

# Hankin Group

## **CERTIFICATION of FEDERAL TAX DEPENDENT STATUS**

for

### **DOMESTIC PARTNER and THEIR CHILDREN**

Hankin Group offers medical, dental and vision coverage for domestic partners of its employees and their eligible children. You should review to the applicable summary plan description or enrollment materials for the definition of domestic partners and which children are eligible for coverage as well as the procedures that you must follow to enroll them for coverage.

Under federal tax law, the tax treatment of coverage provided to your domestic partner, or to the child of your domestic partner (who is not also your child), will depend on whether the enrolled individual qualifies as your "tax dependent" (as defined below).

If the enrolled individual qualifies as your tax dependent, then you may pay for the applicable coverage on a pre-tax basis under the cafeteria plan and no portion of the premiums paid by Hankin Group will be included in your income or be subject to federal withholding or employment taxes. In general, your spouse (whether opposite- or same-sex) and your children are your tax dependents.

If the enrolled individual does not qualify as your tax dependent, then you will be unable to pay for that coverage on a pre-tax basis under the cafeteria plan. The value of the coverage provided, less the amount you pay for the coverage on an after-tax basis, will be included in your gross income, subject to federal income tax withholding and employment taxes, and will be reported on your Form W-2. This includes any portion of the premiums that Hankin Group pays for the applicable health coverage. The value of coverage varies, depending on the coverage options you elect; see Hankin Group for more information.

If the enrolled individual fails to qualify as your tax dependent for health coverage purposes for the entire year because of a change in his or her tax status during the year, the value of the applicable coverage for the portion of the year prior to the change will be included in your gross income and related income tax and employment 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.

You should also note that state and local tax treatment may differ.

#### **Who Is a Tax Dependent for Health Coverage Purposes?**

The following conditions must be met in order for your domestic partner to qualify as your tax dependent for health coverage purposes under federal law:

- You and your domestic partner have the same principal place of abode for the entire calendar year;
- Your domestic partner is a member of your household for the entire calendar year (the relationship must not violate local law);
- During the calendar year you provide more than half of the total support for your domestic partner;
- Your domestic partner is not your (or anyone else's) "qualifying child" under Section 152(c) of the Internal Revenue Code; and
- Your domestic partner is a U.S. citizen, a U.S. national, or a resident of the U.S., Canada, or Mexico.

Your domestic partner could be your federal tax dependent for health coverage purposes even if you do not claim an exemption for him or her on your Form 1040. If your tax year is a year other than the calendar year, use the other year instead. The Hankin Group will also consider your domestic partner to be your federal tax dependent for health coverage purposes if he or she meets the above requirements for the first portion of the calendar year, then you marry, and he or she remains your legal spouse for the remainder of the year.

To determine whether you provide more than half of the total support for domestic partner, you must compare the amount of support you provide with the amount of support your domestic partner receives from all sources, including Social Security, welfare payments, the support you provide, and the support your domestic partner provides from his or her own funds. Support includes food, shelter, clothing, medical and dental care, education, and the like. If you believe you might provide more than half of the support for your domestic partner, you should use the support

worksheet in the IRS Publication 501 (Exemptions, Standard Deduction, and Filing Information) before you complete the Tax Certification described below.

The child of your domestic partner (who is not also your child) may qualify as your tax dependent for health coverage purposes under federal tax law by satisfying the above test or by satisfying the "qualifying child" test for health coverage purposes. It can be more difficult for the child of your domestic partner to satisfy these tests and qualify as your tax dependent for health coverage purposes.

This document is not intended to provide legal or tax advice. You should consult your tax advisor for information about your specific circumstances.

**CERTIFICATION**

To avoid taxation of coverage for your domestic partner and your domestic partner's children complete the certification set forth below for every individual enrolled as your domestic partner, or as a child(ren) of your domestic partner (who is not also your child).

I hereby certify that, as of the date of this Tax Certification, the statements below are true and correct.

1. I have read the above and understand the requirements for qualifying another person as my federal tax dependent for health coverage purposes.
2. \_\_\_\_\_ is my domestic partner

The following are the children of my domestic partner:

\_\_\_\_\_  
\_\_\_\_\_ (use more lines if needed)

3. The above-named individuals qualify as my federal tax dependent for health coverage purposes in the current tax year.
4. I agree to notify the Plan Administrator of Hankin Group in writing as soon as possible if there is any change in the status of any of the above-named persons as my tax dependent, including any change that may occur mid-year. I understand that any change in such status may result in the retroactive application of taxes in accordance with applicable law to amounts previously paid for health coverage during the year.
5. I understand that on the basis of the above statements, Hankin Group will decide whether to treat the above individuals as my tax dependents for federal income and employment tax purposes, and that if I fail to complete this Tax Certification or any recertification requested by Hankin Group, then Hankin Group will assume that the above-named person does not qualify as my federal tax dependent for health coverage purposes.
6. I agree to reimburse Hankin Group for any and all taxes, penalties, or other losses (including reasonable attorney's fees) that Hankin Group may incur as a result of its reliance on this Tax Certification if it is untrue or incorrect in any respect, or if I fail to provide the notice required by paragraph 4 above.
7. I understand that falsely certifying tax dependency status could result in disciplinary action (including termination of my employment) from Hankin Group as well as potential charges of tax fraud.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date