

**“S” Corporation Employers  
Issues Affecting Your 2% or More Shareholder-Employees for 2015**

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An “S” corporation’s cost of health or long-term care insurance premiums paid on behalf of its 2% or more shareholder-employees is treated as Form W-2 taxable income to the 2% or more shareholder-employees (Note - it’s tax-deductible as compensation to the “S” corporation). Recent IRS announcements require that the “S” corporation either directly pay the insurance premiums or reimburse the shareholder-employee for personally paid premiums, in order to save income taxes by deducting the health insurance premiums. The insurance amounts will be “W-2 reported” as wages subject to income tax but not subject to FICA/Medicare taxes.

**If your Company provided health or long-term care insurance coverage to employees who also owned 2% or more of your stock in 2015, please complete the following information and submit it to us as soon as possible for payroll processing:**

Name of 2% or More Shareholder-Employee	“S” Corporation Insurance Premiums Paid During 2015	
	Health, Dental, Vision, Medicare Insurance Premiums	Long-Term Care Insurance Premiums

**Important Note - Please provide us this information BEFORE your last payroll of 2015 so we can prepare accurate shareholder-employee W-2 forms.**

**ADVISORY NOTE: Make sure all 2015 health insurance premiums (including Medicare premiums paid from social security benefits) are paid/reimbursed by 12/31/15.**