

Hutchins Canning & Company P.A.
4720 N. Croatan Highway
Kitty Hawk, NC 2949
(252) 261-1040
(252) 261-0425 fax

HEALTH INSURANCE PREMIUMS

Dear Client:

It's important to remember that more-than-2% S Corporation shareholder-employees must include in their W-2 income the value of health insurance premiums paid on their behalf by the S Corporation.

If we prepare your W-2's, we will need the dollar amount of health insurance premiums paid for each more-than-2% shareholder-employees and their spouses. We need this information as soon as possible (no later than January 9, 2015) so that we can properly prepare your W-2's in a timely manner.

If you prepare your own W-2's and quarterly reports, the dollar amount of health insurance premiums paid for each more-than-2% shareholder-employee and their spouses must be included in Box 1 and Box 16 of the W-2 as wages, tips, etc., and also separately in Box 12. The health insurance premiums are not subject to Social Security, Medicare, or unemployment taxes. The 4th quarter Form 941 should include this amount on Line 2 for total wages but not on Lines 5a and 5c for social security and Medicare wages.

Please note that this is only for more-than-2% shareholder-employees and their spouses, not for any other employee. Please feel free to call should you have questions, or if we can assist you in any way.

2014 2% shareholder health insurance premiums_____

Thank you,

Hutchins Canning & Company, P.A.