

Reporting Health Insurance premiums for greater than 2% S Corporation Stockholders:

In order for any 2% stockholders (or related family members e.g. spouse or children) to deduct health insurance premiums - the total amount of premiums paid by the company must be reported on the stockholder or related parties Form W-2. These medical insurance premiums are NOT subject to social security, medicare or unemployment taxes. The total amount of premiums paid should be reported in Box 1 (Federal Wages), Box 14 (other information) and Box 16 (State Wages).

You need to contact your payroll provider prior to year-end in order to give them the total amount of premiums and make sure the health insurance premiums will be properly reported on the W2.

If the required information is not provided to the payroll company in advance of them preparing the W2's (i.e. usually within the first week of January), the outside payroll companies will most likely charge additional fees for re-doing the W'2s.

Affordable Care Act

Generally, any company with at least 50 full-time employees (including full-time equivalents) will be required to provide to each full-time employee a new Form called a 1095-C (Employer-Provided Health Insurance Offer and Coverage). The 1095-C includes information about the health coverage (if any) offered to the employee, spouse and dependents.

Please note that full-time employee status is determined on a monthly basis. If an employee is a full-time employee in any month of the year, they must be provided a 1095-C for the tax year.

Additionally, the 1095-C must be provided to the full-time employees regardless of whether coverage was provided or not.

The IRS uses the Form 1094-C (transmittal) and Form 1095-C to determine whether an Employer owes a payment under the employer shared responsibility provisions as well as determining the employee eligibility for the premium tax credit.

For 2015, Employers with between 50 and 100 full-time employees will be exempt from the penalty for not providing health coverage – but still must comply with the rules requiring providing 1095-C's to IRS and employees.

However, for 2016, there will no longer be an exemption for the Employer from the shared responsibility penalty.

For 2015, the **1095-C (to Employee's)** - are required to be provided to Employees by **February 1, 2016**. The 1094-C (transmittal to IRS) is also required to be postmarked by February 29, 2016.