

# REASONFINANCIAL

A FINANCIAL AND TAX COMPANY

## **Health Insurance Premiums Paid for S-Corporation Shareholders**

To comply with the Internal Revenue Service regulations regarding health insurance provided to an employee who owns a 2% or greater interest in an S-Corporation (a “2% shareholder-employee”), the health insurance premiums for the 2% shareholder-employee must be reported on the shareholder’s **2024 form W-2**. In addition, the health insurance policy should be issued under the Corporation’s name.

Under these regulations, the S-Corporation will be entitled to deduct the insurance premiums, and the 2% shareholder-employee will be entitled to deduct, as an adjustment to gross income, the amount reported on the W-2. The amount of the health insurance premiums included in the 2% shareholder-employee’s W-2 will be subject to income tax, but **will not** be subject to Social Security, Medicare or Federal and State Unemployment taxes.

**Please provide us with the health insurance premiums paid on behalf of 2% shareholder-employees during 2024.** We will include this amount in the Corporation’s 4th quarter and annual payroll reports and on the **2024 W-2 Form(s)**.

Please indicate below the amount of health insurance you have paid in 2024 on behalf of a 2% shareholder-employee (and their dependents).

**COMPANY NAME:** \_\_\_\_\_

**Health Insurance payment for 2% shareholder-employee for 2024 is \$** \_\_\_\_\_

**COMPLETED BY:** \_\_\_\_\_ **Date** \_\_\_\_\_

**If you use a payroll service, please provide them with the above information.**

**PLEASE RETURN THIS FORM BEFORE DECEMBER 15, 2025.**

**OUR FAX NUMBER IS 858-483-7679.**

**OR YOU CAN E-MAIL IT TO [INBOX@REASONTAX.COM](mailto:INBOX@REASONTAX.COM).**

Please call us if you have any questions and thank you for your assistance with this matter.

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