



Office of the State Comptroller  
**PAYROLL BULLETIN**

Subject  Processing of Health Insurance for Domestic Partners in the Payroll System	Bulletin No.  P-856
	Date  April 4, 1995

The Department of Civil Service has begun reporting health insurance coverage for Domestic Partners to the Office of the State Comptroller. The deductions for this coverage begin with the paychecks dated April 5, 1995 for Administration agencies and April 13, 1995 for Institution agencies.

Biweekly Payroll

The employee contribution for most employees electing this coverage will be broken into two parts, non-taxable and taxable deductions. (The exception to this is when the employee elects to waive the pre-tax insurance, then all the deduction is taxable.) In addition, the fair market value of the employer cost of this coverage will be reported as imputed income and added to the employee's gross for the purpose of calculating the additional withholding and Social Security/Medicare taxes. This imputed income is not a deduction from the employee's pay, but only used to compute taxes.

The information will be reported on the Payroll Register (PRG-2) and the employee's paystub using the following coding:

Non-Taxable Health Insurance Deduction	N (Amount) (in the HEALTH block)
Taxable Health Insurance Deduction	Code 301
Taxable Health Insurance Adjustment	Code 302
Non-Taxable Health Insurance Adjustment	Code 322
Imputed Income	Code 447
Imputed Income Adjustment	Code 448

AC-230 - Report of Check Returned for Refund or Exchange

If it is necessary to refund health insurance on an AC-230, and Domestic Partner Coverage is indicated, the taxable (Code 301) and non-taxable (Code 320) amounts should be reported separately if both were on the paycheck being returned. The same is true for health insurance adjustments, taxable (Code 302) and non-taxable (Code 322). Report both codes on the AC-230, if both codes were originally reported on the paycheck being returned.

In addition, the sum of the amount reported as Code 447 (normal biweekly imputed income) and the amount reported as Code 448 (imputed income adjustment), if present must be reported in the additional salary factor section of the AC-230 as Code 447.

Employees should be made aware of the impact this new coverage will have on their paycheck and reminded that while the amounts reported as Code 447 and Code 448 are not deductions they will increase withholding taxes and Social Security and Medicare.