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### If Obamacare Is Repealed, How Many Taxes Will Go Too?

As President Trump and a Republican Congress tiptoe into the minefield that is the Affordable Care Act, it is worth remembering that the law is arguably more a tax law than a health care law. It was, after all, upheld by the Supreme Court as a tax law. And it is full of taxes. Perhaps the signature tax of Obamacare is the Cadillac tax. Long before Donald Trump took an unexpected path to victory, the Cadillac tax seemed doomed. The Republicans have been saying it for years, and eventually, even Secretary Clinton agreed. Curiously, a *single* sentence on page 35 of [the 2016 Democratic Party Platform says](#):

- 6 We will repeal the excise tax on high-cost health insurance and find revenue to offset it because we need to contain the long-term growth of health care costs, but should not risk passing on too much of the burden to workers.”



Viewed from 2010, the Cadillac tax was supposed to rake in huge dollars to help pay for Obamacare. The Cadillac tax is a 40% tax on the cost of employer-sponsored health coverage exceeding certain thresholds: \$10,800 for self-only coverage, and \$29,100 for family coverage. The cost of wellness programs, on-site clinics and other plan features meant to reduce expenses are also included. Vast number of participants in numerous employer-sponsored plans will be affected. There have been multiple bills to repeal it. But now that there is a Republican Senate, House and President, its fate seems sealed.

The larger question is about Obamacare in general, and its plethora of taxes. For that 'how many taxes' question, it depends how you count and what you regard as a tax. There are also many other Obamacare taxes, including these:

1. 3% Tax on Medical Device Manufacturers (after multiple repeal efforts, this one is currently on hold, doesn't hit you directly, but indirectly it sure can).
2. 3.8% Net Investment Income Tax. This one is a big one. Depending on your income, it adds a 3.8% tax on top of your interest, dividends and capital gains.
3. Employer Mandate on business with over 50 full-time equivalent employees to provide health insurance to full-time employees. \$2,000 per employee, \$3,000 if employee uses tax credits to buy insurance on the exchange.
4. Medical Deduction Threshold tax increase (threshold to deduct medical expenses as an itemized deduction increases to 10% from 7.5%).
5. [Individual Mandate](#) (a tax for not purchasing insurance, though the tax penalty is called a [Shared Responsibility Payment](#), the greater of 2.5% of your income above the filing threshold of \$10,300 for singles and \$20,600 for married couples filing jointly or \$695 per adult (\$347.50 per child), with a maximum of \$2,085 for a family, whichever is higher).
6. Excise Tax on Charitable Hospitals which fail to comply with the requirements of Obamacare.
7. Elimination of tax deduction for employer-provided retirement Rx drug coverage in coordination with Medicare Part D.
8. Medicare Part A Tax increase of 0.9% over \$200k/\$250k.
9. An annual \$63 fee levied by Obamacare on all plans (decreased

each year until 2017 when pre-existing conditions are eliminated) to help pay for insurance companies covering the costs of high-risk pools.

10. Medicine Cabinet Tax (over the counter medicines no longer qualify as medical expenses for flexible spending accounts (FSAs), health reimbursement arrangements (HRAs), health savings accounts (HSAs), and Archer Medical Saving accounts (MSAs).
11. Additional Tax on HSA/MSA Distributions.
12. HSAs or MSAs, penalties for non-qualified medical expenses of 10% to 20% in the case of a HSA and from 15% to 20% for an MSA.

Check out this [full list of taxes provisions from the IRS](#) relating to the Affordable Care Act, plus the [joint tax committee](#).

*For alerts to future tax articles, email me at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This discussion is not legal advice.*