

Year End S Corporation Shareholder Reporting Reminders

Health Insurance Premiums

If the S Corporation directly pays health insurance premiums, the premium is reported as compensation and included in box 1 of form W-2 of the shareholder. The amount is not subject to FICA taxes. The shareholder picks up the premium as wage income and deducts the premium "above the line" on his/her tax return. The corporation can claim a deduction for the premiums on the S Corporation return. If the more than 2% shareholder pays the premiums directly, he/she must report this to the S Corporation and be reimbursed. The reimbursement is considered wages and is subject to FICA taxes.

Health Savings Account (HSA)

If the S Corporation contributes to the HSA on behalf of a greater than 2% owner, these contributions are treated as income and added to the shareholder's wages. They are reported in box 1 of form W-2 as wages. These wages are not subject to FICA taxes. The shareholder is allowed to deduct the contribution on his/her individual income tax return (above the line).

Owners of an S corporation cannot make pre-tax contributions to their HSAs through the company by salary reductions.

Affordable Care Act

Reporting Requirements Summary

Everyone is hearing about the Affordable Care Act and wondering if they have to do anything. All employers fit into one of two categories: those with less than 50 full time equivalent employees (FTE's) or those with 50 or more FTE's. When counting FTE's you must include union employees.

Beginning with calendar year 2015:

If the employer has less than 50 FTE's, there is no reporting requirement if they do not have a self-insured group health plan. However, if the employer has a self-insured group health plan, they are required to file informational returns and provide a copy to the employee (Form 1095-B and 1094-B).

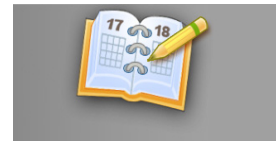
If the employer has 50 or more FTE's, they are required to file informational returns and provide a copy to the employee (Form 1095-C and 1094-C).

The informational returns must be provided to employees by January 31 and filed with the IRS by February 28, similar to W-2's and 1099's.

This content is only intended to point out that if you have less than 50 FTE employees, you likely have no additional reporting requirements. If you have 50 or more you will need to determine the requirements for your situation. Your health insurance carrier should be able to provide you with further information needed.

Client Line - November 2015

Tax-Saving Moves for the Rest of 2015



The income-tax filing season is just around the corner, but there's still time to make late-year planning moves that could reduce your tax liability. [Read the full article for some examples.](#)

Interested in learning more about How to Build Your Reputation Using Social Media?

Watch your email for registration information to attend our final Lunch-n-Learn seminar on Wednesday, [December 9th](#)



***Everyone at JAK would like to wish you a very
Happy Thanksgiving!***

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