

# HEALTH INSURANCE REPORTING REQUIREMENT

- **WHAT IS THIS?**

The IRS has new reporting requirements to deduct your health insurance premiums for S-Corporations.

- **WHO DOES THIS APPLY TO?**

Anyone who is paying for their own health insurance premiums, and wants them to be 100% deductible must read this.

- **WHAT IS THE CHANGE?**

The total amount of your health insurance premiums will need to be added to your 2010 Annual W-2 reporting.

**IMPORTANT NOTE:** If this health insurance is not added to your Wage Reporting and W-2 for 2010, the IRS will **DISALLOW** your deduction for health insurance premiums.

- **WHAT DO YOU NEED TO DO?**

You will need to provide your Payroll Company with the **TOTAL AMOUNT** of your **health insurance premiums to be paid for 2010.**

- **WHEN DO I NEED TO PROVIDE THIS INFORMATION?**

**This needs to be reported to your payroll provider prior to your final payroll of 2010.**

Please contact your payroll provider to ensure you follow their procedure.

- **WHAT IF I HAVE NOT TAKEN A WAGE?**

If you have paid health insurance premiums and want them to be 100% deductible, you will need to have a WAGE from your corporation of AT LEAST the amount of the annual premium.

During your 2010 tax review, we will provide you with the information you will need to handle this properly.

- **WHAT ACCOUNT SHOULD MY HEALTH PREMIUMS PAID FROM?**

Your health insurance premiums should be paid by your corporation. By doing this, you will ensure the 100% deductibility of these premiums.

**IF YOU HAVE PAID YOUR PREMIUMS OUT OF YOUR PERSONAL ACCOUNT** – Your Corporation will need to reimburse you for the total amount of your premiums paid for

2010. If you do not have enough funds in the corporation to reimburse yourself, you will need to reclassify other distributions as a reimbursement for this insurance.

- **WHAT IF I HAVE OTHER EMPLOYEES I AM PAYING?**

If you have other employees in your company, you will need to be sure you are meeting the requirements to avoid the discrimination rules. The benefit your corporation provides to you – you may have to offer to your employees.

NOTE – This does not apply to hiring your spouse or your children in the business.

- **Items to NOTE:**

This does NOT include the any premiums paid from spouse's work or any other pre-tax deducted premium. This only applies to health insurance premiums paid for your own health plan

This amount reported does not include medical expenses, only health insurance premiums from 1/1/10 to 12/31/10.

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