

Re: Small Business Health Care Tax Credit

Dear Small Business Employer,

The Small Business Health Care Tax Credit may be available to small businesses that provide healthcare coverage to their employees.

To be eligible for the credit, a qualifying employer must cover at least 50 percent of the cost of healthcare coverage for workers based on a single coverage rate. A qualifying employer must have less than the equivalent of 25 full-time workers, and a qualifying employer also must pay average annual wages below \$50,000.

In 2013, a qualified employer with 10 or fewer workers with average annual pay of less than \$25,000 is eligible for a credit of up to 35 percent of your premium costs. In 2014, this rate increases to 50 percent (35 percent for tax-exempt employers). The credit phases out gradually for firms with average wages between \$25,000 and \$50,000 and for firms with the equivalent of between 10 and 25 full-time workers. The credit is not available to self-employed individuals nor to any family members you employ.

The law is complex, but very beneficial to small businesses, so don't overlook this important tax credit.