

The Small Business

Health Care Tax Credit

Helping small businesses cover the cost of employee health benefits

Maryland small businesses and nonprofit organizations that provide health insurance coverage to their employees through Maryland Health Connection may qualify for a health care tax credit from the IRS to help lower the cost of employee coverage.

Businesses can sign up at any time of the year through the Maryland Health Connection for Small Business, which is part of Maryland Health Connection, the state's health insurance marketplace.

Your business may still be eligible to enroll in this program and enjoy its many benefits even if you don't qualify for the federal tax credit.



How MHC for Small Business helps your business

- Tax credits to pay a share of employee premium costs for small businesses that qualify
- Flexibility in contributing to employee premiums
- Simplicity in paying for employee premiums
- More coverage options

Who is eligible for the health care tax credit?

Maryland small businesses and tax-exempt organizations may qualify for the Small Business Health Care Tax Credit if they:

- **Buy group health insurance coverage through Maryland Health Connection for Small Business**
- **Have fewer than 25 full time-equivalent (FTE) employees**
 - You could still qualify with 25 or more employees, if some are part-time.
 - Total FTEs don't include the owner or owner's spouse or family members.
- **Pay an average annual salary of less than \$58,000** (adjusted for inflation)
 - This average excludes wages for owner and owner's spouse or family members.
- **Contribute at least 50 percent toward employee-only health insurance premiums**
 - Amounts paid toward dependent coverage, if offered, also may be included in this total.

Eligibility for the Small Business Health Care Tax Credit is determined by the IRS. You may apply for the credit only after being deemed eligible to purchase a plan through Maryland Health Connection's Small Business Marketplace.

The tax credit may be claimed for any two consecutive years. At the end of the year, when you file your business' taxes, you will fill out Form 8941 to claim the tax credit. The IRS will have final say on how much your small business may receive.

Get started today

To enroll your business or nonprofit organization through Maryland Health Connection for Small Business any time of the year, follow these steps:

1

Complete the application online at
MHCsmallbiz.MarylandHealthConnection.gov

You can expect a response from Maryland Health Connection regarding your business' eligibility within 10 business days.

2

Select an authorized broker to assist with your plan selection and enrollment. These licensed professionals provide free help choosing a plan that works for your business.

3

Browse small business health plans and insurance companies. Work with your authorized broker to select and complete enrollment in a MHC for Small Business plan.