

## **Is your Business Eligible for the Health Premium Credit?**

Remember the postcard you got from the IRS last year introducing the health insurance premium credit for small businesses? To paraphrase the old song, there's no letter in the mail for you this year.

Your business can still get the credit, though. When you qualify, you can use it to offset your federal income tax liability by up to 35% of the cost of health insurance premiums you pay for employees.

### **Three general tests for eligibility are:**

- Employing fewer than 25 "full time equivalent" employees.

- Paying average annual wages of less than \$50,000.

- Paying at least 50% of health insurance premiums for those employees.

Each test has specific requirements. For example, you may qualify for the credit, in full or in part, when you have more than 25 employees. That's because "full time equivalent" is based on hours your employees worked during the year.

In addition, some employees aren't counted for purposes of the credit, such as seasonal staff who were on the payroll for less than 120 days. Other excluded workers are sole proprietors, owner/employees, and shareholders who own more than 2% of the stock of an S corporation.

According to a recent report, many businesses that qualify for the health insurance premium credit fail to take it. Give us a call. We'll make sure you get full benefit of all the tax breaks available to you.