

Please note that before the year is complete and we work on your W-2 preparation, we want to make sure you have the opportunity to include your Health Insurance per the IRS requirements. If you do have health insurance, to include Shared Ministry Health Coverage, please read on. If we process your W-2s, we will need your family health insurance amount paid via the business prior to the end of the year. J&J asks that all companies email their health insurance amounts for their officers no later than December 15th. Regardless of how you process payroll, you will need to make sure it is added to your W-2 before year end filing to avoid costly amendments. Please contact J&J if you have questions or need assistance in completing this reporting.

Please read below for the specifics, and as always; feel free to contact J&J with any questions.

### ***Reporting Health Insurance Premiums of Greater Than 2% S Corporation Shareholders***

In order for a greater than 2% shareholder in an S corporation to deduct medical insurance premiums paid by the company on their behalf, the total premiums must be reported on the shareholder's Form W-2 in the same year the premiums are paid. Failure to comply with these reporting requirements may result in the loss of the deduction for the corporation. The medical insurance premiums are not subject to Social Security (FICA), Medicare or unemployment taxes (FUTA). This additional compensation is included in Box 1 (Wages) of the Form W-2 Wage and Tax Statement that is issued to the shareholder at year end. However, the amount is not included in Boxes 3 or 5 of Form W-2. The employee shareholders may deduct the cost of the health insurance premiums paid on their behalf by the S corporation as an adjustment to income on their individual Forms 1040. If a corporation prepares their own W-2 forms, they should be sure to include the health insurance premium in the W-2 of any greater than 2% shareholder. If the company uses an outside payroll service, the payroll service should be provided with this information prior to the end of the year so that it can be included in the shareholder employee's Form W-2. If the information is not provided to the payroll service in a timely manner, most payroll services will generally charge an additional fee for rerunning any affected Form W-2s.