

Tax Deductibility of Health Premiums

	Premiums	Benefit
Individual	\$1,000	\$5,000 per month
Group	\$1,000	\$5,000 per month

- **Individual** Premiums are not tax deductible, but the benefits are received tax free.
- **Group** premiums are tax deductible, but the benefits are taxable when received.
- If the premium is contributory, the employee's portion is still NOT tax deductible, but that portion of the benefit would be tax free to him/her.
- Ex. If the employee is paying 25% of the premium, then 25% of the benefit would be tax free because he was not allowed a deduction for his part of the premium.