Dynamic Chiropractic

YOUR PRACTICE / BUSINESS

Deducting Your Health Insurance

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If the DC creates the appropriate professional corporation paperwork, his company will be allowed to deduct 100 percent of the premiums paid for health insurance for himself and staff. This rule applies to employees of corporations, and it is assumed that the DC would be an employee of his own corporation.

By purchasing health insurance outside of his corporation, the deduction is extremely limited and is only 25 percent of the cost of the health insurance for himself. That deduction is scheduled to be eliminated in 1991.

If the DC is operating in a partnership with two or more doctors, a method in which a partnership may realize the same result would be to have the spouses of the doctors hired on and paid an extremely small salary. They would then be "loaded up" with fringe benefits including health insurance.

Let us suppose the DC does not wish to cover all of his staff but only himself and family.

Under new rules it is possible for him to cover his spouse alone and not the other members of his staff. This is called an "insured" health plan.

An added benefit of the hiring of the spouse approach is that the DC would be able to reduce or eliminate his exposure to social security taxes as well.

Needless to say, it is imperative the DC confer with his CPA before committing to a particular health insurance format.

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