

HEALTH CARE ACT PROVISIONS

The 2010 Health Care Act contains many provisions that will drastically change how we do business. Most of the provisions come into effect after 2014, and this is a brief summary of what we have to look forward to:

2010: The small business tax credit for providing health insurance became effective upon the signing of the act on March 19.
Effective July 1, an excise tax on tanning services became effective.
Changes to the adoption credit(extended) and adoption assistance program.

2011: No more over-the-counter drug coverage under HSA's or FSA's.
Reporting of the value of health care benefits on W-2'S begins. This for information purposes and does not represent taxable income.
Automatic enrollment in federal long term care insurance (CLASS) begins, with choice to opt out.
Prescription drug coverage deduction eliminated.
1099 reporting increased. HUGE CHANGE. Virtually all payments made in course of business (over \$600) must be reported (issued a form 1099).

2012: Adoption credit sunsets.

2013: Increased Medicare taxes and taxes on net investment income for taxpayers making over \$200,000, \$250,000 for joint filers.
Employers with more than 50 employees will be fined for not providing affordable health coverage.
7.5% floor on AGI for medical expense deduction increases to 10%.

2014: The government will require most Americans to have health insurance by this year or face penalties.
State run insurance exchanges are to be in place to provide coverage for high risk insured (SHOP).
Americans failing to acquire health insurance must pay a penalty.

NOTE: "While the IRS has the right to levy the above penalty (for failing to acquire insurance) against any citizen who fails to acquire approved health care, it has, by statute, no authority to enforce collection of that penalty".

There are many other provisions affecting Medicare and the health insurance industry. The above is a brief listing of those provisions affecting individual taxpayers.

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