

# IMPORTANT TAX INFORMATION: HOW TO GET A SMALL BUSINESS CREDIT

Only available through Covered California for Small Business (CCSB)

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. To claim this tax credit, fill in and submit form **IRS form 8941**.

## Your clients could receive\*



## Eligible Small Business must have:

- ✓ Employer-Paid CCSB Premiums cover at least 50 percent of the cost of health coverage
- ✓ Fewer than 25 full-time equivalent employees (FTEs)
- ✓ Average annual wage of less than \$56,000\*\* per year per FTE

## Easy steps to file:

- A** Check **"Yes"** if health insurance was purchased through CCSB
  - Enter **"California"** as the Marketplace Identifier
- B** Enter **Employer EIN**
- C** Check **"No"** if the Small Business has not previously received a tax credit. Those businesses that have received a credit, and check **"Yes"** are ineligible to receive the credit again.

Read and fill in any applicable boxes for items 1 to 20. To complete, gather the following for that calendar year:

- Number of full-time equivalent employees (FTEs)
- Total CCSB premiums paid by the employer
- Total wages paid to the employees

For more details visit the IRS Page:  
[irs.gov/forms-pubs/about-form-8941](https://irs.gov/forms-pubs/about-form-8941)

Access our online tax credit calculator:  
[CoveredCA.com/ForSmallBusiness/TaxCredit](https://CoveredCA.com/ForSmallBusiness/TaxCredit)

<b>Form 8941</b>	<b>Credit for Small Employer Health Insurance Premiums</b>	OMB No. 1545-2198 <b>2020</b> Attachment Sequence No. 65
Department of the Treasury Internal Revenue Service		▶ Attach to your tax return. ▶ Go to <a href="https://www.irs.gov/Form8941">www.irs.gov/Form8941</a> for instructions and the latest information.
Name(s) shown on return		Identifying number
<b>A</b>	<p><b>A</b> Did you pay premiums during your tax year for employee health insurance coverage you provided through a Small Business Health Options Program (SHOP) Marketplace (or do you qualify for an exception to this requirement)? See instructions.</p> <p><input type="checkbox"/> <b>Yes.</b> Enter Marketplace Identifier (if any) ▶ _____</p> <p><input type="checkbox"/> <b>No.</b> Stop. Do not file Form 8941. See instructions for an exception that may apply to a partnership, S corporation, cooperative, estate, trust, or tax-exempt entity.</p>	
<b>B</b>	<p><b>B</b> Enter the employer identification number (EIN) used to report employment taxes for individuals included on line 1 below if different from the identifying number listed above ▶ _____</p>	
<b>C</b>	<p><b>C</b> Does a tax return you (or any predecessor) filed for a tax year beginning in 2014, 2015, 2016, 2017, or 2018 include a Form 8941 with line A checked "Yes" and line 12 showing a positive amount?</p> <p><input type="checkbox"/> <b>Yes.</b> Stop. Do not file Form 8941. See instructions for an exception that may apply to a partnership, S corporation, cooperative, estate, trust, or tax-exempt entity. Also see instructions for information about the credit period limitation.</p> <p><input type="checkbox"/> <b>No.</b> Go to line 1.</p>	
<b>Caution:</b> See the instructions and complete Worksheets 1 through 7 as needed.		
	1	Enter the number of individuals you employed during the tax year who are considered employees for purposes of this credit (total from Worksheet 1, column (a)) . . . . .
	2	Enter the number of full-time equivalent employees (FTEs) you had for the tax year (from Worksheet 2, line 3). If you entered 25 or more, skip lines 3 through 11 and enter -0- on line 12 . . . . .
	3	Average annual wages you paid for the tax year (from Worksheet 3, line 3). This amount must be a multiple of \$1,000. If you entered \$56,000 or more, skip lines 4 through 11 and enter -0- on line 12 . . . . .
	4	Premiums you paid during the tax year for employees included on line 1 for health insurance coverage under a qualifying arrangement (total from Worksheet 4, column (b)) . . . . .
	5	Premiums you would have entered on line 4 if the total premium for each employee equaled the average premium for the small group market in which the employee enrolls in health insurance coverage (total from Worksheet 4, column (c)) . . . . .
	6	Enter the <b>smaller</b> of line 4 or line 5 . . . . .
	7	Multiply line 6 by the applicable percentage: • Tax-exempt small employers, multiply line 6 by 35% (0.35) • All other small employers, multiply line 6 by 50% (0.50) . . . . .
	8	If line 2 is 10 or less, enter the amount from line 7. Otherwise, enter the amount from Worksheet 5, line 6 . . . . .
	9	If line 3 is \$27,000 or less, enter the amount from line 8. Otherwise, enter the amount from Worksheet 6, line 7 . . . . .
	10	Enter the total amount of any state premium subsidies paid and any state tax credits available to you for premiums included on line 4. See instructions . . . . .
	11	Subtract line 10 from line 4. If zero or less, enter -0- . . . . .
	12	Enter the <b>smaller</b> of line 9 or line 11 . . . . .
	13	If line 12 is zero, skip lines 13 and 14 and go to line 15. Otherwise, enter the number of employees included on line 1 for whom you paid premiums during the tax year for health insurance coverage under a qualifying arrangement (total from Worksheet 4, column (a)) . . . . .
	14	Enter the number of FTEs you would have entered on line 2 if you only included employees included on line 13 (from Worksheet 7, line 3) . . . . .
	15	Credit for small employer health insurance premiums from partnerships, S corporations, cooperatives, estates, and trusts (see instructions) . . . . .
	16	Add lines 12 and 15. Cooperatives, estates, and trusts, go to line 17. Tax-exempt small employers, skip lines 17 and 18 and go to line 19. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, stop here and report this amount on Form 3800, Part III, line 4h . . . . .
	17	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions) . . . . .
	18	Cooperatives, estates, and trusts, subtract line 17 from line 16. Stop here and report this amount on Form 3800, Part III, line 4h . . . . .
	19	Enter the amount you paid in 2020 for taxes considered payroll taxes for purposes of this credit. See instructions . . . . .
	20	Tax-exempt small employers, enter the <b>smaller</b> of line 16 or line 19 here and on Form 990-T, Part III, line 6f . . . . .

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 37757S Form **8941** (2020)

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



**COVERED CALIFORNIA**  
**SMALL BUSINESS**

\*This federal tax credit is only offered through CCSB and subject to change. Not all Small Businesses will qualify. More information can also be found in the instructions for Form 8941: Credit for Small Employer Health Insurance Premiums. The credit only applies for two consecutive tax years based on exchange premiums. The first year you claim and apply this credit is subject to that calendar year of total premiums paid. \*\*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 proceeding calendar year.