



ANTELOPE VALLEY COLLEGE

Office of Human Resources & Employee Relations

To: All New Hires

From: Human Resources

Re: California Law (AB 205), Domestic Partner Medical Insurance

---

State and Federal tax laws require the District to include the value of the health benefits provided to domestic partners in an employee's reported taxable income as follows:

1. California Law (AB 205): requires all California employers to offer the same health care benefits to employees with registered domestic partners that are offered to spouses or dependents of employees. The U.S. Department of the Treasury and the Internal Revenue Services (IRS) have ruled that same-sex couples legally married in jurisdictions that recognize these marriages (such as California) will be treated as married for Federal tax purposes.
  - a. Premium paid for same-sex spouse health insurance coverage by **legally married same-sex couples** is considered pre-tax and excludable from income.
  - b. For **domestic partners registered with the State of California**, the benefit is excluded from State taxation.
  - c. **For non-registered domestic partners**, the benefit is subject to both Federal and State taxes and Social Security (OASDI) and Medicare taxes.
2. Federal Tax Law: requires the inclusion of fringe benefits in an employee's gross income, unless specifically excluded. IRC Section 106 contains provisions for exclusion from income of the employer-paid portion of health plans for an employee's spouse or dependents. Federal tax law does not provide for the tax exclusion of a domestic partner, unless that individual is the employee's dependent.

The information contained in this memorandum is advisory only. You are encouraged to consult with your tax accountant when filing your State and Federal Income Tax Returns.