



Certification of Federal Tax Status for Domestic Partner/Domestic Partner Child(ren)

If you are covering an eligible domestic partner (DP) and/or child(ren) of a DP, the contributions you make towards their cost of coverage is deducted on an after-tax basis. Additionally, IRS regulations require that you pay taxes on the additional cost of their coverage paid by DSM and this cost is subject to imputed income. If your DP and DP child(ren) qualify as IRS tax dependents, please sign and submit this Certification to DSM Payroll, within 30 days of the date of eligibility to enroll, by opening a ticket via myDSM available on your desktop.

I, _____ hereby certify that the statements below are true and correct.

1. This certification relates to: _____

[list enrolled domestic partner and/or domestic partner child(ren), if applicable]

2. I have read the attached notice entitled "Summary of Requirements for Health Plan Dependents Under Federal Law" and I understand the requirements for qualifying another person as my Federal tax dependent for health coverage purposes ("Health Plan Dependent").
3. I have concluded that the above named domestic partner/domestic partner child(ren) added to my coverage qualify as my Federal Health Plan Dependent(s), and I expect that they will remain so qualified.
4. I agree to notify the DSM Benefits Center within thirty (30) days of the date my Domestic Partner (or, if applicable his or her child(ren)) cease to be my Health Plan Dependent(s). I understand that if there is a change in such status mid-year, amounts previously provided to me during the year as a non-taxable benefit may become subject to income taxes and additional payroll withholding on a retroactive basis.
5. I have been advised to consult with my tax advisor.
6. I understand that DSM is relying on this certification in deciding whether to impute income for the value of health benefits provided by DSM.
7. I agree to reimburse DSM for any and all taxes, penalties, or other losses (including reasonable attorney's fees) that it may incur as a result of its reliance on this Certification if it is incorrect in any respect, or if I fail to provide notice of any change.
8. I understand that if I do not submit this signed document to the DSM Benefits Center, DSM will impute income taxes on the value of the benefits, as required by federal tax law.

Signature of Employee

Date

Summary of Requirements for Health Plan Dependents Under Federal Law

Overview

DSM assumes that any domestic partner or domestic partner child(ren) who is enrolled in a DSM health plan is not a tax dependent for federal tax purposes. As a result, DSM imputes in the employee's income the value of such coverage. However, if they are in fact the employee's dependent(s) under the Internal Revenue Code for health plan purposes, the employee does not have to pay taxes on the value of the coverage paid by DSM. Below is a summary of when a domestic partner may qualify as a dependent for federal tax purposes ("Health Plan Dependent"). This summary does not address state income tax rules.

Requirements

For your domestic partner (referred to here as your "Partner") to be a Health Plan Dependent, all of the following must be true:

- You and your Partner must live in the same residence for the entire calendar year;
- Your Partner must be a member of your household for the entire year, and this relationship must not violate local law;
- You must provide more than half of your Partner's total support for the year, as required by Internal Revenue Code Section 152(d)(1)(C) (this includes food, shelter, clothing, medical care, education, etc.);
- Your Partner cannot be your or anyone else's "qualifying child" as defined under Internal Revenue Code 152(c); and
- Your Partner must be a US citizen, US national or a resident of the US, Canada or Mexico.

An important requirement to keep in mind is that the individual(s) must be your Health Plan Dependent for the whole year in order to be exempt from the imputed income rules. If your Partner meets all the requirements from January through July, but then no longer meets the requirements beginning in August, you must pay taxes (and are subject to withholding) on the value of the coverage provided by DSM for the whole year.

It is more difficult for your Partner's child(ren) to qualify as your Health Plan Dependent (because that child is likely a qualifying child of another person). Please consult with a tax advisor before certifying that a child is a Health Plan Dependent.

DSM RELIES ON YOUR DETERMINATION OF AN INDIVIDUAL'S STATUS AS YOUR HEALTH PLAN DEPENDENT. THESE RULES ARE COMPLEX AND AFFECT THE INCOME REPORTED TO THE IRS AS WELL AS TAX WITHHOLDING. THEREFORE, IT IS IMPORTANT THAT YOU OBTAIN THE ADVICE OF A TAX PROFESSIONAL PRIOR TO CERTIFYING A DOMESTIC PARTNER OR DOMESTIC PARTNER CHILD(REN) AS YOUR HEALTH PLAN DEPENDENT