

Those currently eligible to use prepaid legal services available through District Council 37 (DC37) will receive a \$107 increase to their taxable income each fall. This amount represents the value of the benefit DC37 makes available to eligible members, rather than an increase in employee pay. If you receive this on your check, the amount will be included as taxable income on your W2, and the amount must be included in the taxable income reported on your Federal (including FICA and Medicare), State, and City taxes.

The Federal Internal Revenue Code requires employers to report such contributions to an employee's prepaid legal services benefit program as taxable income. This is applicable even if the employee did not use the benefit in the calendar year 2020. The calculated value of this benefit is based on the DC37 Welfare Fund's overall expenditures for providing this service.

Determination of DC37 Member Eligibility to Receive Prepaid Legal Services DC37 determines eligibility for the service by the ZIP code of a DC37 member's residence. Below is a list of boroughs and ZIP codes of DC37 members who would be eligible to use the legal service benefit and are thus subject to the tax.

New York City

- All five boroughs: Brooklyn, Bronx, Queens, Manhattan, and Staten Island

New York State

- Westchester and Nassau counties (entire county)
- Suffolk County - all ZIP codes, except for 11719, 11764, 11778, 11786, 11789, and 11792.
- Rockland County - 10901, 10911, 10913, 10920, 10923, 10927, 10931, 10952, 10954, 10956, 10960, 10962, 10964, 10965, 10968, 10970, 10974, 10976, 10977, 10980, 10982, 10983, 10984, 10986, 10989, 10993, 10994. (All other ZIP codes beginning with "109" are ineligible and exempt from reporting)

Employees residing in a designated area not contained in the zip code list should be excluded from additional withholding for this benefit.

If you believe that there is an error in the addition or absence of this fringe benefit valuation on your November paycheck, you may ask to have your W-2 form corrected for the current tax year.

