

Senate Democrats Unveil Legislation to Expand PPACA Tax Credits to Small Businesses

A group of Senate Democrats on February 28 introduced legislation, the Small Business Tax Credits Accessibility Bill ([Sen 2069](#)), which would make purchasing health care coverage more affordable for small businesses (including churches and other nonprofits) by expanding tax credits currently available only to larger enterprises. The lawmakers said they believe the tax credit should be available for a longer period of time and accessible to more people.

The bill, if passed and signed by the President, would expand eligibility and simplify the process by increasing the maximum size of the business that is eligible to receive the tax credits from 25 employees to 50 employees, and extend a 35-percent tax credit to small businesses purchasing coverage outside the Small Business Health Options Program (SHOP) marketplace in 2014, while maintaining the tax credit of 50 percent for coverage purchased on the SHOP exchange. In addition, the measure would increase the number of years for which a small business may receive the tax credit to any three consecutive years and extend the credit to firms with higher average wages—instead of phasing out between \$25,000 and \$50,000, it would, instead, phase out between 110 percent and 220 percent of the federal poverty line for a family of four, taking into account regional salary differences.

Other provisions call for increasing the threshold for a firm to receive the biggest possible credit from 10 to 20 full-time employees; eliminating the requirement that employers claiming the credit contribute the same percentage of the cost of each employee's health insurance; and simplifying calculations by eliminating the cap that limits eligible employer contributions to average premiums in the state.

The co-sponsors of the bill are Sens. Al Franken, D-Minn., Mazie Hirono, D-Hawaii, Mary Landrieu, D-La., Jeanne Shaheen, D-N.H., Mark Warner, D-Va., and John Walsh, D-Mont.

Basic Facts about the Bill

The *Small Business Tax Credits Accessibility Act* improves access to Small Business Health Care Tax Credits and supports more businesses by:

- Raising the maximum size of the business that is eligible to receive the tax credits from 25 employees to 50 employees;
- Extending the credit to firms with higher average wages. Instead of phasing out between \$25,000 and \$50,000, it would instead phase out between 110 percent and 220 percent of the federal poverty line for a family of four taking into account regional salary differences.
- Increasing the threshold for a firm to receive the biggest possible credit from 10 to 20 full-time employees;
- Eliminating the requirement that employers claiming the credit contribute the same percentage of the cost of each employee's health insurance;
- Simplifying calculations by eliminating the cap that limits eligible employer contributions to average premiums in the state;
- Allowing the families of small business owners to directly benefit from the tax credits;

- Increasing the number of years for which a small business may receive the tax credit to any 3 consecutive years; and
- Extending a 35% tax credit to small businesses purchasing coverage outside the SHOP exchange in 2014, while maintaining the tax credit of 50% for coverage purchased on the SHOP exchange.

CMA continues to encourage small church and para-church organizations who may qualify for the credit to work with their CPA or tax advisor to determine eligibility and file for the credit (in case of nonprofits it is actually a refund in the form of returned payroll taxes).

If we can be of assistance answering questions or assisting you to find a local CPA qualified to assist you please contact our office.

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