

Oregon Small Business Health Care Tax Credit Guide

What the federal credit covers, who qualifies, and how to actually claim it.

What It Is

The Small Business Health Care Tax Credit is a federal tax credit, created under the Affordable Care Act, designed to help small employers afford group health coverage for their employees. It directly reduces the tax you owe — it isn't just a deduction.

Who Qualifies in 2026

To qualify, employers generally need fewer than 25 full-time equivalent (FTE) workers and average annual wages below roughly \$68,200 for 2026, an amount that's indexed for inflation each year. The credit is scaled on a sliding basis:

- **Full credit** — available to employers with no more than 10 employees and average annual wages no higher than about \$34,100.
- **Partial credit** — available on a sliding scale for employers up to the 25-employee, \$68,200 wage limit.

What You Receive

The maximum credit is 50% of premiums paid for a for-profit small employer, or 35% for a small tax-exempt employer, and it's available for up to two consecutive taxable years. In practice, a business paying \$70,000 a year toward employee premiums could see a credit worth up to \$35,000.

Requirements to Claim It

- Fewer than 25 full-time equivalent employees (part-time staff count as fractions of an FTE)
- Average annual wages under the current year's threshold
- You pay at least 50% of the employee-only premium cost, uniformly across eligible employees
- Coverage is purchased through a Small Business Health Options Program (SHOP) Marketplace
- Claimed by filing IRS Form 8941 with your business tax return

The Catch Worth Knowing About

The credit is only available in areas where SHOP-certified small group plans are still offered, and that no longer includes most of the country. Before assuming your business qualifies, confirm SHOP availability in your specific Oregon county, and have a licensed agent or CPA review your FTE and average wage calculations — part-time and seasonal staff can complicate the math.

This is general guidance, not tax advice. Confirm your specific eligibility with a licensed agent or CPA before filing.