

IRS News Release

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IRS Encourages Small Employers to Check Out Small Business Health Care Tax Credit; Helpful Resources, Tax Tips Available on IRS.gov

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WASHINGTON — With business tax-filing deadlines fast approaching, the Internal Revenue Service today encouraged small employers that provide health insurance coverage to their employees to check out the small business health care tax credit and then claim it if they qualify.

The [Small Business Health Care Tax Credit](#) page on IRS.gov is packed with information and resources designed to help small employers see if they qualify for the credit and then figure it correctly. These include a 2013 tax credit [estimator](#), examples of typical tax savings under various scenarios and answers to frequently-asked questions.

Additionally, the IRS has [Health Care Tax Tips](#), designed to provide useful information to employers, families and individuals. These tips include a new Small Business Health Care Tax Credit tip as well as tips covering other Affordable Care Act topics.

The small business health care tax credit was included in the Affordable Care Act enacted in 2010. Under the ACA, eligible small employers can claim the credit for 2010 through 2013 and for two additional years beginning in 2014. For 2010 through 2013, the maximum credit is 35 percent of premiums paid by eligible small businesses and 25 percent of premiums paid by eligible tax-exempt organizations. In 2014, the maximum credit rate rises to 50 percent for small businesses and 35 percent for tax-exempt organizations.

Small employers that pay at least half of the premiums for employee health insurance coverage under a qualifying arrangement may be eligible for this credit. The credit is specifically targeted to help small businesses and tax-exempt organizations provide health insurance for their employees.

Depending upon how they are structured, eligible small employers are likely subject to one of the following three tax-filing deadlines, which fall in coming weeks:

- **March 17:** Corporations and S Corporations that file on a calendar year basis can figure the credit on [Form 8941](#) attached to the income tax return.
- **April 15:** Partnerships and individuals have until April 15 to complete and file their income tax returns (partnerships on [Form 1065](#) and individuals on [Form 1040](#)). Sole proprietors can figure the credit on Form 8941 attached to the individual

income tax return. Individuals who have business income and credits reported to them on Schedules K-1—partners in partnerships, S corporation shareholders and beneficiaries of estates and trusts—will report the credit amount directly on Form 3800— no Form 8941 required. The resulting credit is entered on Form 1040, Line 53.

- **May 15:** Tax-exempt organizations that file on a calendar year basis can use Form 8941 and then claim the credit on [Form 990-T](#), Line 44f.

Taxpayers needing more time to determine eligibility should consider obtaining an automatic tax-filing extension, usually for six months. See [Form 4868](#) for individuals, [Form 7004](#) for businesses and [Form 8868](#) for tax-exempt organizations.

Businesses that have already filed and later find that they qualified in 2013 or an earlier year can still claim the credit by filing an amended return for the affected years. Corporations use [Form 1120X](#), individuals use [Form 1040X](#) and tax-exempt organizations use Form 990-T. A three-year statute of limitations normally applies to these refund claims. See the instructions to these forms for details.

Some businesses and tax-exempt organizations that already locked into health insurance plan structures and contributions may not have had the opportunity to make any needed adjustments to qualify for the credit for 2013 or earlier years. These employers can still make changes so they qualify to claim the credit on future returns.

To learn more about the Small Business Health Care Tax Credit and view tips about other ACA topics, visit the Health Care Tax Tip page on IRS.gov/aca. Newly added tips include:

- **Small Business Health Care Tax Credit** — Employers can find out if they qualify and how much they can get.
- **What You Need to Know about the Amount of Health Insurance Reported on Form W-2** - Learn about the amount of health insurance reported on Form W-2.
- **What do I need to know about the Health Care Law for my 2013 Tax Return?** – Provides tips that help with filing the 2013 income tax return, including information about filing requirements and Form W-2.

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