

Armitage

From: Armitage [armitage@armitageinonline.com]
Sent: Tuesday, November 15, 2011 1:27 PM
To: Armitage
Subject: Health Insurance Benefits for Adult Children - New Wisconsin Legislation

Dear Clients and Friends,

- 1) New Wisconsin Legislation was passed on November 7, 2011 regarding **health insurance benefits for adult children**.
 - o Retroactive to 1/1/2011, employers no longer need to add the fair market value for the health insurance benefit to an employee's income, and parents will not need to report the additional income on their state income tax return. To receive this benefit, the child must be younger than age 27 on December 31st (see attached release for more details).
- 2) November is **Diabetes Awareness Month**. Neighborhood Family Clinic and CARE Cooperative are offering free blood sugar tests. See poster for times and location.
- 3) Not sure if you have a **Cold or the Flu?** Use the attached sheet for a list of symptoms of each. Relief may be available.

Please call if you have any questions.

Have a Great Thanksgiving!

Cordially

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"Healthiest County 2015: Making the Healthy Choice Together"

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2/16/2012



Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

For Immediate Release
November 7, 2011

CONTACT: Stephanie Marquis, 608-266-2300

Wisconsin Simplifies Tax Law for Health Insurance Benefits for Adult Children

Today, Governor Scott Walker signed legislation that simplifies Wisconsin's income tax treatment of employer provided health insurance benefits for adult children

Previously, employers were required to add the fair market value of the health insurance benefit to the parent's income if a non-dependent adult child was added to the plan. The parent then paid state and federal taxes on the health insurance benefit.

Effective March 30, 2010, the federal government changed the law. Employers were no longer required to add the fair market value for the health insurance benefit to the employee's income, and parents did not have to report the additional income on their federal income tax return.

Today, the Governor signed legislation to simplify Wisconsin's state income tax law. This change is retroactive to January 1, 2011. Employers no longer need to add the fair market value for the health insurance benefit to an employee's income, and parents will not need to report the additional income on their state income tax return. To receive this income tax benefit, the child must be younger than age 27 on December 31st.

Below are the specific actions employers and employees should take related to this law change:

Employers

Stop adding the fair market value of the health insurance benefit to your employee's income. When you prepare the W-2 statements for 2011, do not include any income previously added for the health insurance benefit. Your employee will get credit on their income tax return for taxes withheld on the health insurance benefit.

Employees

You will receive credit on your state income tax return for the taxes withheld in 2011 for the additional income added for the health insurance benefit. The health insurance benefit is no longer considered to be taxable income.

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