

## **Tax and Benefits Provisions of the 2010 Health Care Act as Amended by the 2010 Health Care Reconciliation Act**

### **Other Tax Changes**

#### **Simple cafeteria plans for small businesses.**

For tax years beginning after 2010, a new employee benefit cafeteria plan known as a Simple Cafeteria Plan will be available. This plan will be subject to eased participation restrictions so that small businesses could provide tax-free benefits to their employees; it will include self-employed individuals as qualified employees ( Code Sec. 125(j) , as amended by 2010 Health Care Act Sec. 9022). For analysis, see ¶406

#### **Liberalized adoption credit and adoption assistance rules.**

For tax years beginning after Dec. 31, 2009, the adoption tax credit will be increased by \$1,000, and made refundable. The adoption assistance exclusion also will be increased by \$1,000. Both credit and exclusion are extended through 2011 ( Code Sec. 23 and Code Sec. 137 , as amended by 2010 Health Care Act Sec. 10909). For analysis, see ¶805 and ¶806

#### **New credit for new therapies.**

For expenses paid or incurred after Dec. 31, 2008, in tax years beginning after that date, a two-year temporary credit applies, subject to an overall cap of \$1 billion, to encourage investments in new therapies to prevent, diagnose, and treat acute and chronic diseases ( Code Sec. 48D , as added by 2010 Health Care Act Sec. 9023). For analysis, see ¶802

#### **New exclusion for certain health professionals.**

Payments made under any State loan repayment or loan forgiveness program that is intended to provide for the increased availability of health care services in underserved or health professional shortage areas are excluded from gross income, effective for amounts received by an individual in tax years beginning after Dec. 31, 2008 ( Code Sec. 108(f) , as amended by 2010 Health Care Act Sec. 10908). For analysis, see ¶804 . (A separate provision excludes from gross income the value of specified Indian tribal health benefits, effective for benefits and coverage provided after Mar. 23, 2010 (the enactment date of the 2010 Health Care Act.) ( Code Sec. 139D , as added by 2010 Health Care Act Sec. 9021). For analysis, see ¶807