

Small Business Healthcare Tax Credit: The credit is designed to encourage small employers to offer health insurance coverage for the first time or maintain coverage they already have. Small employers that provide health care coverage to their employees and that meet certain requirements ("qualified employers") generally are eligible for a Federal income tax credit for health insurance premiums they pay for certain employees.

The IRS posted detailed guidance for eligible small employers purchasing employee health insurance to claim the Section 45R credit available in 2010 under the Patient Protection and Affordable Care Act. The steps include (1) determining the employees to be taken into account, (2) determining the hours of service performed, (3) calculating the number of Full-Time Equivalent Employees (FTEs), (4) determining average annual wages paid per FTE, and (5) determining the premiums paid that are taken into account. The notice clarifies that state credits and other subsidies for health insurance do not reduce the amount of the credit.