

Imputed Income

Definition

The fair market value of the medical and/or dental insurance coverage for the non tax dependent is treated as income to the employee.

Additional Information

Imputed income applies when an individual is a covered dependent under the employee's health insurance plans (medical and/or dental) but is not considered a dependent under federal tax law, the fair market value of the dependent's coverage will be deemed taxable income to the employee. The amount of income imputed to the employee will be based on the value of the coverage for the non tax dependent(s) less any after tax premiums. The imputed income is treated as earnings subject to all federal/state taxes.