



# HCTT-2016-54: Five Facts about the Small Business Health Care Tax Credit

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## Inside This Issue

### Five Facts about the Small Business Health Care Tax Credit

If you are a small employer, there is a tax credit that can put money in your pocket. The [small business health care tax credit](#) benefits employers that:

- offer coverage through the small business health options program, also known as the SHOP marketplace
- have fewer than 25 full-time equivalent employees
- pay an average wage of less than \$50,000 a year
- pay at least half of employee health insurance premiums

Here are five facts about this credit:

- The maximum credit is 50 percent of premiums paid for small business employers and 35 percent of premiums paid for small

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tax-exempt employers.

- To be eligible for the credit, you must pay premiums on behalf of employees enrolled in a qualified health plan offered through a Small Business Health Options Program Marketplace, or qualify for an exception to this requirement.
- The credit is available to eligible employers for two consecutive taxable years beginning in 2014 or later. You may be able to amend prior year tax returns to claim the credit for tax years 2010 through 2013 in addition to claiming this credit for those two consecutive years.
- You can carry the credit back or forward to other tax years if you do not owe tax during the year.
- You may get both a credit and a deduction for employee premium payments. Since the amount of your health insurance premium payments will be more than the total credit, if you are eligible, you can still claim a business expense deduction for the premiums in excess of the credit. For more information, see the [small business health care tax credit](#) page on IRS.gov.

For information about insurance plans offered through the SHOP Marketplace, visit [Healthcare.gov](#).

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