



National Association for the Self-Employed

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A Micro-Business Story **Eliminating the Self-Employment Tax on Health Insurance Premiums**

Robert Bohm, Magic of Bob Bohm, Racine, Wisconsin

Bob Bohm, an entertainer from Racine, opened Magic of Bob Bohm a few years ago to pursue his dream of entertaining children. His wife and child help him in the business.

Health coverage is an issue for Bob. He currently has catastrophic health coverage for his family. “However, our coverage is very limited as that is all I can afford. I would probably purchase better coverage if it were affordable,” he says.

Besides increasing premium rates that all insured individuals face, Bob pays an additional 15.3% self-employment tax on the premiums because he files taxes as a sole proprietor. That comes out to an extra \$800 annually that Bob could use to purchase a better plan, or to reinvest in his business.

“Not having to pay self employment taxes on my health insurance premiums would help. I’m always afraid that some catastrophic illness that I am not covered for will wipe out what ever savings I may have,” he says.

In addition to better health coverage, Bob says he could also use the extra savings if he did not pay self-employment tax on the premiums for his business. “These additional funds could easily be used to increase my advertising budget, which would help me to increase the number of bookings and, subsequently, increase my income.”

For more information on access to affordable health coverage for the self-employed and micro-businesses, contact Maureen Petron, NASE public affairs manager, at (202) 466-2100 or mpetron@nase.org.