

# Your small business could be eligible for a tax credit

ONLY AVAILABLE THROUGH  
COVERED CALIFORNIA FOR SMALL BUSINESS (CCSB)

With Covered California for Small Business (CCSB) you decide the level of coverage and provide employees with health insurance that fits your budget. Small businesses that purchase coverage through CCSB may be eligible to receive a federal tax credit to help offset the cost of providing health insurance.

The amount of credit you are eligible to receive works on a sliding scale. The smaller your business and/or the lower your annual average wage, the larger your credit will be.



of Premiums  
For-Profit Businesses



of Premiums  
Non-Profit Businesses

The maximum tax credit available is 50 percent of premium expenses as a for-profit employer. The maximum credit for tax-exempt employers is 35 percent. This credit applies to two consecutive tax years.\* Small businesses must purchase health insurance through CCSB to be eligible for the tax credits offered.

Your tax credit will depend on a number of factors including but not limited to:

- **Number of Employees:** The business must have less than 25 full-time equivalent employees (FTEs). **Owners and immediate family members of the owner are not counted as employees when calculating the tax credit.**
- **Average Wage of Employees:** The employees must have an average annual wage of less than \$62,000\*\* per year. This limit has been adjusted for inflation since 2014.
- **Employer-Paid Premiums:** The employer must contribute at least 50 percent of the cost of insurance coverage for each employee.

[CoveredCA.com/ForSmallBusiness](https://CoveredCA.com/ForSmallBusiness)



COVERED CALIFORNIA  
SMALL BUSINESS

\*Not all businesses will qualify. To verify that your small business is eligible for a federal tax credit, please consult a professional tax adviser. The credit only applies for two consecutive tax years based on premiums paid for employees.\*\*Federal tax credit income limits are adjusted annually as updated in IRS publications for the prior tax year and become available in the first quarter of the preceding calendar year. For example, the 2024 tax income limit will not become available until early 2025. Please refer to [Form 8941: Credit for Small Employer Health Insurance Premiums](#) for the most current information.

## Example of a Small Business Receiving Tax Credit for Health Insurance

### Veterinary Office with 10 Full-Time-Equivalent Employees

Employees	10 full-time-equivalent employees
Wages	\$270,000 total, or an average of \$27,000 per employee**
Employer Contribution for Health Insurance	\$80,000 per year
Tax Credit (Year 1)	\$40,000 (50%)
Tax Credit (Year 2)	\$40,000 (50%)
Tax Credit (Year 3)	Not eligible for tax credit

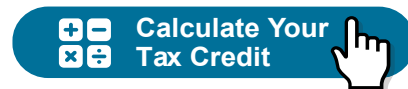
## We make it easy

To use our online tax credit calculator

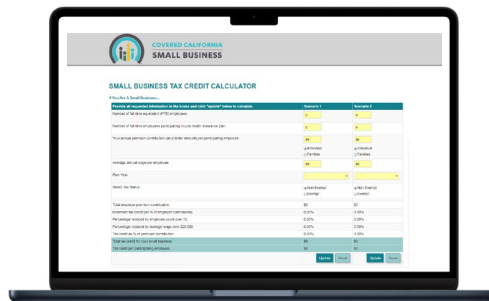
Visit:

[CoveredCA.com/ForSmallBusiness/TaxCredit](https://coveredca.com/ForSmallBusiness/TaxCredit)

Click on:



You will be redirected to our online tool to calculate your potential credit.



For more details, please refer to the Internal Revenue Service:  
[www.taxpayeradvocate.irs.gov/estimator/sb/](https://www.taxpayeradvocate.irs.gov/estimator/sb/)

**Have questions?** Call your Broker and/or Tax Professional  
Or contact CCSB at ☎ 1-844-332-8384 or ✉ [SmallBusiness@covered.ca.gov](mailto:SmallBusiness@covered.ca.gov)

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