



HCTT-2015-31: Find out how ACA affects Employers with fewer than 50 Employees

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Find out how ACA affects Employers with fewer than 50 Employees

Most employers have fewer than 50 full-time employees or full-time equivalent employees and are therefore not subject to the Affordable Care Act's [employer shared responsibility provision](#).

If an employer has fewer than 50 full-time employees, including full-time equivalent employees, on average during the prior year, the employer is not an ALE for the current calendar year. Therefore, the employer is not subject to the employer shared responsibility provisions or the employer information reporting provisions for the current year. Employers with 50 or fewer employees can purchase health insurance coverage for its employees through the Small Business Health Options Program – better known as the [SHOP Marketplace](#).

Calculating the number of employees is especially important for employers that have close to 50 employees or whose workforce fluctuates throughout the year. To determine its workforce size for a year an employer adds its total number of full-time employees for each month of the prior calendar year to the total number of full-time equivalent employees for each calendar month of the prior calendar year, and divides that total number by 12.

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Employers that have fewer than 25 full-time equivalent employees with average annual wages of less than \$50,000 may be eligible for the [small business health care tax credit](#) if they cover at least 50 percent of their full-time employees' premium costs and generally, after 2013, if they purchase coverage through the [SHOP](#).

All employers, regardless of size, that provide self-insured health coverage must [file an annual information return](#) reporting certain information for individuals they cover. The first returns are due to be filed in 2016 for coverage provided during 2015.

For more information, visit our [Determining if an Employer is an Applicable Large Employer](#) page on IRS.gov/aca.

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