



NEWS RELEASE

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CalChamber News: Deadline Approaching to Claim Small Business Health Care Tax Credit

SACRAMENTO, CA — As the March 15 corporate tax filing [deadline approaches](#), California's small businesses need to know they may qualify for an important health care tax credit available under the Affordable Care Act.

Designed to help small businesses and tax-exempt organizations that primarily employ moderate and lower-income workers either maintain existing coverage or offer health insurance to their employees for the first time, the Small Business Health Care Tax Credit provides a credit equaling up to 35 percent of the health insurance premium costs that a small business incurred for insuring its employees.

In an interview with [CalChamber News](#), Certified Public Account and tax expert Conrad Davis of Crowe Horwath LLP, explains that more businesses need to be made aware of this benefit of the law aimed at small employers.

"Right now the credit is underutilized," Davis says. "The studies show that not as many businesses that are eligible are participating."

According to a recent [study](#), more than 375,000 small businesses in California are eligible for health insurance tax credits for a total value of more than \$1.8 billion.

According to the Internal Revenue Service (IRS), small employers that pay at least half of the premium for employee health insurance coverage may be eligible for the Small Business Health Care Tax Credit.

To qualify, an employer must have fewer than the equivalent of 25 full-time workers and have average annual wages below \$50,000 and pay for fifty percent or more of employees' health insurance premiums.

For the 2012 tax year, the IRS is offering a tax credit that is worth up to 35 percent of a small business' premium costs (25 percent for tax-exempt employers). In 2014, the credit increases to up to 50 percent (35 percent for tax-exempt employers) and must also be purchased through the state's insurance marketplace, *Covered California*.

California Board of Equalization member George Runner calls this credit an important opportunity for businesses that form the economy's backbone.

"To me, this is a great window that people ought to take advantage of," Runner says.

The Small Business Health Care Tax Credit took effect immediately after the 2010 passage of the Affordable Care Act and small businesses can now claim the credit on their 2012 income tax return.

Businesses that have already filed a tax return and later determine they are eligible for the credit can file an amended tax return starting with their 2010 return.

As the law takes shape, Davis says it's vital for small businesses to consult their tax advisors about this benefit.

The Small Business Health Care Tax Credit is providing California small businesses one more avenue to maintain a healthy, productive workforce.

For more information on the tax credit and other benefits available under the health care law visit www.HealthLawGuideforBusiness.org/taxcredits.

About the California Chamber of Commerce:

The California Chamber of Commerce (CalChamber) is the largest broad-based business advocate to government in California. Membership represents one-quarter of the private sector jobs in California and includes firms of all sizes and companies from every industry within the state. Leveraging our front-line knowledge of laws and regulations, we provide products and services to help businesses comply with both federal and state law. CalChamber, a not-for-profit organization with roots dating to 1890, promotes international trade and investment in order to stimulate California's economy and create jobs. Please visit our website at www.calchamber.com.

About Health Law Guide for Business:

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