



**Affidavit of Federal Tax Status for Health Insurance Purposes  
of Registered Domestic Partners  
Enrolled in Tehama County's Group Health Insurance Plan**

The Tehama County health insurance plan provides group health coverage, including medical, dental and vision benefits, for registered domestic partners. Refer to the applicable summary plan description ("SPD") and enrollment materials for definitions of registered domestic partner and for the procedures you must follow to enroll for coverage. This document describes the federal tax treatment of health coverage for domestic partners. State taxes are not affected when you cover your registered domestic partner on your health insurance policy. **This is intended for information only and is not legal advice. Always consult a qualified tax professional to discuss the details of your specific situation.**

**Tax Consequences**

Under federal tax law, your non-spouse domestic partner who receives health coverage may not qualify for tax-free health coverage. If your registered domestic partner is not a tax dependent, you may pay for his or her health coverage on an after-tax basis. If you pay less than the full fair market value of his or her health coverage, then a portion of the fair market value of the health coverage provided to him or her will be included in your gross income, subject to federal income tax withholding and reported on your Form W-2. State taxes will not be affected and the fair market value will not be subject to state income tax withholding.

If your domestic partner qualifies as your tax dependent for health coverage purposes, then you will be able to pay for his or her coverage on a pre-tax basis under the Section 125 plan. Also, the fair market value of such coverage generally will be excluded from your income and will not be subject to federal income tax withholding. You will also be able to claim eligible medical expenses for your domestic partner under the health FSA.

**Fair Market Value**

Under the applicable federal tax rules, income tax is based on the market value of the benefit (i.e., the value received by the employee), not the cost to the employer. The additional insurance coverage is deemed to have value to the employee, even if there is no cost to adding another dependent. If the individual receiving coverage is a non-tax dependent, the fair market value of the coverage must be treated as income to the employee even if the cost of the coverage does not change as a result of adding the non-tax dependent. Contact the Tehama County Personnel Office for the fair market value of a single person on our county's insurance. If your registered domestic partner is not your tax dependent the fair market value (determined by the plan you are enrolled in) will be added to your federally taxable gross income indicated on your payroll check stub. This monthly amount will also be added to your W-2 at the end of the year. State tax will not be affected.

\*For employees who have elected to pay their portion of the health insurance premium on a post-tax basis, the amount of imputed value/reported as taxable will only be 80% of these numbers since tax has already been deducted from the employee's 20% portion.

**If your non-spouse domestic partner ceases to be an IRS tax dependent** based on events happening during the year, the fair market value of your domestic partner's coverage for the portion of the year prior to and after the change, minus your after-tax contributions, will be included in your gross income and related income tax withholding will be charged to your pay as rapidly as possible. The catch-up on withholding will reduce your take-home pay for some periods.

## **How Can my Registered Domestic Partner Qualify to Receive Tax-Free Coverage Under my Health Plan?**

To receive tax-free employer-provided health coverage during a calendar year, your registered domestic partner must meet the criteria as a "qualifying relative" as defined below. **You should seek the advice of a tax advisor if you have any questions about this information.**

### **QUALIFYING RELATIVE**

The following conditions must be met in order for your same-sex registered domestic partner or opposite-sex registered domestic partner to qualify as your "qualifying relative."

1. **Residency Test.** If you are covering a domestic partner, you and your domestic partner have the same principal place of abode for the entire calendar year; *and*
2. **Relationship Test.** If you are covering a domestic partner, your domestic partner is a member of your household for the entire calendar year (the relationship must not violate local law), *and*
3. **Support Test.** During the calendar year you provide more than half of your domestic partner's total support; *and*
4. **Not a Qualifying Child Test.** Your domestic partner is not your (or anyone else's) "qualifying child" under Code §152(c); *and*
5. **Citizenship/Resident Test.** Your domestic partner is a U.S. citizen, a U.S. national, or a resident of the U.S., Canada, or Mexico.
6. **Legally Registered and Valid State of California Domestic Partnership.** You must be able to provide a copy of your valid Certificate of Registered Domestic Partnership.

### **Filing a Certification of Dependent Domestic Partner Status**

If your domestic partner qualifies as your tax dependent for health coverage purposes, you can avoid having the value of his or her health coverage treated as taxable income. **To avoid taxation, you must complete and return the form on Page 3 to the Auditor's Office,** indicating that your domestic partner qualifies as your federal tax dependent for health coverage purposes. Because the determination of whether a person is a tax dependent for health coverage purposes turns on facts solely within your knowledge, Tehama County cannot make this determination for you. **You are strongly encouraged to seek the advice of a tax advisor to make this determination.** You will be asked to complete a Certification each year at open enrollment. For any year in which we do not receive a Certification from you, we will assume that your domestic partner does not qualify as your federal tax dependent for health coverage purposes for that year.



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Tehama County is required to report the fair market value of the health insurance package premiums for registered domestic partners of employees whose health insurance coverage is taxable under Federal (IRS) tax law. This value called "imputed income" will be added to your gross income for Federal tax income tax purposes only unless you meet the criteria listed in #1 below.

EMPLOYEE NAME (PLEASE PRINT)	DOMESTIC PARTNER'S NAME	
DEPARTMENT	WORK PHONE	
CERTIFICATE OF DOMESTIC PARTNERSHIP ON FILE WITH AUDITOR? (Y or N)	FEDERAL TAX EXEMPT <input type="checkbox"/>	NOT FEDERAL TAX EXEMPT <input type="checkbox"/>

**ACKNOWLEDGMENT**

1. I declare that my domestic partner listed above has the same principal place of abode for the entire calendar year; *and* my domestic partner is a member of my household for the entire calendar year (the relationship must not violate local law), *and* during the calendar year I provide more than half of my domestic partner's total support; *and* my domestic partner is not my (or anyone else's) "qualifying child" under Code §152(c); *and* my domestic partner is a U.S. citizen, a U.S. national, or a resident of the U.S., Canada, or Mexico.
2. I have or will present a copy of the certificate of registered domestic partnership to the Auditor's Office.
3. I understand that I must notify the Auditor's office in writing as soon as possible if there is any change in the status of the above person(s) as my federal tax dependent(s) for health insurance purposes, including any change that may occur mid-year.
4. I understand that on the basis of the above statements, Tehama County will decide whether to treat the coverage provided for the above person(s) as tax exempt under the Federal (IRS) law, and that if I fail to complete this tax declaration or any re-certification required by Tehama County then Tehama County will assume that the coverage provided for the above person(s) does not qualify as exempt from Federal income tax and will have the fair market value of their premium reported as imputed income to me.

I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE STATEMENTS ARE TRUE AND CORRECT.

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Employee Signature

Date Signed

**If you are enrolling a registered domestic partner on your health insurance plan you must return this form to the Auditor's Office with your health insurance enrollment forms.**