



## *Health Care Reform News*

### **Minnesota Department of Revenue Issues Guidance Relating to Non-Tax Eligible Dependents**

July 29, 2010

The Minnesota Department of Revenue recently announced a new change to employers' obligations to withhold taxes from employee wages. As a result of the Patient Protection and Affordable Care Act, the federal tax code exempts from income the value of health insurance benefits provided to nondependent children of employees through age 26.

However, the Minnesota legislature did not enact legislation incorporating this change into the Minnesota tax code.

The Department announced that it will NOT require employers to impute income for the value of health insurance benefits provided to dependents that are 25-26 years of age. Instead, employees will need to include this as income on their 2010 Minnesota tax returns.

The Minnesota legislature will reconvene in January, 2011, at which time they may enact legislation to align with federal tax code, however this is not for sure. We recommend that employers notify their affected employees of this so that those employees can decide whether to elect to have additional MN state tax withheld to cover the non imputed income.



**Additional information is posted on the Department of Revenue's website.**

[Click here for a link](#)