



## Department of Civil Service

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Acting Commissioner

PE 20-06  
PA 20-07  
PAEX 20-06

### MEMORANDUM

To: PA and PE Health Benefits Administrators

From: Employee Benefits Division

Subject: Domestic Partner Imputed Income

Date: June 04, 2020

As a reminder, Participating Agencies (PA) and Participating Employers (PE) that have elected to offer domestic partner coverage will be responsible for their own imputed income reporting, regardless of the employment status of the enrollee.

Under Internal Revenue Service (IRS) rules, the fair market value cost of coverage for a domestic partner may be taxable. The fair market value of domestic partner coverage is the full share cost of Individual coverage, less the employee's share of the premium for dependent coverage. This amount, referred to as imputed income, is considered by the IRS to be additional income for the enrollee.

Imputed income is additional taxable income based on the fair-market value of a non-federally qualified dependent's coverage. It is not an additional amount added to the premium paid, as is a common misunderstanding. The amount of taxable income reported on an enrollee's W-2 or 1099 form will be increased by the fair market value of the coverage.

Imputed income for domestic partners of enrollees and retirees must be calculated and provided to the enrollee by the employer. The Employee Benefits Division will **not** calculate the imputed income for PAs and PEs.

Questions regarding your imputed income reporting responsibilities should be directed to your agency's tax advisor.