“S” Corporation Employers
Issues Affecting Your 2% or More Shareholder-Employees for 2025

- 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, 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 2025, 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 2025**	
	Health, Dental, Vision, Medicare Insurance Premiums	Long-Term Care Insurance Premiums

Important Note - Please provide this information by December 2 so we can prepare accurate shareholder-employee W-2 forms. * Minimum fee of $100 if W-2C is required after original forms are processed.**

ADVISORY NOTE: Make sure all 2025 health insurance premiums (including Medicare premiums paid from social security benefits) are paid/reimbursed by 12/31/25.