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## Small Business Health Care Tax Credit

The Small Business Health Care Tax Credit helps small businesses and tax-exempt organizations pay for health care coverage they offer their employees.

A small employer is eligible for the credit if it has fewer than 25 employees who work full-time, or a combination of full-time and part-time. For example, two half-time employees equal one employee for purposes of the credit.

For 2013, the average annual wages of employees must be less than \$50,000, and the employer must pay a uniform percentage for all employees that is equal to at least 50% of the premium cost of the insurance coverage.

The maximum credit is 35 percent of premiums paid for small business employers and 25 percent of premiums paid for small tax-exempt employers such as charities.

If you are a small business employer who did not owe tax during the year, you can carry the credit back or forward to other tax years.

For small tax-exempt employers, the credit is refundable, so even if you have no taxable income, you may be eligible to receive the credit as a refund so long as it does not exceed your income tax withholding and Medicare tax liability.

### **More information**

- Find out more about the small business health care tax credit at [IRS.gov/aca](http://IRS.gov/aca).
- The [Small Business Health Care Tax Credit Estimator](#) can help you find out whether you're eligible for the Small Business Health Care Credit and how much you might receive.
- Find out more about the health care law at [HealthCare.gov](http://HealthCare.gov).

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