



September 16, 2011 ©

TAX FLASH

SOMEBODY FINALLY GETS IT.....BOTH HOUSES OF CONGRESS VOTE TO REPEAL PPACA EMPLOYER MANDATE

Beginning in 2014, the Patient Protection and Affordable Care Act (PPACA - AKA Obamacare) requires employers with 50 or more full time employees to provide 'AFFORDABLE' health insurance to all employees. If it is deemed that just one of those employees takes advantage of available government provided tax credits through the new health insurance exchanges, the employer will be hit with a \$2,000 penalty per employer (first 30 employees are exempt).

AND – also beginning in 2014, the government will hit businesses with a higher \$3,000 per employee penalty if they find that the employer provides “unaffordable” insurance. Who defines “unaffordable”? Who but our all seeing, all knowing, all wise, knows what’s best for you - government – that’s who.

Here’s the scoop: The government will assess the \$3,000 penalty if ANY worker has to take a tax credit *or* has to enroll in state health exchanges because his or her employer pays less than 60% of the premium – or the premium the employee pays is more than 9.5% of household income. How many employers do you know that are privy to the household income of their employees? To make matters worse – the burden of proof is on the employer.

So – what is the employer’s incentive to hire more employees? And – if the employer is hiring – will they attempt to make sure that the potential new employee’s household income is enough so that their share of the health insurance premium is less than 9.5% of that income. What if the employee’s household income goes up – or down – in the following year. Picture this: One spouse loses his/her job and the household income goes down. The premium the employee pays is now 15% of household income causing the employer to be subject to the penalty tax – even though it had nothing to do with the spouse losing his/her job. Nice, huh? Is it any wonder that small businesses are not hiring now?

Many employers are saying ----why bother with this at all? Many are planning to stop providing health insurance as the penalties per employee will be cheaper than meeting these new mandates.

The uncertainty created by these and other provisions of Obamacare has slowed small business hiring all over the country.

THE ALARM CLOCK WENT OFF IN CONGRESS.....AND THEY WOKE UP – FINALLY!

Realizing that these mandates are a very real threat to job creation in this country, *both* the House (H.R.1744) and the Senate (S.20) have bills supporting the repeal of these odious mandates.

If you support this repeal – contact your Congressman or Senator. Better yet – contact both of them. Email addresses are available on their websites.