

Impact of health care legislation on individual and small business taxes

Implementation Schedule for the Patient Protection and Affordable Care Act (PPACA) and Health Care and Education Reconciliation Act of 2010 (also known as the Reconciliation Act of 2010).

Note: There are many provisions in these bills. This timeline covers only tax items related to healthcare

Effective	Provision
2010	<ul style="list-style-type: none"> Tanning excise tax of 10% begins July 1 Child covered under parent's employer's health plans up to/including age 26 (in effect Mar 30), child does NOT have to be a dependent Adoption credit increased to \$13,177, now refundable Adoption-assistance program increase Small business tax credit up to 35% for health insurance premiums paid (last year 2013) Small business must file 1099 for any amount > \$600 paid to contractors
2011	<ul style="list-style-type: none"> Employers must report on employee W-2s the total value of untaxed health care expenditures (premiums >\$10.2k single; > \$27.5k family are an excess benefit subject to 40% excise tax beginning in 2018) Simple cafeteria plans new employee benefit for small business and self employed Healthcare Savings Account (HSA) and Flexible Savings Account (FSA) funds can only be used for prescription drugs or insulin; you can't use it for over the counter medications Penalty tax increased to 20% on non qualified HSA expenditures
2012	<ul style="list-style-type: none"> 1099s required for payments >\$600 to corporations (looking for unreported income), for all payments made after Dec31, 2010
2013	<ul style="list-style-type: none"> Increase in medical deduction threshold for taxpayers under age 65 from 7.5% to 10% Medicare tax of 3.8% on investment income if AGI > \$200k individuals and > \$250k joint Medicare tax increases by 0.9% surtax on wages > \$200k single and \$250k joint Flexible spending arrangement maximum salary reduction of \$2.5k, inflation adjustments start in 2014 Medical device excise tax
2014	<ul style="list-style-type: none"> Tax credit for health insurance premiums paid if household income is 100-400% of poverty, credit refundable, sliding scale Excise tax penalty on uninsured individuals begins and phases in through 2016 Excise tax on large (>50) employers that do not provide coverage for full time employees Insurer reporting requirements, must file IRS information returns about covered population. IRS will notify taxpayer if they are not covered and alternatives available Small employers may include eligible premiums in tax exempt cafeteria plans
2017	<ul style="list-style-type: none"> Increase in medical deduction threshold for taxpayers age 65 and over
2018	<ul style="list-style-type: none"> 40% excise tax on high-cost employer plans (premiums >\$10.2k single; > \$27.5k family)

Source:
PPACA summary: <http://thomas.gov>
Health Care and Education Reconciliation Act <http://thomas.gov> and
National Association of Tax Professionals Tax Act Summary available on request