



## The ACA helps nonprofits offer health insurance

Many people know about the tax breaks the Affordable Care Act provides for small businesses that offer health insurance for employees. Not everyone knows that nonprofit organizations can get similar tax credits, including Alabama nonprofits that sometimes struggle to pay the employer's cost of expensive small business health insurance.

A nonprofit can qualify for a tax credit if it meets the following criteria:

- **Number of employees:** The nonprofit employs fewer than 25 full-time equivalent (FTE) employees.
- **Average yearly wage:** The yearly earnings of employees must average less than \$50,000 per FTE.
- **Employer contribution:** The nonprofit must pay at least 50 percent of each employee's insurance premium.

Nonprofit organizations that qualify can receive a tax credit up to 35 percent of premium costs through 2013 and up to 50 percent of the premium costs beginning in 2014. The Families USA publication "Good Business Sense: The Small Business Health Care Tax Credit in the Affordable Care Act" gives details about how the small business tax credit works. Access the 22-page booklet online at [www.familiesusa.org](http://www.familiesusa.org). Another tool to help nonprofits and other small businesses calculate an estimated tax credit is available online at the Small Business Majority website at [www.smallbusinessmajority.org/tax-credit-calculator/](http://www.smallbusinessmajority.org/tax-credit-calculator/).

To apply for the credit, qualifying nonprofits should:

- Fill out Internal Revenue Service Form 8941 when filing their yearly 990 tax returns. On current IRS tax return forms, fill out the amount on line 44f of form 990-T. Both forms are available online at [www.irs.gov](http://www.irs.gov).
- Learn more about how to qualify at the Small Business Majority website at [www.smallbusinessmajority.org](http://www.smallbusinessmajority.org).

Nonprofits that qualify can use funds previously dedicated to paying health insurance costs to further the organization's mission. Learn more about the Affordable Care Act at [www.healthcare.gov](http://www.healthcare.gov).

*SOURCES: Families USA; healthcare.gov; The Nonprofit Roundtable of Greater Washington*