



Health Insurance Add back: IRS wants Health Insurance Added back to your w-2

Shareholders of S-corporations owning greater than 2%, receiving health insurance Benefits' for themselves and their family (individual coverage or family coverage) are required to add back the premiums to their W-2.

This amount is NOT subject to any federal, state, local or FICA withholdings. It will only be a gross up of Federal and State wages. Also, this amount should be noted separately on your W-2. The Officer will then get to deduct 100% of the health insurance on their personal tax return. This insurance must be through a corporate policy and not through individual policies.

This adjustment must be made to your wages in 2010 and before you run your payroll reports and W-2's.

If you use a payroll service, or Austin Associates assists you with payroll, you should provide the following information:

Name of Corporate Officer	Social Security #	Amount of Health Insurance Premium

For your convenience, you may print out this document and fill in the form above. Send this information to your payroll service provider so that they may make the adjustment. Please follow through to make sure it gets recorded.

Also, forward a copy to your accountant so they have a copy of it for the year end work.

If you prepare your own payroll and need help please contact our bookkeeping department for assistance.

***Taking care of this now will be less costly than correcting all the payroll forms and w-2 after the fact.*

Be sure to call your accountant if you have any questions.