 percent of your premium costs in 2010 (25 percent for non-profits). In 2014 that jumps to 50 percent (35 percent for non-profits). A ruling just issued by the IRS also confirms that the credit applies to premiums you pay for dental and vision coverage. And your business can still qualify for the federal credit even if you receive a separate state credit.

A company can use the credit to reduce income tax owed and can carry the credit forward 20 years or back one year after 2010. Non-profits can use the credit against withholding and Medicare taxes owed on behalf of their employees.

To help with calculating the credits your business could qualify for please contact your RINA representative.

RINA ALERTs are published periodically by RINA accountancy corporation and provided free of charge to RINA clients and friends. This and each subsequent issue will contain an individual item of interest to businesses, their owners and those who provide services to them. Most issues will focus on a single area of concern and will be designed to make you aware of opportunities and observations that may help you manage your financial affairs more safely, efficiently and profitably.

The purpose of the RINA ALERT is to provide information of a general nature. It is not designed to take the place of or to be considered to be tax or legal advice. You should seek appropriate professional advice from your accountant, attorney, investment manager, insurance agent or other advisors.

Individual situations can vary so be sure you understand and explain your personal situation to your advisors before acting on any of the information you receive from RINA ALERT.

Your comments on specific articles as well as suggestions for future articles are always welcome and may be directed to alert!@rina.com

RINA ALERT is copyrighted. You may share its contents with friends and colleagues so long as its contents are not sold or used in any commercial way.

© 2010 RINA accountancy corporation • Established 1946 • www.rina.com • Member of MGI

If you do not want to receive any more RINA Alerts! visit this [link](#)

To update your email address preferences visit this [link](#)