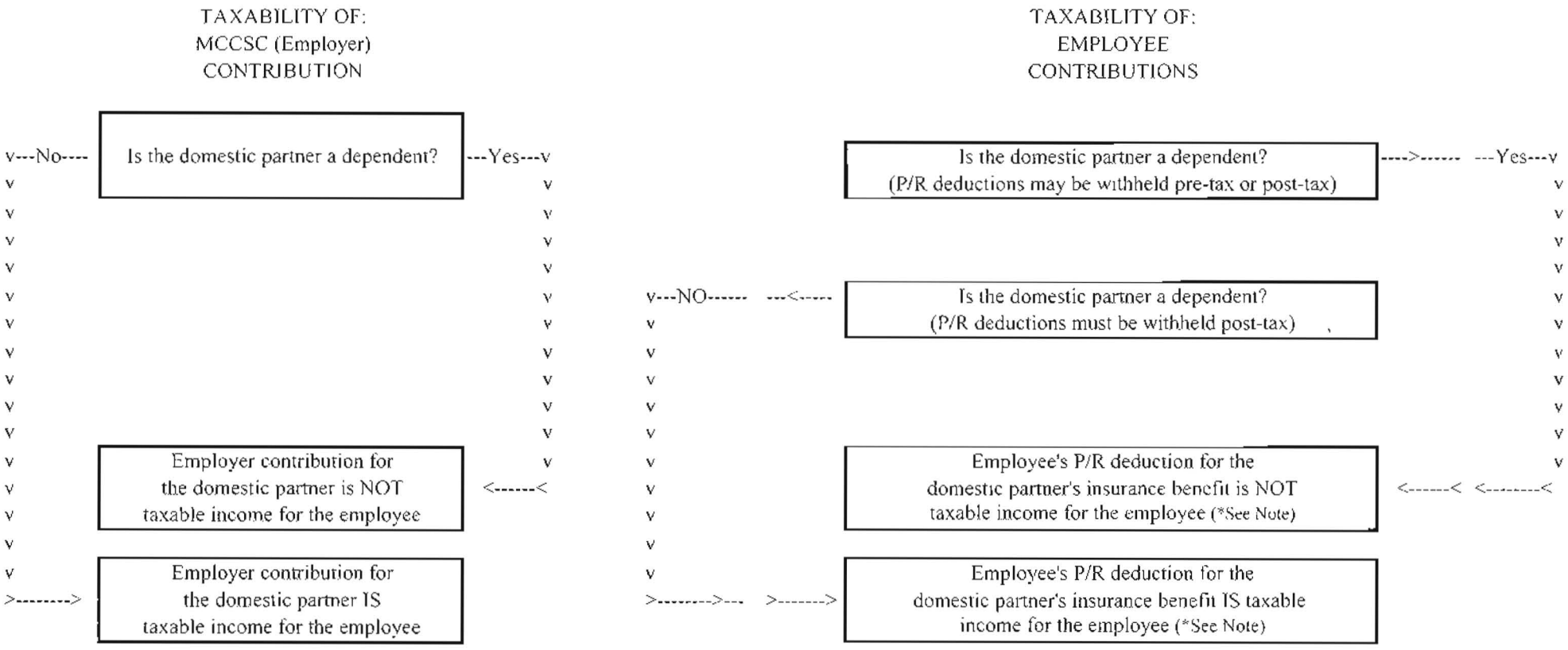
DOMESTIC PARTNER BENEFITS TAXABILITY FLOW CHART

IMPACT OF DEPENDENT STATUS FOR TAX PURPOSES
AND
PRE-TAX vs. POST-TAX TREATMENT OF EMPLOYEE CONTRIBUTIONS



*Note: The term "pre-tax" means payroll deductions for medical and dental insurance are subtracted from the employee's gross pay before payroll taxes are computed. The result of withholding premiums on a pre-tax basis is that deductions for insurance premiums are not taxed. Lower taxable income is reported for the employee and less tax is deducted from the employee's pay check than if deductions are withheld on a "post-tax" basis. Payroll deductions for non-dependent domestic partner benefits are taxable income for the employee. In order for taxable income on non-dependent domestic partner benefits to be reported properly on the employee's Form W-2 and for the amount of taxes withheld from the employee's pay check for non-dependent domestic partner benefits to be calculated correctly, payroll deductions for non-dependent domestic partner benefits must be withheld on a post-tax basis.