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Adult Dependent Coverage - Free at Last!

Last year and earlier this year we discussed that certain states have not conformed to the Affordable Care Act for state tax dependents. That meant that some adult dependent health plan coverage could be taxable in those states that followed the old pre-Affordable Care Act dependent rules. States have been quietly switching over to the new federal rules throughout this year. Wisconsin was the last holdout. However, last week, the Wisconsin governor signed a law adopting the federal tax treatment of adult dependents for Wisconsin state income tax purposes. The law will take effect no later than November 18, 2011. After that, employers can stop imputing income on adult dependents for Wisconsin state income tax purposes.

Interestingly, I have heard that Puerto Rico has not adopted the federal rules yet. No word on other U.S. territories or outer shelf continential areas.

A link to the Wisconsin law is as follows: http://legis.wisconsin.gov/2011/data/SB203hst.html