Declaration of Tax Dependent Status

Employee:

Last Name    First Name    M.I.

Domestic Partner:

Last Name    First Name    M.I.

Partner’s Dependent Children:

Last Name    First Name    M.I.

Last Name    First Name    M.I.

Last Name    First Name    M.I.

DECLARATION
To be completed by employee

I have read the information regarding taxation of domestic partner health benefits below. Based on consultation with a tax advisor and review of IRS Publication 501:

Please check below IF you are certifying dependent status for the above named individuals:

___ I hereby certify that the above named domestic partner and children whom I am enrolling for health and/or dental insurance coverage do qualify as dependents under IRC Section 152 (as modified by 105(b)) for the 2014 tax year. I understand that falsely certifying dependency status could result in disciplinary action up to and including termination of employment, as well as potential charges of tax fraud. I further agree to notify Washington and Lee University immediately of any change in this tax status.

Signature of Employee: _______________________________ Date: _____________
INFORMATION REGARDING TAXATION OF DOMESTIC PARTNER HEALTH BENEFITS

A domestic partner and their dependent children may qualify as Internal Revenue Code Section 152 dependents (as modified by 105(b)) of an employee provided certain qualifying conditions are met. If qualified under IRC Section 152, health insurance coverage provided by an employer is not subject to federal income tax. Additionally, such coverage can be provided on a pretax basis and claims can be reimbursed through a health care flexible spending account.

If domestic partners do not qualify as dependents under Section 152 (as modified by 105(b)), the value of employer-provided health care coverage provided is not excludable from the employee's gross income under Code Sections 105 and 106 and therefore must be taxed and premiums for domestic partner and domestic partner's children must be paid on an after-tax basis.

Generally, to qualify as an IRC Section 152 dependent (as modified by 105(b)) of an employee during a given tax year, the domestic partner and partner’s children must be a "qualifying relative" of the employee. To be a "qualifying relative", the domestic partner must meet all of the following requirements:

1. have the same principal place of abode as the employee for the full tax year (January 1 through December 31), except for temporary absences such as vacation, military service, or education. Unless the domestic partnership commences precisely on January 1, the domestic partner and their children cannot be considered a Section 152 dependent during the first year of the relationship. Similarly, if the partnership dissolves other than on December 31, for reasons other than the death of the domestic partner, the tax exclusion is lost for the entire year. If the relationship terminates due to the death of the partner, the partner would continue be treated as a dependent for the entire tax year;
2. be a member of the employee's household for the entire calendar year (and the relationship must not violate local law);
3. receive more than half of his or her support from the employee*;
4. not be the employee's (or anyone else's) "qualifying child" under Code Section 152; and
5. Be a U.S. citizen, U.S. national, or a resident of the U.S., Canada, or Mexico.

*The rules for determining whether the domestic partner receives more than half of his or her total support from the employee are complicated and more involved than just determining who is the "primary breadwinner." Total support includes amounts spent to provide food, lodging, clothing, education, medical and dental care, recreation, transportation, and similar necessities. In IRS Publication 501, the IRS provides a Worksheet that can be utilized for determining whether an individual meets the support test required to be a qualifying relative (available at http://www.irs.gov/pub/irs-pdf/p501.pdf). Employees should consult with a tax advisor to determine whether they satisfy these requirements.

last updated: 1/2/2014