

How to Get Tax Credit from SHOP Program

- Legally to get money back that you paid for health insurance

Summary: the SHOP program is an important component of the ACA law (called Obamacare) that offers tax credits for small business owners to pay health insurance premium for their employees, which may include both owner self and their family members. Generally, any small businesses with **25** (or less) fulltime employees and **average** of total company annual wages per one employee is less than **\$53,000** are qualified to apply for SHOP tax credits for up to 50% of the owners paid premium for the health insurance. SHOP requires a business have at least a natural employee (can not be owner, spouse, or parents). Also, a group health insurance requires at least two members who cannot be married couple. We provide 3 sample cases and one flow chart to show: Who, What, and How to get these benefits from the SHOP program.

Listed below is a flow chart showing basic procedures how to apply SHOP tax credits for small business owners to pay employees health insurance (90% people don't know):

4 Basic Steps to Apply for SHOP Tax Credits

1.) Anyone can register a business with the state and get employer tax ID (FEIN) from IRS. **Tip:** the owner can also be an employee.



2.) To buy workers compensation and health insurance through a SHOP certified insurance agency. **See detail** www.ACA-Help.com



3.) The owners provide all required documents for insurance agent to apply SHOP tax credits and get an approval letter from SHOP.



4.) The owners bring the approval letter to a tax professional and get an annual tax refund from IRS – the owners get money back.

Sample Case-1: Even if missed deadline, a family got health coverage with 50% savings.

The man, 41 with greencard, is a SPA business owner with a 15 years old son and owner's mother is working at the clinic also. The woman, the owner's new girl friend, 40, greencard, with her 18 years old son just came to the US in 10 months ago, recently joined his family. They make about total \$40,000 a year and all of them missed the deadline to buy health insurance. They called our office for help. After done detail researches for this case, we found that, according to their current situation, this family may not get free health insurance from OHP due to short period of residency, even though the family total income was qualified. They may not get tax credits from 2018 Obamacare neither because missed deadline. However, they can apply for group health coverage through Obamacare SHOP program, since they make money from their SPA clinic. In this way, they may not be limited by the deadline, but also can save up to 50% of health insurance premium. They took our proposal and we proceeded their application. End of the case.

Sample Case-1 Analysis: Obamacare SHOP program does not have deadline, which any small business with 25 full-time employees or less can apply at any time during the year. Also, it does not require employees must have a greencard and not require local residency neither, which owners may hire employees nationwide. More important, SHOP does not audit applicants (included owners) family incomes. In other words, let's say if the owner would make \$1 million profit from his SPA in this year and everyone wages will be the same as current, this family can still gain 50% savings from the SHOP.

Sample Case-2: A foreign student got a free health insurance, even if she missed deadline and has no green card

She is 28 years old and entered the US with F1 Visa as an international student from Asia. She was looking for health insurance when she became post-graduation job hunter. She first tried to apply this insurance on the government website called MarketPlace, but failed due to her immigration status (has no greencard); then she tried on commercial market and also failed due to missed deadline of open enrollment. Finally, she came to our office and asked help to get a regular health insurance with some discounts. After analyzed her situation, we advised and enrolled her in a small business health insurance called SHOP program, which may save the business owner up to 50% costs for everybody (including family members) within this business. Got our helps and approval for this savings, the owner was very happy to pay 100% for her health insurance, since the owner family also saved $\$1386 * 50\% = \693 monthly insurance premium due to her enrollment. End of the case.

Sample Case-2 Analysis: A very important issue in this case was eligibility of the SHOP program, which the tricky thing was that only need 2 people, one owner and one employee, to meet both MINIMUM requirements of SHOP program and business health insurance. Then, the other question is: who can become a registered business owner? The answer is EVERYBODY, even a foreign person, who has no green card and no SSN, can register as a foreign investor to become a business owner. In this case, after enrolled this foreign student into business health insurance, the owner family also saved \$693 monthly premium. This was a main reason why the owner was very happy to pay 100% for her health insurance. **Tips:** please visit our website to find out details how to apply. We will provide free assistance to complete all processes and get an approval letter of eligibility for tax credit from the government.

Sample case-3: Anyone may register a business with the government to participate SHOP program for tax credit

Sharon is an international student from Asia with F1 Visa, 26 years old, studying English at a university in Oregon. Recently, her friend came to Oregon living with her. Last month, under a licensed accountant direction, Sharon used her friend name to register a business with the state government and got a federal employer tax ID (called FEIN) from IRS. She purchased workers compensation insurance to follow the state law requirement. Sharon has both SSN and student work permit, so she can legally work as an employee for her online shopping business at her home. To qualify for SHOP tax credit, she applied for a small group health insurance including her friend and herself to meet the minimum participation requirement. Two weeks later, she received an approval letter from a government agency called Marketplace, which the letter stated the business (she registered) is eligible for applying SHOP tax credit. End of the case. **Tips:** Its is Ok for two F1 Visa students using home as an office to start a business that they would use to apply group health insurance and SHOP tax credits.

Sample Case-3 Analysis: According to the ACA law (called Obamacare), carrying a valid health insurance is mandatory for everyone living in the US. In this case, Sharon missed deadline to enroll a valid family health plan, and she is also not eligible for tax credit due to her F1 Visa status. However, under the professional advice, she enrolled a small group plan and may gain tax credit that would off set up to 50% costs (for both Sharon and her friend health insurance premium). Please note, SHOP requires each company must have at least one “natural employee” that must be reported on monthly payroll and cannot be spouse or parents of the company registered owner. In this case, Sharon is a “natural employee” and has no problem to give herself a monthly paycheck.