

Memo

To: All Clients that are S Corporations
From: ELM
Date: 12/1/2020
Re: W-2s and Health Insurance Premiums for S Corps

In Notice 2008-1, the Internal Revenue Service clarified that owners of an **S Corporation** with more than **2% of the shares** must include in their W-2 health insurance premiums paid by the corporation.

We are not 100% sure which clients are C Corps, S Corps, LLCs, etc.... Therefore, if you are operating as an S Corporation and you were on a health insurance plan we will need to know by no later than December 22, 2019 all the owners of the corporation that received W-2 income through us during 2019. These wages are not subject to Social Security, Medicare, or Unemployment taxes. However, they must be added to your W-2 simply for reporting reasons.

Again, this is only for 2% Shareholders in S Corporations that received W-2 reportable income through us in 2019. Noncompliance with the above rule could result in the loss of the health insurance deduction. Please provide the following information so we can make sure that everyone is in compliance: **(if we administer your health insurance it won't be necessary to list \$ amount paid for owner's health insurance but please list owner's so we won't miss anyone)**

Owner's Name	\$ Amount Paid In HI for Owner
_____	_____
_____	_____
_____	_____
_____	_____

Thanks for your help and if you have any questions please feel free to call Joe Collins with ELM @ (251) 470-0700. You can fax back the completed form to (251) 445-5263 or via email joe@elminfo.com