

HealthCare Credit, Hiring Credit, Hiring Deduction Summary Table

	Health Care Credit	New Hire Credit	New Hire FICA Exemption
Maximum credit or deduction rate	35%	6.2%	6.2%
Maximum dollar limit per employer	None	None	None
Maximum dollar limit per employee	None	\$1,000	\$6,622
Reduces Payroll Tax?	No	No	Yes
Reduces Income Tax?	Yes	Yes	No
Effective for costs incurred after	1/1/2010	3/18/2010	3/18/2010
Effective for employees hired after	Any Date	02/03/2010	02/03/2010
Effective for employees hired before	N/A	1/1/2011	1/1/2011
Applicable to part time employees?	Yes	Yes	Yes
Applicable to seasonal (<120 days)	No	Yes	Yes
Maximum hours worked in 60 days prior to hiring	N/A	40	40
Necessary forms to confirm credit	N/A	W-11	W-11
May use other payroll tax credits	Yes	Yes	No
Applies against AMT	Yes	Yes	No
Maximum # of Full Time employees	25	Unlimited	Unlimited
Maximum wages	\$50,000	\$16,129	\$106,800
Business owner qualified?	No	No	No
Owner family qualified?	No	No	No
Owner spouse qualified?	Sch. C/F only	Sch. C/F only	Sch. C/F only



New Hire Checklist & Calculator

Employee:

Hire Date:

<i>Instructions:</i> Questions 1-5 must be "Yes", question 6 must be "No" for the employee to qualify for the FICA exemption and the new hire credit.	Yes	No
1. Was the employee hired after 2/3/2010?		
2. Was the employee unemployed for the previous 60 days, or worked less than 40 hours (total) in the previous 60 days?		
3. Has the employee signed an affidavit attesting to the unemployment tests above?		
4. Was the employee hired before 1/1/2011?		
5. Is the employee unrelated to the business owner?		
6. Was the employee hired to replace another employee (except those who left voluntarily or were terminated for cause)?		
If questions 1-5 above are yes, and question 6 is no, continue to the calculator below.		
a. Number of days in 2010 after 3/18/2010 that employee was employed by company for annualization where needed		
b. Annual salary		
c. Gross wages after 3/18/2010 or annualized amount (a/365 x b)		
d. Less excess wages over 106,800		
e. Net qualifying wages		
f. Multiple line "e" by .062 equals 2010 employer FICA exemption		

Form W-4 (2010)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2010 expires February 16, 2011. See Pub. 505, Tax Withholding and Estimated Tax.

Note. You cannot claim exemption from withholding if (a) your income exceeds \$950 and includes more than \$300 of unearned income (for example, interest and dividends) and (b) another person can claim you as a dependent on his or her tax return.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 919, How Do I Adjust My Tax Withholding, for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax

payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 919 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 919 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the amount you are having withheld compares to your projected total tax for 2010. See Pub. 919, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A _____			
B	Enter "1" if: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="font-size: 3em; vertical-align: middle;">{</td> <td style="padding: 0 10px;"> <ul style="list-style-type: none"> • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. </td> <td style="font-size: 3em; vertical-align: middle;">}</td> </tr> </table>	{	<ul style="list-style-type: none"> • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. 	}	B _____
{	<ul style="list-style-type: none"> • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. 	}			
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C _____			
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D _____			
E	Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)	E _____			
F	Enter "1" if you have at least \$1,800 of child or dependent care expenses for which you plan to claim a credit (Note. Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)	F _____			
G	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then less "1" if you have three or more eligible children. • If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child plus "1" additional if you have six or more eligible children.	G _____			
H	Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) ▶	H _____			
	For accuracy, complete all worksheets that apply. <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="font-size: 3em; vertical-align: middle;">{</td> <td style="padding: 0 10px;"> <ul style="list-style-type: none"> • If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2. • If you have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$18,000 (\$32,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld. • If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below. </td> <td style="font-size: 3em; vertical-align: middle;">}</td> </tr> </table>	{	<ul style="list-style-type: none"> • If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2. • If you have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$18,000 (\$32,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld. • If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below. 	}	
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----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service	<h2 style="margin: 0;">Employee's Withholding Allowance Certificate</h2> <p style="margin: 0;">▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</p>	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold; margin: 0;">2010</div>
1 Type or print your first name and middle initial. Last name		2 Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.
City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)		5 _____
6 Additional amount, if any, you want withheld from each paycheck		6 \$ _____
7 I claim exemption from withholding for 2010, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶		7 _____
Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.		
Employee's signature (Form is not valid unless you sign it.) ▶		Date ▶
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional) 10 Employer identification number (EIN)

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

- 1** Enter an estimate of your 2010 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions **1** \$ _____
- 2** Enter:

{	\$11,400 if married filing jointly or qualifying widow(er)	}	2	\$		
	\$8,400 if head of household						
	\$5,700 if single or married filing separately						
- 3** **Subtract** line 2 from line 1. If zero or less, enter “-0-” **3** \$ _____
- 4** Enter an estimate of your 2010 adjustments to income and any additional standard deduction. (Pub. 919) **4** \$ _____
- 5** **Add** lines 3 and 4 and enter the total. (Include any amount for credits from *Worksheet 6* in Pub. 919.) **5** \$ _____
- 6** Enter an estimate of your 2010 nonwage income (such as dividends or interest) **6** \$ _____
- 7** **Subtract** line 6 from line 5. If zero or less, enter “-0-” **7** \$ _____
- 8** **Divide** the amount on line 7 by \$3,650 and enter the result here. Drop any fraction **8** _____
- 9** Enter the number from the **Personal Allowances Worksheet**, line H, page 1 **9** _____
- 10** **Add** lines 8 and 9 and enter the total here. If you plan to use the **Two-Earners/Multiple Jobs Worksheet**, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4, line 5, page 1 **10** _____

Two-Earners/Multiple Jobs Worksheet (See *Two earners or multiple jobs* on page 1.)

Note. Use this worksheet *only* if the instructions under line H on page 1 direct you here.

- 1** Enter the number from line H, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**) **1** _____
- 2** Find the number in **Table 1** below that applies to the **LOWEST** paying job and enter it here. **However**, if you are married filing jointly and wages from the highest paying job are \$65,000 or less, do not enter more than “3.” **2** _____
- 3** If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter “-0-”) and on Form W-4, line 5, page 1. **Do not** use the rest of this worksheet **3** _____

Note. If line 1 is **less than** line 2, enter “-0-” on Form W-4, line 5, page 1. Complete lines 4–9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.

- 4** Enter the number from line 2 of this worksheet **4** _____
- 5** Enter the number from line 1 of this worksheet **5** _____
- 6** **Subtract** line 5 from line 4 **6** _____
- 7** Find the amount in **Table 2** below that applies to the **HIGHEST** paying job and enter it here **7** \$ _____
- 8** **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed **8** \$ _____
- 9** Divide line 8 by the number of pay periods remaining in 2010. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2009. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck **9** \$ _____

Table 1

Table 2

Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
\$0 - \$7,000 -	0	\$0 - \$6,000 -	0	\$0 - \$65,000	\$550	\$0 - \$35,000	\$550
7,001 - 10,000 -	1	6,001 - 12,000 -	1	65,001 - 120,000	910	35,001 - 90,000	910
10,001 - 16,000 -	2	12,001 - 19,000 -	2	120,001 - 185,000	1,020	90,001 - 165,000	1,020
16,001 - 22,000 -	3	19,001 - 26,000 -	3	185,001 - 330,000	1,200	165,001 - 370,000	1,200
22,001 - 27,000 -	4	26,001 - 35,000 -	4	330,001 and over	1,280	370,001 and over	1,280
27,001 - 35,000 -	5	35,001 - 50,000 -	5				
35,001 - 44,000 -	6	50,001 - 65,000 -	6				
44,001 - 50,000 -	7	65,001 - 80,000 -	7				
50,001 - 55,000 -	8	80,001 - 90,000 -	8				
55,001 - 65,000 -	9	90,001 -120,000 -	9				
65,001 - 72,000 -	10	120,001 and over	10				
72,001 - 85,000 -	11						
85,001 -105,000 -	12						
105,001 -115,000 -	13						
115,001 -130,000 -	14						
130,001 - and over	15						

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws, and using it in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit

▶ **Do not send this form to the IRS. Keep this form for your records.**

To be completed by new employee. Affidavit is not valid unless employee signs it.

I certify that I have been unemployed or have not worked for anyone for more than 40 hours during the 60-day period ending on the date I began employment with this employer.

Your name _____ Social security number ▶ _____

First date of employment ____ / ____ / ____ Name of employer _____

Under penalties of perjury, I declare that I have examined this affidavit and, to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature ▶ _____ Date ▶ ____ / ____ / ____

Instructions to the Employer

Section references are to the Internal Revenue Code.

Purpose of Form

Use Form W-11 to confirm that an employee is a qualified employee under the HIRE Act. You can use another similar statement if it contains the information above and the employee signs it under penalties of perjury.

Only employees who meet all the requirements of a qualified employee may complete this affidavit or similar statement. You cannot claim the HIRE Act benefits, including the payroll tax exemption or the new hire retention credit, unless the employee completes and signs this affidavit or similar statement under penalties of perjury and is otherwise a qualified employee.

A "qualified employee" is an employee who:

- begins employment with you after February 3, 2010, and before January 1, 2011;
- certifies by signed affidavit, or similar statement under penalties of perjury, that he or she has not been employed for more than 40 hours during the 60-day period ending on the date the employee begins employment with you;
- is not employed by you to replace another employee unless the other employee separated from employment voluntarily or for cause (including downsizing); and

• is not related to you. An employee is related to you if he or she is your child or a descendent of your child, your sibling or stepsibling, your parent or an ancestor of your parent, your stepparent, your niece or nephew, your aunt or uncle, or your in-law. An employee also is related to you if he or she is related to anyone who owns more than 50% of your outstanding stock or capital and profits interest or is your dependent or a dependent of anyone who owns more than 50% of your outstanding stock or capital and profits interest.

If you are an estate or trust, see section 51(i)(1) and section 152(d)(2) for more details.



Do not send this form to the IRS. Keep it with your other payroll and income tax records.

Paperwork Reduction Act Notice. The Paperwork Reduction Act of 1980 requires that when we ask you for information we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as stated in Code section 6103.

Our legal right to ask for information is Internal Revenue Code section 6001 and the purpose of the form is stated in the instructions. This collection of the information is required to obtain certain tax benefits.

If you do not retain this record or give fraudulent information, we may have to disallow certain exemptions and credits, and you also may be charged penalties and be subject to criminal prosecution. This could make the tax higher or delay any refund. Interest may also be charged.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 1 hr., 25 min.
- Preparing the form** 25 min.
- Learning about the law or the form** 24 min.

If you have comments regarding the accuracy of this time estimate or you have suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address.

Please keep this notice with your records. It may help you if we ask you for other information. If you have any questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.

Read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documents have a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Verification. (To be completed and signed by employee at the time employment begins.)

Print Name: Last	First	Middle Initial	Maiden Name
Address (Street Name and Number)		Apt. #	Date of Birth (month/day/year)
City	State	Zip Code	Social Security #

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following):

- A citizen of the United States
- A noncitizen national of the United States (see instructions)
- A lawful permanent resident (Alien #) _____
- An alien authorized to work (Alien # or Admission #) _____ until (expiration date, if applicable - month/day/year)

Employee's Signature _____ Date (month/day/year) _____

Preparer and/or Translator Certification (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature	Print Name
Address (Street Name and Number, City, State, Zip Code)	
Date (month/day/year)	

Section 2. Employer Review and Verification (To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C, as listed on the reverse of this form, and record the title, number and expiration date, if any, of the document(s).)

List A	OR	List B	AND	List C
Document title: _____		_____		_____
Issuing authority: _____		_____		_____
Document #: _____		_____		_____
Expiration Date (if any): _____		_____		_____
Document #: _____		_____		_____
Expiration Date (if any): _____		_____		_____

CERTIFICATION: I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month/day/year) _____ and that to the best of my knowledge the employee is authorized to work in the United States. (State employment agencies may omit the date the employee began employment.)

Signature of Employer or Authorized Representative	Print Name	Title
Business or Organization Name and Address (Street Name and Number, City, State, Zip Code)		Date (month/day/year)

Section 3. Updating and Reverification. (To be completed and signed by employer.)

A. New Name (if applicable)	B. Date of rehire (month/day/year) (if applicable)
C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment authorization.	
Document Title: _____ Document #: _____ Expiration Date (if any): _____	

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative	Date (month/day/year)
----------------------------------------------------	-----------------------

Small Business Health Care Credit Calculator (Download Excel version at www.taxspeaker.com)

<Client>

<Year>

A.) Gross employer paid insurance premiums for the year (Do not include salary reduction premiums under cafeteria plans)	\$	
B.) If premiums paid were less than 50% of employee total premium uniformly for all then STOP you do not qualify for the credit.		
C.) Less premiums paid for controlled group owners	-	
D.) Less premiums paid for owners, 2% shareholders, partners, members and 5% "C" corp. shareholders and family members of same	-	
E.) Net Qualifying Premiums paid		\$
F.) Total hours worked for all employees for the year		
G.) Less seasonal employee hours	-	
H.) Less hours of owners and their family members	-	
I.) Net qualifying hours	=	
J.) Line I/2080 = Full time equivalent employees, round down to next whole number. If greater than 24 STOP you do not qualify for the credit.		
K.) Gross FICA wages paid for all employees	\$	
L.) Less seasonal wages	-	
M.) Less owner/officer wages & their family's wages	-	
N.) Total qualifying wages	=	
O.) Average qualifying wages divide (Line N/Line J). If greater than \$49,000 STOP you do not qualify for the credit. Round down to the nearest \$1,000	\$	
P.) Tentative credit (Line E times 35%) If line j is 10 or under AND line O is \$25,000 or less STOP this is your credit-enter it on line X, However if line J is more than 10 or line O is more than \$25,000 continue to line Q.	\$	
Q.) If line J is 10 or under do not complete this line, skip to line T. If line J is over 10 enter total number of (Line J ___ -10)= _____ →		
R.)		15
S.) Divide (Line Q/Line R) times (Line P)	=	
T.) If line O is \$25,000 or less do not complete this line, skip to line W. If line O is more than \$25,000 enter (Line O _____ -25,000)= _____ →	\$	
U.)		25,000
V.) Divide (Line T/Line U) times (Line P)	=	
W.) Add line S plus line V	\$	
X.) Subtract line W from line P-this is your net credit (cannot be less than zero)		\$

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Small Business Health Care Tax Credit Employee Data Organizer

Employer: _____

Tax Year: 2010

Employee	Relationship to Employer or Owners (a)	Days Worked (if under 121 days) (b)	Hours Worked (if under 2080 hours) (c)	Gross FICA Wages (to be completed at office)	Gross Premiums Paid (d)	Premiums Reimbursed by Employee	Premiums Reimbursed by Other Sources	Type of Coverage (single/family)
(a) Employees considered to be related to an owner of the employer for purposes of the credit include the owner's								
	(1) children and their descendants							
	(2) siblings and step-siblings							
	(3) parents and their ancestors							
	(4) step-parents							
	(5) nephews and nieces (cousins ok)							
	(6) uncles and aunts							
	(7) children-in-law, parents-in-law and siblings-in-law							
Also considered as related is any member of the owner's household who had "the same principal place of abode" as the taxpayer (and is not the owner's spouse).								
The hours of related employees are excluded in calculating FTEs, and the wages of related employees are excluded in calculating average annual wages.								
Premiums paid for related employees do not count for the purposes of the credit.								
(b) If the number of days worked is under 121, the employee is designated as a seasonal employee.								
The hours of seasonal employees are excluded in calculating FTEs, and the wages of seasonal employees are excluded in calculating average annual wages.								
However, premiums paid to seasonal employees may be counted for the purposes of the credit.								
(c) If an unrelated and non-seasonal employee has worked over 2080 hours, only 2080 of the employee's hours are counted in calculating FTEs.								
(d) The gross premiums counted for purposes of the credit cannot exceed the average premium for the small group market in the State								
(or an area within the State) in which the employer has offered the coverage.								
NOTE 1: To qualify for the credit, the number of FTEs cannot exceed 25.								
NOTE 2: To qualify for the credit, the average annual wages cannot exceed \$50,000.								
NOTE 3: To qualify for the credit, for 2010, employer must pay at least half of the insurance premiums at the single (employee only) coverage rate. Notice 2010-44 Par (II) (a) and (V)								
NOTE 4: To qualify for the credit, employer must pay premiums for each employee enrolled in health insurance coverage offered by the employer.								

The reimbursement of premiums of health insurance owned by the employee is NOT eligible for the credit.		
NOTE 5: Maximum credit rate: 2010 through 2013, 35%; 2104 and beyond, 50% for up to two years for insurance purchased through an insurance exchange.		