



Affordable Care Act – Key Changes for 2014 & 2015 Tax Years

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Large Employer Penalties (50 or more FTE's):

Beginning in 2015, applicable large employers (an average of 50 full time equivalent employees) will be required to pay penalties if they do not provide adequate coverage for their employees.

Annual Return:

Mandatory in 2015 and optional in 2014, employers need to file an annual return reporting whether and what health insurance they offered full time employees.

Small Employer Health Care Tax Credit:

Beginning in 2014, employers with fewer than twenty-five FTE's can qualify for the Small Business Health Care Tax Credit and receive a 50% credit if they are a small employer and 35% if they are a tax-exempt employer. This credit is available to qualified small employers that participate in the Small Business Health Options Program (SHOP). The credit can be claimed for any two consecutive taxable years through the SHOP beginning in 2014.

Income Threshold for Medical Expenses

Medical expenses must exceed 10% of AGI but the threshold remains at 7.5% for those over age 65 through 2016.

Limit on Flexible Spending Accounts

A maximum of \$2,500 allowed as contributions to Health Care Flexible Spending Accounts.

Individual Filers

Beginning with 2014 tax returns, taxpayers will have to attach proof to the tax return that they are enrolled in a qualified plan.