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# Don't Miss the Health Insurance Deduction if You're Self-Employed

IRS Tax Tip 2013-43, March 28, 2013

If you are self-employed, the IRS wants you to know about a tax deduction generally available to people who are self-employed.

The deduction is for medical, dental or long-term care insurance premiums that self-employed people often pay for themselves, their spouse and their dependents. The insurance can also cover your child who was under age 27 at the end of 2012, even if the child was not your dependent.

You may be able to take this deduction if one of the following applies to you:

- You had a net profit from self-employment. You would report this on a Schedule C, Profit or Loss From Business, Schedule C-EZ, Net Profit From Business, or Schedule F, Profit or Loss From Farming.
- You had self-employment earnings as a partner reported to you on Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc.
- You used an optional method to figure your net earnings from self-employment on Schedule SE, Self-Employment Tax.
- You were paid wages reported on Form W-2, Wage and Tax Statement, as a shareholder who owns more than two percent of the outstanding stock of an S corporation.

There are also some rules that apply to how the insurance plan is established. Follow these guidelines to make sure the plan qualifies:

- If you're self-employed and file Schedule C, C-EZ, or F, the policy can be in your name or in your business' name.
- If you're a partner, the policy can be in your name or the partnership's name and either of you can pay the premiums. If the policy is in your name and you pay the premiums, the partnership must reimburse you and include the premiums as income on your Schedule K-1.
- If you're an S corporation shareholder, the policy can be in your name or the S corporation's name and either of you can pay the premiums. If the policy is in your name and you pay the premiums, the S corporation must reimburse you and include the premiums as wage income on your Form W-2.

For more information, see Publication 535, Business Expenses. It's available at [IRS.gov](http://IRS.gov) or by calling 800-TAX-FORM (800-829-3676).

## Additional IRS Resources:

- [Small Business and Self-Employed Tax Center](#)
- [Publication 535](#), Business Expenses
- [Publication 225](#), Farmer's Tax Guide
- [Schedule C](#), Profit or Loss From Business
- [Schedule C-EZ](#), Net Profit From Business
- [Schedule F](#), Profit or Loss From Farming

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