

Rev. Rul. 62-199

SECTION 106. - CONTRIBUTIONS BY EMPLOYER TO ACCIDENT AND HEALTH PLANS

26 CFR 1.106-1: Contributions by employer to accident and health plans.

1962-2 C.B. 32

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The taxpayer is a retired employee of a company which maintains a health and accident plan to provide hospital, medical and surgical insurance coverage for its retired employees, as well as its active employees. Under the plan, the company pays two-thirds of the monthly premium costs of the coverage. The balance of the monthly premium costs are paid by the covered active and retired employees. The taxpayer continued coverage under the health and accident plan after retirement by authorizing the company retirement system to deduct his share of the insurance premium costs from his monthly retirement checks. The taxpayer does not own stock in the company.

Held, amounts paid by the company under the plan as its share of the cost of providing hospital, medical and surgical insurance coverage for the retired employee are excludable from his gross income for purposes of section 106 of the Internal Revenue Code of 1954.