DOMESTIC PARTNERSHIP FAQs

References

Senate Bill 30	Statutes of 2019, Chapter 135 (SB 30 Wiener)
California Law – Family Code	Division 2.5, Domestic Partnership Registration [297 – 299.6]
The State Controller's Office	Payroll Procedures Manual (PPM) - Section H 690-699
California Secretary of State	Domestic Partners Registry

What is a Domestic Partnership?

Existing law specified those entering into a domestic partnership be both the same sex and at least 18 years of age (exceptions to age) or the opposite sex and at least one partner be over 62 years of age. Senate Bill 30 removes those requirements for registered domestic partners effective January 1, 2020.

Two persons desiring to become domestic partners may complete and file a Declaration of Domestic Partnership with the Secretary of State. A registered domestic partnership provides a couple the same rights, protections, and benefits as a married couple in the State of California.

The Federal Government does not recognize domestic partnerships and therefore the benefits for the domestic partner become a reportable or taxable income for the employee. Imputed income is the value of benefits provided to an employee that will be taxed. If an employee is claiming the domestic partner as a dependent within the guidelines of the IRS, the employee is not liable for imputed taxes.

Why did the law change?

To expand Californians' options to enter into legally protected relationships. Domestic partnerships are not the only for same sex couples, it has been expanded to include opposite sex couples.

Can my domestic partner be added to my benefits?

Yes. After an employee registers their domestic partnership, the employee may enroll a domestic partner in their benefits. The employee will receive the increased employer contribution for the added coverage. After the employee registers the partnership with the Secretary of State, they may enroll a domestic partner into health, dental, and vision. The same modifications used for the health documents are followed in completing dental enrollment (party codes). Enrolling a domestic partner is not a qualifying event to change health, dental or vision plans. Changing health, dental or vision plans can be done during Open Enrollment.

The basic vision benefit enrollment is automated and the cost is a flat rate regardless of the number of dependents. It is not necessary to add dependents to the basic vision program. An employee should contact VSP directly to add a domestic partner and the domestic partner's children to a Premier Vision Plan. If the employee is enrolled in the Premier Vision Plan, all family members must be enrolled in the Premier Vision Plan.

All questions and documentation should be directed to the employee's human resource office.

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Can my domestic partner's children be added to my benefits?

Yes. A domestic partner and the domestic partner's children under age 26 can be added within 60 days after the date of the registration of domestic partnership. The same rules apply to a domestic partner's children. If the children are dependents of the employee, the employee will not have imputed income.

If the children are not considered tax dependents under IRS rules, the fair market value (FMV) of the coverage is considered imputed income and must be included in the employee's gross income. This income will be reported on the employee's W-2. Imputed income is counted for all children of the domestic partner. If the party code is B and there is more than one child, all employer contributions for the children will be counted as imputed income.

What documentation is required if the domestic partner qualifies as a dependent?

A copy of the Registered Domestic Partnership (RDP) from the Office of the Secretary of State should be kept on file in the employee's OPF along with Domestic Partner Tax Dependent Certification Form, if applicable.

If a CSU employee claims their domestic partner and/or the domestic partner's children as a dependent, the form Domestic Partner Tax Dependent Certification Form must be completed and signed by the employee. The original form must be retained by the employer in the employee's OPF.

What documentation is required if the domestic partner or domestic partner's children no longer qualify as dependents?

When a domestic partner no longer qualifies as a tax dependent, the appropriate forms must be completed with the appropriate party code information and forwarded to the State Controller's Office.

For CSU, note in the remarks section on the enrollment form, "Affidavit on file." Retain the Affidavit in the employees OPF. Documents must be retained by the employer. The employee's domestic partner benefit will be subject to the imputed tax liability, if applicable. If needed, benefit forms will be required for changes.

What party codes are appropriate for adding a domestic partner and/or dependents?

To compute the tax liability of the domestic partner's benefits applicable to health and dental, Party Rate Code A (for Party Code 2), and Party Rate Code B (for Party Code 3) were established.

Use Party Code A for an Employee + Domestic Partner
Use Party Code B for an Employee + Two Dependents or more and one Is a Domestic Partner

If the employee is claiming their domestic partner as a *dependent for Federal Tax purposes* and has completed the Domestic Partner Tax Dependent Certification Form, **the Party Code is 2 or 3**. The employee will not pay taxes on benefits if the domestic partner is claimed as a *dependent* on the employee's Federal Income Taxes.

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What is imputed income and what is the tax computation for that income?

The imputed income is the cost of coverage for the employee's domestic partner and/or partner's children. That portion is considered imputed income by the IRS. Imputed income is in addition to your monthly plan cost.

Scenario – CSU Employee Adds Domestic Partner (DP) to Benefits–DP Not a Dependent

Benefits are 2026 rates.

HEALTH

Kaiser, Party Code A – Employee + Domestic Partner	$ 2,195.88
Kaiser, Party Code 1	– 1,097.94
Health Benefit Taxable Income	**$ 1,097.94**

DENTAL

Delta Dental PPO Enhanced Level II	
Party Code A – Employee + Domestic Partner	$ 88.16
Party Code 1	– 46.72
Dental Benefit Taxable Income	**$ 41.44**

Health Benefit Taxable Income	$ 1,097.94
Dental Benefit Taxable Income	+ 41.44
	$ 1,139.38

Each month the employee will have an additional $1,139.38 in taxable income. The monthly tax liability is computed on the total taxable income of $1,139.38 as follows:

Federal Tax (flat rate)	$ 1139.38	× 22.00%	=	$ 250.66
Social Security Tax, if applicable	$ 1139.38	× 6.20%	=	70.64
Medicare Tax, if applicable	$ 1139.38	× 1.45%	= +	16.52
				$ 337.82 (Estimate)