Fields of Opportunities

STATE OF IOWA

TERRY E. BRANSTAD
GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

NICK GERHART
COMMISSIONER OF INSURANCE

Small Employer Tax Credits

The formula for determining the small employer Health Insurance Tax Credit is:

- Credit = (Dollar Value Spent on Employee Premiums * Applicable Percentage)
- Minus (Dollar Value Spent on Employee Premiums * Applicable Percentage * Number of Full Time Equivalent Employees Exceeding ten / 15)
- Minus (Dollar Value Spent on Employee Premiums * Applicable Percentage * Average Annual Wage Exceeding Twenty-Five Thousand / $25,000)

Applicable Percentage	2010-2013	2014 +
For-profit	35%	50%
Non-profit	25%	35%

Employer Example 1
No Phase Out

For profit employer, in 2013, spent $10,000 on employee health insurance premiums. Employer employs eight FTEs with an average annual wage of $24,000.

There is no phase out because the employer has ten or fewer FTEs and pays an average annual wage of $25,000 or less.

Credit = ($10,000 * 35%) – ($10,000 * 35% * 0/15) – ($10,000 * 35% $0/$25,000)

Credit = $3,500 – 0 – 0

Credit = $3,500

Employer Example 2
No Phase Out

For profit employer, in 2014, spent $12,000 on employee health insurance premiums. Employer employs nine FTEs, with an annual average wage of $20,000

There is no phase out because the employer has ten or fewer FTEs and pays an average annual wage of $25,000 or less.

Credit = ($12,000 * 50%) – ($12000 * 50% * 0/15) – ($12,000 * 50% * $0/$25,000)

Credit = $6,000 – 0 – 0

Credit = $6,000

Employer Example 3
Phase Out for more than 10 FTEs

For profit employer, in 2014, spent $12,000 on employee health insurance premiums. Employer has fifteen FTEs, with an average annual wage of $23,000.

There is a phase out because the employer has **5** FTEs in excess of 10.

Credit = ($12,000 * 50%) - ($12,000 * 50% * **5**/15) – ($12,000 * 50% * $0/$25,000)

Credit = $6,000 - $2000 - $0

Credit = $4,000

Employer Example 4
Phase Out for more than 10 FTEs and Average Annual Wage over $25,000

For profit employer, in 2014, spend $20,000 on employee health insurance premiums. Employer has nineteen FTEs with an average annual wage of $30,000.

There is a two step phase out because the employer has **9** FTEs in excess of 10, and pays and average annual wage of **$5,000** in excess of $25,000.

Credit = ($20,000 * 50%) – ($20,000 * 50% * **9**/15) – ($20,000 * 50% * $**5,000**/$25,000)

Credit = $10,000 - $6,000 - $2,000

Credit = $2,000