



Duffy Kruspodin, LLP
Certified Public Accountants

San Diego

4225 Executive Square
Suite 900
La Jolla, CA 92037
tel (858) 642-5050
fax (858) 642-5065

4304 Park Blvd.
San Diego, CA 92103
tel (619) 295-2637
fax (619) 299-5549

Los Angeles

21600 Oxnard St.
Suite 2000
Woodland Hills, CA 91367
tel (818) 385-0585
fax (818) 436-7588

9171 Wilshire Blvd.
Suite 555
Beverly Hills, CA 90210
tel (310) 274-9922
fax (310) 858-1640

www.dklpcpa.com

Member

American Institute of
Certified Public Accountants



California Society of
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Dear Clients and Friends,

This is our annual reminder to include health insurance and long-term care insurance amounts on W-2's for 2% S Corporation shareholders and their related parties. The following family members employed by the company are considered to be related parties: spouse, children and their spouses, grandchildren and their spouses and parents. The reported amount must include premiums for the employee and any dependents. Any of the shareholder's siblings are not covered by these reporting rules. Adding the amount of the insurance to a W-2 does not increase tax liability to the company, shareholder or the related parties. On the contrary, this is the only way to correctly receive an income tax deduction for the insurance. Attached please find additional information on this subject.

Please feel free to let us know if you have any further questions or if you would like for us to review the W-2's before they get finalized.

Sincerely,

Duffy Kruspodin, LLP
Certified Public Accountants