

University of Michigan

Declaration of Tax Status for Other Qualified Adult

Please print all information in **black** ink and return your completed and signed form as instructed on the second page.

For BTT Use Only

Event Date _____

Approved _____

Input Elections _____

1. Faculty or Staff Member Information

Name (Last, First, Middle Initial)	UMID	U.S. Social Security Number (If UMID is Unknown)
Home Street Address	City/State/Zip	
Daytime Phone	Email Address	

2. Other Qualified Adult Information

Name (Last, First, Middle Initial)	Date of Birth
------------------------------------	---------------

I _____ have enrolled _____ under my university health care
(print your name) (print OQA's name)

coverage and have certified he or she meets all criteria required for eligibility as an Other Qualified Adult.

I understand that my employer has a legitimate need to know the federal income tax status of my enrolled dependents. I understand that an Other Qualified Adult is considered an Internal Revenue Code (IRC) Section 152 dependent only if each of the following requirements is met:

1. The Other Qualified Adult and I live together (share our principal abode) for the full taxable year from January 1 to December 31, except for temporary absences for reasons such as vacation, military service, or education.
2. The Other Qualified Adult is a citizen or resident of the United States.
3. The Other Qualified Adult receives more than half of his or her support from me. The rules for determining support are complicated and are more involved than just determining who is the "primary breadwinner." I have consulted with a tax advisor or have completed a Worksheet for Determining Dependent Status, similar to that found in Internal Revenue Service Publication 17, and have determined I provide or am expected to provide more than half of my Other Qualified Adult's support.

Check one of the boxes below. Since the above is a summary of complex tax rules, the university recommends that you consult with your tax advisor regarding your specific circumstances.

I declare that:

Yes, my Other Qualified Adult **is** my Internal Revenue Code Section 152 dependent for the _____ tax year.
(enter the tax year)

Yes, my Other Qualified Adult's child/children **are** my Internal Revenue Code Section 152 dependent(s) for the _____ tax year.
Name of Children and Birth Dates: _____

(print the names and birth dates of each child)

3. Certification and Signature

By signing below, you are stating that:

1. You certify that your Other Qualified Adult and his/her children do or will qualify as eligible tax dependents for employer sponsored benefit purposes under Section 152 of the Internal Revenue Code for the entire current tax year. You agree you will notify the university immediately if there is a change in your situation that disqualifies your OQA as an eligible IRS dependent for employer sponsored benefits.
2. You have read and understand the terms and conditions listed on the second page this form.
3. You understand that falsely certifying such tax dependency could result in potential charges of tax fraud.
4. You are aware that any change in your family status may directly impact the calculation of your taxable income. You agree to notify the Benefits Office if there is any change in the circumstances attested to in this declaration within 30 days of the change.
5. You affirm under penalty of perjury that the preceding statements are true and complete to the best of your knowledge. You further understand that willful falsification of information on this declaration may result in serious consequences, including loss of benefits, appropriate legal action or disciplinary action up to and including discharge.

Signature of Faculty or Staff Member

Date Signed

Declaration of Tax Status for Other Qualified Adult

Terms and Conditions

By signing this form you agree to abide by the following:

Dependents for Federal Income Tax Purposes

The university distinguishes between an Other Qualified Adult (OQA) and an extended family member because of the way the current tax law requires employers to treat the value of benefits provided to an OQA. In most cases, an OQA will not satisfy the definition of dependent under the Internal Revenue Code. As a result, the law requires the university to report the entire value of your OQA's health care coverage (often referred to as "imputed income") as taxable income to you, and the contribution you pay for this coverage must be on an after-tax basis.

Alternatively, if your OQA and/or his/her eligible dependent children qualify as your dependents under IRC Section 152 (as modified by Code105(b)), the university costs for their benefits are not considered taxable income to you. Generally, to qualify as an IRC Section 152 dependent of an employee during a given tax year, the OQA and their children must be a "qualifying relative" of the employee, as defined by the IRS. To be considered an IRS "qualifying relative," the OQA must meet the following requirements:

1. Have the same principal place of abode as the employee for the full tax year (January 1 through December 31), except for temporary absences such as vacation, military service, or education. If during the year, OQA eligibility status ceases other than on December 31, for reasons other than the death of the OQA, the tax exclusion is lost for the entire year. If the eligibility ends due to the death of the OQA, the OQA would continue to be treated as a dependent for the entire tax year;
2. Receive more than half of his or her support from the employee;
3. Be a U.S. citizen, U.S. national, or a resident of U.S., Canada, or Mexico; and,
4. Not be the employee's (or anyone else's) "qualifying child" as defined under Internal Revenue Code Section 152.

The rules for determining support are complicated and are more involved than just determining who the "primary breadwinner" in the household is. Internal Revenue Service (IRS) Publication 17 includes a worksheet to assist taxpayers in evaluating whether they may provide, or are expected to provide, more than one half of an individual's support. **Because this area of tax law can change, and because the situation of every employee is different, employees are strongly encouraged to consult with a tax advisor before declaring an OQA**

satisfies each of the above requirements to be considered a qualifying relative as defined by the IRS.

An employee wishing to claim his or her OQA and/or their OQA's dependent children as tax dependents for insurance purposes under IRC Section 152 must complete and sign a Declaration of Tax Status Form. Please note that Section 152 dependent status must be re-declared and a new Declaration of Tax Status Form must be filed with the Benefits Office each tax year.

The university will assume your OQA (and/or their children) DOES NOT qualify as your tax dependent for tax-free university sponsored health insurance unless a Declaration of Tax Dependency Form is completed at the start of each tax year unless as otherwise stated on this form, and is on file with the Benefits Office.

Required Retroactive Tax Treatment and Mid-Year Changes

The Declaration of Tax Status Form requires the employee to anticipate the dependency status of their OQA or OQA's child for the upcoming year. It is important for employees to report any changes in dependency status during the year because IRC Section 152 requires a "look-back" at the dependency status at the end of each calendar year. Circumstances can change during the calendar year that could disqualify or qualify the OQA for the entire tax year. In these situations, a retroactive adjustment will be necessary. Some examples of status changes include the following:

Example 1 – An employee's OQA qualifies as an IRC Section 152 dependent on January 1 and the employee submits a Declaration of Tax Status Form at the start of the year. Midway through the year, the OQA begins employment such that the employee is no longer providing more than one half of the OQA's total support and the OQA ceases to qualify for the remainder of the year. The OQA remains eligible for coverage, but this change requires treating the coverage provided for the OQA as taxable to the employee (subject to federal income tax, social security, and Medicare taxes) for the entire year.

Example 2 – The employee is uncertain if their OQA will qualify as an IRC Section 152 dependent at the start of the year and does not submit a Declaration of Tax Status Form to the Benefits Office. Imputed income for the OQA's coverage is added to the employee's gross income each pay period for the purposes of calculating federal and state income taxes

and for Social Security and Medicare taxes. However, midway through the year the employee's tax advisor determines the OQA actually will qualify as an IRC Section 152 dependent of the employee for the entire year and the employee submits a Declaration of Tax Status Form to the Benefits Office. This requires that the imputed income of the OQA's coverage not be treated as taxable income to the employee for the entire year. To correct for incorrect treatment prior to notification, Payroll will credit the employee the federal income taxes already withheld on the imputed income of the OQA's coverage during the year. Social Security and Medicare taxes already withheld on the imputed income of the OQA's coverage during the year will be credited as well.

Example 3 – The employee reports that as of July 1, their OQA lost their job and the employee will now be providing over one half of their OQA's total support. This requires no changes or corrections, as the OQA must qualify for the entire year in order to receive favorable tax treatment.

Example 4 – An employee's OQA qualifies as an IRC Section 152 dependent on January 1 and the employee submits a Declaration of Tax Status Form at the start of the year. The OQA continues to qualify as an IRC Section 152 dependent until her death on August 15. The OQA's death does not change her status for the portion of the year during which she was alive and no adjustments will be necessary.

Example 5 – An employee adds their OQA to their coverage on November 1 as their OQA has now shared the employee's primary residence for the previous 6 continuous months and is newly eligible for enrollment. The employee improperly submits a Declaration of Tax Status Form at the same time. The Declaration of Tax Status Form is rejected because to qualify as an IRS Section 152 dependent, the OQA must have the same principal place of residence as the employee for the full tax year (January 1 through December 31). In this case, the OQA did not begin sharing the employee's residence until May 1. Imputed income for the OQA's coverage will be added to the employee's gross income each pay period in November and December for the purposes of calculating federal and state income taxes and for Social Security and Medicare taxes.

Requested Documentation

The university reserves the right to require proof of tax dependency upon request. When you sign this form, you agree to provide such documentation upon request.



HUMAN RESOURCES
BENEFITS OFFICE
UNIVERSITY OF MICHIGAN

Questions?

If you have questions, view the Benefits Office website at benefits.umich.edu, or call the SSC HR Contact Center at 734-615-2000 or 866-647-7657 (toll free for off-campus long-distance calls within the U.S.) Monday through Friday from 8 a.m. to 5 p.m.

How to Return Your Completed and Signed Form

Make a copy of your completed and signed form for your records and mail the original to:

University of Michigan Benefits Office
Wolverine Tower – Low Rise G405
3003 South State Street
Ann Arbor MI 49109-1278
Attention: Kate Van Valkenburgh