



The Small Business Health Care Tax Credit & Premium Assistance Programs

If you participate in the Small Business Health Options Program (SHOP), you may qualify for the Small Business Health Care Tax Credit and state premium assistance programs. These can help lower the cost of health insurance premiums. Your employees may also be eligible to get state premium assistance payments and tax credits.

The Small Business Health Care Tax Credit

The Small Business Health Care Tax Credit can be worth up to 50% of your premium contributions (up to 35% for tax-exempt employers). To qualify for the tax credit, you must have all of these:

- Fewer than 25 full-time equivalent (FTE) employees (based on a 40 hour work week)
- An average employee salary of \$54,000 per year or less, adjusted yearly for inflation
- A contribution of at least 50% of employee-only premium costs
- Employees enrolled in coverage through SHOP

You aren't required to offer coverage to your part-time employees (those working fewer than 30 hours per week) or dependents to qualify for the tax credit.

The Small Business Health Care Tax Credit Estimator at [HealthCare.gov/shop-calculators-taxcredit](https://www.healthcare.gov/shop-calculators-taxcredit) can help you determine if your business may qualify for the tax credit, and how much it could be worth.

Are you an employer in an area with no SHOP plans?

Learn how you may qualify for the Small Business Health Care Tax Credit by visiting [irs.gov/affordable-care-act/employers/small-business-health-care-tax-credit-and-the-shop-marketplace](https://www.irs.gov/affordable-care-act/employers/small-business-health-care-tax-credit-and-the-shop-marketplace).

State premium assistance programs

In addition to the Small Business Health Care Tax Credit, the tables on the following pages list some state premium assistance programs that may be available to you and your employees based on your location.

Alabama: Deductions for Health Insurance Premiums

Type of assistance	What assistance offers	Employer/Employee requirements
<p>Tax Deduction</p> <ul style="list-style-type: none"> Available to employers and employees. Given yearly as a tax deduction. 	<ul style="list-style-type: none"> A 100% tax deduction for employers who contribute toward employees' premium costs. A 100% tax deduction for employees. 	<p>Employers must:</p> <ul style="list-style-type: none"> Employ 2–25 full-time employees. Provide coverage through an employer-sponsored plan. <p>Employees must:</p> <ul style="list-style-type: none"> Be an Alabama resident employed by a qualifying employer. Earn no more than \$50,000 in wages, and report no more than \$75,000 in adjusted gross income on his or her Alabama individual income tax return (\$150,000 if filing a joint return).

Arizona: Health Insurance Premium Tax Credit

Type of assistance	What assistance offers	Employer/Employee requirements
<p>Tax Credit</p> <ul style="list-style-type: none"> Available to employers through lower premiums by participating health insurance companies. Given yearly as a tax credit for up to 3 years, when funds are available. 	<ul style="list-style-type: none"> Single coverage*: The lower amount of \$1,000, or 50% of the employee's yearly premium. Family coverage**: The lower amount of \$3,000, or 50% of the employee's yearly premium. <p>NOTE:</p> <ul style="list-style-type: none"> Based on the employer's application for a Certificate of Eligibility. The final credit is determined by the number of employees enrolled on the effective date of coverage, but can't exceed the amount on the Certificate of Eligibility. 	<p>Employers must:</p> <ul style="list-style-type: none"> Employ 2–25 full-time and part-time employees. Have an operating location in Arizona for at least one year. Wait to offer health insurance to its employees for at least 6 consecutive months prior to applying for the tax credit. Apply for Certificate of Eligibility. Get health coverage within 90 days from the Certificate of Eligibility issue date. Actively renew application each year for 2 or more consecutive years.

* **Single coverage example:** Janice's Flower Shop pays \$3,500 toward Jim's premium for single coverage. Janice's Flower Shop is entitled to a tax credit equal to the lower amount of \$1,000 **OR** 50% of \$3,500 (or \$1,750). Janice's Flower Shop would get a tax credit of \$1,000.

** **Family coverage example:** Bill's Automotive pays \$5,000 toward John's premium for family coverage. If Bill's Automotive gets a Certificate of Eligibility from the Arizona Department of Revenue, it would be entitled to a tax credit equal to the lower amount of \$3,000 **OR** 50% of \$5,000 (or \$2,500). Bill's Automotive would get a tax credit of \$2,500.

Georgia: Qualified Health Insurance Expense Credit

Type of assistance	What assistance offers	Employer/Employee requirements
<p>Tax Credit</p> <ul style="list-style-type: none"> Available yearly to employers. Nonrefundable. 	<p>A \$250 tax credit for employers per each qualified employee.</p>	<p>Employers must:</p> <ul style="list-style-type: none"> Employ 2–50 employees. Make high deductible health plans available to all employees. <p>Employees must be enrolled in a high deductible health plan for 12 consecutive months.</p>

Kansas: Employer Health Insurance Contribution Credit

Type of assistance	What assistance offers	Employer/Employee requirements
<p>Tax Credit</p> <ul style="list-style-type: none"> Available yearly to employers. Given as a refundable tax credit for up to 3 years. 	<p>The tax credit offers:</p> <ul style="list-style-type: none"> \$70 per month per eligible covered employee for the first 12 months of participation. \$50 per month per eligible covered employee for the next 12 months of participation. \$35 per month per eligible covered employee for the next 12 months of participation. 	<p>Employers must:</p> <ul style="list-style-type: none"> Be subject to the Kansas corporate income tax. Have 2–50 employees working at least 30 hours per week. Have a small employer health benefit plan or contributed to a Health Savings Account (HSA) of an eligible employee after December 31, 2004. Not have contributed to a health insurance premium or HSA on behalf of an eligible employee within the 2 years before claiming the credit. <p>Employees must:</p> <ul style="list-style-type: none"> Work at least 30 hours per week. Be employed by the employer for at least 90 days.

Oklahoma: Insure Oklahoma Employer Sponsored Insurance (IO ESI) Plan

Type of assistance	What assistance offers	Employer/Employee requirements
<p>State Reimbursement</p> <ul style="list-style-type: none"> Available to employees of participating employers. Given monthly as a direct reimbursement from the state by check or direct deposit. 	<p>Pays 60% of employee's monthly premium costs.</p> <ul style="list-style-type: none"> Employers must contribute at least 25% of the remaining 40% toward employee's monthly premium costs. Employees must contribute no more than 15% toward their own premium costs. 	<p>Employers must:</p> <ul style="list-style-type: none"> Have an operating location in Oklahoma. Have no more than 250 total employees. Provide a qualified health plan, approved by Insure Oklahoma (some qualified health plans may be offered through the SHOP). Contribute at least 25% of the premium for each qualified employee. <p>Employees must:</p> <ul style="list-style-type: none"> Meet income guidelines (maximum of 200% of the FPL). Contribute no more than 15% toward premium costs, and no more than 15% toward a qualified dependent's premium costs (this amount may be reduced depending on household income). Be between ages 19–64. Be a U.S. citizen (or permanent resident). Not be enrolled in another state program. <p>Note: A spouse may qualify if they're unemployed, work full-time for a qualifying employer not participating in Insure Oklahoma, or works less than 29 hours per week.</p>

Where to get more information about premium assistance programs

For more information about the premium assistance programs available, contact a tax professional and visit:

- Alabama Department of Revenue:**
revenue.alabama.gov/individual-corporate/
- Arizona Department of Revenue:**
azdor.gov/taxcredits/healthinsurancepremiums.aspx
- Georgia's Health Insurance Credit Form:**
http://dor.georgia.gov/sites/dor.georgia.gov/files/related_files/document/TSD_Qualified_Health_Insurance_Expense_Credit_Form_ITQHIE.pdf
- Kansas Department of Revenue:**
ksrevenue.org/prtaxcredits-employer.html
- Insure Oklahoma:**
insureoklahoma.org/IOemployer.aspx?id=3750

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