



2010 – Tax Impacts

- Increase in the adoption tax credit
- Economic Substance Doctrine Codification
- Tax Credit for Investments in New Health Care Therapies
 - Credit in 2009 and 2010 for new therapeutic discovery projects
- Tax Credits for Small Businesses Offering Health Insurance (2010 – 2013)



Health Insurance Tax Credit for Small Businesses

- **Qualifying Small Business**
 - Less than 25 FTEs and Avg Comp < \$50,000
 - Employer pays minimum of 50% of premium
- **Credit Amount**
 - 35% (50% in 2014) of insurance cost
 - Phases out as either FTEs exceed 10 or Avg Comp exceeds \$25,000



2010 – Other Tax Impacts

- Excise Tax on Indoor Tanning Services
 - 10% beginning 7/1/10



2011 – Changes

- Reimbursement for over-the-counter drugs ends in FSA, HSA and MSAs, unless you have a Rx
- Nonqualified HSA & MSA distributions penalty increases from 10/15% to 20%



2011 – Changes

- New “simple cafeteria plan”
 - Safe Harbor plan that avoids nondiscrimination tests
 - Must be small co- < 100 EEs
 - Must meet eligibility rules for participants
 - All benefits must be offered to all employees



2011 – Changes

- Annual Fee Imposition on Pharmaceutical Industry
- IRS to share certain taxpayer information with the SSA and HHS
- Employers Must Report Health Care Plan Values on W-2
 - Does not affect taxability on benefits



2012 – Corporate Reporting

- New 1099 requirements
 - Businesses will have to start issuing 1099s to corporations receiving more than \$600



2013 – Changes

- Medicare Tax for High-Income Individuals Increases
 - Surtax on wages or self employment earnings of >\$250,000 for MFJ (\$200,000 for single)
- Medicare Tax on Investment Income for High-Income Individuals, Estates and Trusts
 - 3.8% surtax on net investment income if modified AGI exceeds \$250,00 MFJ (\$200,000 single)
- FSA contributions limited to \$2,500



2013 – Changes

- Deduction for compensation for health insurance executives limited to \$500,000
- Tax free subsidy for Medicare Part D ends for employers with drug coverage for retired employees
- AGI threshold for deduction of medical expenses increases to 10% for 7.5%



2014 – Changes

- Individuals required to obtain Minimum Essential Health Coverage or pay penalty, a.k.a. “Shared Responsibility Payment”
 - Penalty is greater of \$95 in 2014 or 1% of income for 2014
 - Changes to \$325/ \$695 or 2%/ 2.5% in 2015 and 2016
 - Then indexed for inflation



2014 – Changes

- Premium assistance credit for lower income taxpayers.
 - Refundable credit designed to limit the cost of insurance to a percentage of income
 - Sliding scale based on income level
 - For example, income at 100% of poverty level, then premium not to exceed 2%



2014 – Changes

- Penalty on Large Employers for not Providing “Minimum Essential Coverage”
 - Could be up to \$2,000 per employee
- Small Employer Health Insurance Credit increases to 50%
- Annual fee imposed on health insurance providers



2014 – Corporate Reporting

- Employers Must Report Health Coverage Information Annually to the Secretary of the Treasury and to Employees
 - Information on employer, waiting period, employees, coverage, premiums



2018 – Potential Tax Impact

- Health Insurer Excise Tax on High-Cost “Cadillac” Plans
 - 40% excise tax on premiums for “Cadillac” plans