

Get Ready. Changes aplenty are coming due to

# HEALTHCARE REFORM

Here's your roadmap for 2012 and beyond.

## 2012

### Business

#### Healthcare Tax Credits

You might be eligible for a 35% tax credit IF...

- You employ less than 25 Full-time equivalent employees, AND
- The average employee earns less than \$50,000, AND
- You paid over half of the insurance costs.

#### W-2 Requirements

If you file 250 or more W-2's then you must report the cost of employer-sponsored health coverage on the 2011 W-2

### Individual

#### Increased Penalties

If you have nonqualified distributions from HSAs or Archer MSAs you will be penalized 20% (up from 10%)

#### Seniors:

In 2013 Medicare Advantage benefits will reduce drastically. Now is the time to consider other plans.

## 2013

### Business

#### Medicare Tax Withholding

Withhold an additional 0.9% Medicare tax on wages exceeding \$200,000. (There is NO matching requirement for the employer)

### Individual

#### Medicare Tax

Starting in 2013 you will be taxed an additional 0.9% for Medicare on wages exceeding certain amounts.

Employers are required to withhold 0.9% on wages exceeding \$200,000. However, the limit at which the tax kicks in depends on your filing status as summarized below:

| Filing Status              | Wage Limit |
|----------------------------|------------|
| Married Filing Joint (MFJ) | \$250,000  |
| Married Filing Separately  | \$125,000  |
| All Others                 | \$200,000  |

Overpayments and underpayments will be paid/refunded on the individuals tax return.

#### Tax Credit

The Tax Credit noted in 2012 is still in effect at 35%

#### Flexible Spending Accounts



#### Self Employment Income

If you have self-employment income the 0.9% tax also applies to the limits noted above.

#### Investment Income Tax

You will be taxed an additional 3.8% on investment income if your modified AGI exceeds \$200,000 (250,000 for MFJ)

#### Medical Deductions

Your threshold for medical deductions will increase from 7.5% to 10% (except for those over 65)

#### Flexible Spending Accounts



Employer Contributions to Flexible Spending Accounts will be limited to \$2,500

## 2014

### Business

#### Healthcare Tax Credit Increase

The tax credit is set to increase from 35% to 50%. See discussion in 2011 for the requirements.

### Individual

#### Mandate Violation Tax

If you do not have insurance you will be required to pay penalties.

#### Per Adult\*:

- 2014: \$95 or 1% of household income
- 2015: \$325 or 2% of household income
- 2016: \$695 or 2.5% of household income

\*There are certain caps & minimums based on income and households which would require another infographic just to explain so the figures above are a general guide only.

### The Fine Print

The original bill is over 2,500 pages, and this infographic does not capture all the intricacies of the bill, nor is that the purpose. This is merely a guide; it is not professional advice. For actual professional advice please contact McKerley Noonan, CPA's via our website at MckerleyNoonan.com or by calling 615-279-0088.

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