TAX INCREASES OF THE NEW HEALTHCARE LAW

Since January 2009, President Obama and Congressional Democrats have enacted into law gross tax increases totaling more than $670 billion, or more than $2,100 for every man, woman and child in the United States. Many of these taxes levied on businesses and industry could be handed down to the consumer. Below are some of the tax increases enacted just from the new healthcare law (*Public Law 111-148 & Public Law 111-152)* and their implications as understood at this time:

Effective July 1, 2010

- **$2.7 Billion** - New 10% tax on indoor UV tanning services

Effective January 2011

- **$27.0 Billion** - New annual tax on brand name prescription pharmaceuticals (over-the-counter drugs not included)
- **$5.0 Billion** - New ban on the purchase of over-the-counter drugs using funds from Flex Savings Accounts (FSAs), Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs)
- **$1.4 Billion** - Double the penalty for non-qualified Health Savings Account (HSA) distributions

Effective October 1, 2011

- **$2.6 Billion** - New tax on insured and self-insured health plans

Effective January 2012

- **$17.1 Billion** - Require information reporting on payments to corporations
- **$0.6 Billion** - Limit the deduction for personal compensation to officers, employees and directors of certain health insurance providers

Effective January 2013

- **$210.2 Billion** - Increase the Medicare tax on wages and self-employment income by 0.9% and impose a new 3.8% surtax on certain investment income (for individuals over $200,000 and couples over $250,000)
- **$20.0 Billion** - New 2.3% excise tax on certain medical devices (i.e. power wheelchairs, pacemakers etc)
- **$15.2 Billion** - Increase, from 7.5% to 10% of income, the threshold after which individuals can deduct out-of-pocket medical expenses
- **$13.0 Billion** - Impose a new $2,500 annual cap on Flex Savings Account (FSA) contributions
- **$4.5 Billion** - Eliminate the deduction for expenses allocable to Medicare Part D subsidy

Effective January 2014

- **$60.1 Billion** - New annual tax on health insurance
- **$52.0 Billion** - New tax on employers who fail to fully comply with government health insurance mandates
  - **NOTE:** An **employer will not be considered to employ** more than 50 full-time employees if (1) the employer's workforce exceeds 50 full-time employees for 120 days or fewer during the calendar year, and (2) the employees in excess of 50 employed during such 120-day period were seasonal workers. **Seasonal workers** are defined as "a worker who performs labor or services on a seasonal basis as defined by the Secretary of Labor AND retail workers employed exclusively during holiday seasons." Thus, the provisions **would not apply** to most employers with seasonal workers.

- **$17.0 Billion** - New tax on individuals who do not purchase government-approved health insurance

Effective January 2018

- **$32.0 Billion** - New 40% excise tax on certain high-cost "Cadillac" health plans

**Amounts in billions over 10 years*

The above information was provided by the House Ways & Means Committee. Additional information can be found at http://waysandmeans.house.gov/

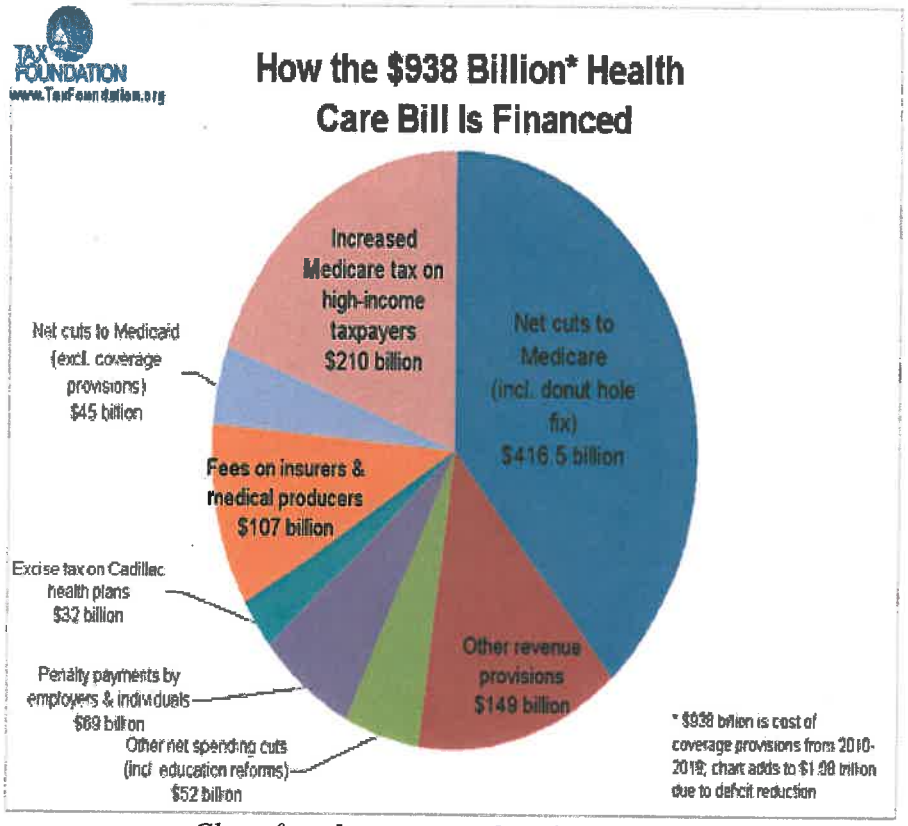

Chart found at www.taxfoundation.org

Additional Resources on the Web

US Chamber of Commerce -
www.chamberpost.com/health_care/index.html
www.uschamber.com/sites/default/files/issues/health/files/healthcare_implementation_timeline.pdf

National Federation of Independent Businesses (NFIB) -
www.nfib.com/tabid/739/Default.aspx?cmsid=51298

Contact Congressman LoBiondo

District Office

5914 Main Street Suite 103, Mays Landing, NJ 08330-1746
Phone: (800) 471-4450 or (609) 625-5008; Fax: (609) 625-5071

Washington Office

2427 Rayburn House Office Building, Washington, DC 20515-3002
Phone: (202) 225-6572; Fax: (202) 225-3318

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