



December 10, 2010

Developments in Tax World

What you should know about Health Care Tax Credit

The new Affordable Care Act brings new tax credits, health insurance exchanges and other tools that help you provide affordable health insurance coverage for your employees if you are a business owner.

If you have less than 25 fulltime employees with an annual salary of less than \$50,000 you are entitled to a tax credit. For instructions on how to claim this credit for the tax year 2010, you need to download a one-page form from the IRS website, irs.gov.

The health care credit is available to small business owners who pay at least half of the premiums for health insurance coverage for their employees. If you have a company with 10 or fewer employees, your credit is the biggest because the smaller the business, the bigger the credit. This credit is available for the next 4 years from 2010 to 2013 and then for any two years thereafter.

From 2010 till 2013, you can claim up to 35% of premiums paid. If you are an eligible tax-free organization, you can claim up to 25%. Starting from 2014, these rates will increase to 50% and 35% respectively.

In 2014, firms with up to 100 workers will be able to reduce their administrative costs by purchasing coverage through a health insurance exchange.

About Charitable Deductions Requirements

The IRS is getting strict about the donations you make to charity. The fact is that many American taxpayers overstate their donations and claim higher deductions.

So the IRS is insisting that you support your deductions with accurate information and relevant documentation. This means you have to substantiate every donation with official receipts even for sums as low as \$20.

One of the things that raise a red flag to the IRS in annual audits is an inordinate amount of donation. Making an unlawful or inaccurate deduction on your contribution to a charity is one of the main ways to get in trouble with the IRS.

So make sure you have your documents and records well-kept and up-to-date.

St. Louis Man Indicted for Threatening IRS

Aaron Johnson, 20 of St. Louis City, was indicted by a federal grand jury for threatening to blow up the IRS facility in South Grand, St. Louis and lying to investigators about the threat.

The indictment alleges that the incident took place on April 14, 2010.

During the investigations, Johnson falsely implicated two other men before finally admitting to the personally making the threat months later. He faces up to 20 years jail and / or a fine of up to \$250,000 if convicted.