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Additional IRS Guidance on Individual Policy Premiums

The IRS has released additional guidance regarding an employer's ability to pay for individual policy premiums on a pre-tax basis. This follows up on IRS Notice 2013-54 that provided any "employer payment plan" would violate the ACA market reforms, if it was paying for individual policy premiums on a pre-tax basis. Due to the somewhat odd wording of the Notice, some employers questioned whether it applied to reimbursement of individual policy premiums on a pre-tax basis. The additional guidance in the form of a FAQ on the IRS website, answers that question and closes the door on an employer's ability to reimburse or pay for individual policy premiums on a pre-tax basis. Of course, as the FAQ also notes, and employer may pay for such premiums on an after-tax basis, thereby treating the premium as additional taxable wages.

http://www.irs.gov/uac/Newsroom/Employer-Health-Care-Arrangements