



Canon Medical Systems, USA

2025 Domestic Partner Benefits Guide

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This Guide is intended to help you understand and enroll your eligible domestic partner and eligible dependents in certain employee health & welfare benefit programs sponsored by Canon Medical Systems, USA.

Unless otherwise noted, if there is a conflict between a specific provision under this Guide and a Summary Plan Description (SPD), the plan documents or any other vendor/insurer-provided document, those documents control over this Guide. The benefits described in this Guide are effective only if you are eligible for coverage, become covered and remain covered in accordance with the provisions of the applicable benefit program.

The Company reserves the right to change, amend, suspend or terminate any or all of the benefit programs described in this Guide at any time and for any reason at its sole discretion.

Section 1

Introduction

Canon Medical Systems USA, Inc. (“Canon Medical Systems” or the “Company”) offers certain health and welfare benefits to eligible domestic partners and civil union partners of employees.

The provision of these benefits reflects our commitment to attracting and retaining a diverse workforce, and offering a competitive benefits package. This Guide has been prepared to help employees understand the eligibility and tax rules that apply to health, welfare and other benefits available to domestic partners and civil union partners.

The provision of these benefits reflects our commitment to attracting and retaining a diverse workforce, **regardless of marital status, sexual orientation, or gender identity. We strive to offer a competitive benefits package to all employees.** This Guide has been prepared to help employees understand the eligibility and tax rules that apply to health, welfare and other benefits available to domestic partners and civil union partners.

As a result of the US Supreme Court’s decisions in the Windsor (2013) and Obergefell (2015) cases, same-sex marriages are currently treated as “marriage” under federal and state law. Federal law does not recognize domestic partnerships or civil unions. However, some states and local jurisdictions do. In addition, some states have long recognized a type of legal marriage under common law. Under the “full faith and credit” clause (Art. IV, Sec. 1) of the US Constitution, if a marriage is established in a common-law marriage state, all other states must recognize that marriage as a valid marriage.

It is important for employers to understand and (be able to explain to employees) the differences between these types of relationships. Here is a summary:

- **Ceremonial marriage.** This type of relationship is a marriage that requires a formal document, typically in the form of a certificate or license. A ceremonial marriage is recognized in every state and most countries. Dissolution of a ceremonial marriage requires a divorce decree through a court of competent jurisdiction.
- **Civil union.** This type of relationship was more common before same-sex marriage was recognized. Typically, states with civil union laws require some level of registration and confer on civil union partners most, if not all, legal rights of a spouse. State laws also address how civil unions are terminated. A divorce decree is typically not required.
- **Common-law marriage.** This type of relationship is considered a lawful marriage under state and federal law. Historically, this type of marriage was not based on a state statute or regulation but instead resided in the “common law” — predominantly in judicial precedent involving spousal rights, divorce or inheritance. A common-law marriage is ultimately formed when two people take certain actions. States that allow common-law marriage generally require both spouses to demonstrate a mutual intent to be married, representation to others that they are married and cohabitation. A common-law marriage requires a divorce decree through a court of competent jurisdiction.
- **Domestic partnership.** This type of relationship can be defined by state law, which typically requires registration, or by an employer, which is typically confirmed by completing a Certification created by an employer. An employer can require notice when the domestic partnership terminates. A divorce decree is not required. States vary on how a registered domestic partnership is terminated.

Section 2

Overview of coverage

A. Eligibility

Eligible domestic partners are:

- Your domestic partner or civil union partner of the same or opposite sex that is currently registered as such with any governmental body, pursuant to state or local law; or
- Canon Medical Systems domestic partners, which means partners of the same or opposite sex who have a dedicated relationship characterized by all of the following:
 - Both partners are at least 18 years old and mentally competent;
 - Both intend the relationship to last indefinitely;
 - Both share the same residence and have for at least six months;
 - Neither partner is related by blood to a degree that would prohibit marriage in your state; and
 - Neither is married under statutory or common law, legally separated, or in a partnership with anyone else, and neither has been in such a relationship for the last six months.

Your domestic partner is eligible for certain Company health and welfare benefits if:

- You are eligible for and enrolled or enrolling in health and welfare benefits;
- You and your domestic partner have a domestic partnership as defined below; and
- You complete the enrollment process outlined below for your domestic partner, which includes submission of a Certificate of Registration or a completed Canon Medical Systems Declaration of Domestic Partnership and the provision of any required supporting documentation.

Note: You may not cover your domestic partner as a dependent if he or she is enrolled for coverage as an employee of Canon Medical Systems or any operating companies that participate in the Company health and welfare plan.

Children of eligible domestic partners are eligible for dependent coverage if they fall under at least one of the following categories:

- *Age.* Children up to the end of the month in which they attain age 26
- *Disability.* Children of any age who are totally and permanently disabled by age 26 and who are chiefly dependent upon the employee or domestic partner for support and maintenance

“Child” (or children) means any child born to your domestic partner, adopted by your domestic partner or placed with your domestic partner for adoption, stepchild, any child placed with the domestic partner by an authorized placement agency or by judgment, decree or other order by any court of competent jurisdiction, or any child for whom you or your

domestic partner is required to provide coverage under a Qualified Medical Child Support Order (QMCSO).

B. Eligible benefits

Benefit programs. You may enroll your eligible domestic partner in the following benefit programs:

Eligible benefits	
• Medical	• Dependent Life Insurance
• Dental	• Long Term Care
• Vision	• Critical Illness
• Life Solutions / Working Solutions (EAP)	• Optional Death and Dismemberment
• Hospital Indemnity	• Legal Plan
• Accident Insurance	• ID Theft Protection

Subject to the terms of the relevant insurance contracts, if any, your domestic partner is treated like your spouses for the purposes of the following benefits:

Eligible benefits	
• Medical	• Dependent Life Insurance
• Dental	• Long Term Care
• Vision	• Critical Illness
• Life Solutions / Working Solutions (EAP)	• Optional Death and Dismemberment
• Hospital Indemnity	• Legal Plan
• Accident Insurance	• ID Theft Protection

If you enroll your eligible domestic partner, you will pay the same employee contribution for domestic partner coverage as you would for spousal coverage.

Health Savings Accounts (HSAs). Here are some other HSA rules applicable to domestic partner coverage:

- HSA eligibility. If a domestic partner is covered under a plan that is not a high-deductible health plan (HDHP), an otherwise eligible employee may still contribute to an HSA as long as he or she is not covered under the domestic partner's non-HDHP plan.
- Contribution limits. An employee's HSA contribution limit will always be at the family coverage tier if the employee covers a domestic partner who is not a tax dependent. Also, the Special Rule for Married Individuals – which requires employees and spouses to be subject to one family contribution limit, even if they have separate HSAs – does not apply to domestic partners. However, if the domestic partner is a tax dependent of the employee, the domestic partner is not HSA-eligible and cannot contribute to or establish an HSA.

Example. Employee E and her domestic partner have HDHP coverage through E's employer. Each person has a separate HSA. Her domestic partner is not a tax dependent. For the tax year, both E and E's domestic partner may contribute up to the family limit in each person's HSA.

- **Distributions.** HSAs may be used to pay for qualified medical expenses of an employee, an employee's spouse and all other tax dependents on a tax-free, penalty-free basis. If a domestic partner is not a tax dependent, any distribution related to that person will be taxable and subject to an additional 20% penalty.

Other special rules apply to HSAs. For more information refer to [IRS Publication 969](#).

Health Care FSA. The Health Care FSA may be used for reimbursement of qualified medical expenses of a domestic partner and domestic partner's children only if they meet the criteria for tax dependents under the IRC, as described in [Section 2.G](#).

Dependent Care FSA. The Dependent Care FSA may be used for reimbursement of qualified dependent care expenses for a domestic partner's children under the age of 13 only if they meet the criteria for tax dependents under the IRS. The definition of a tax dependent is the same for the Dependent Care FSA and Health Care FSA.

Health Reimbursement Arrangement (HRA). The HRA may be used for reimbursement of qualified medical care expenses for a domestic partner and domestic partner's children only if they meet the criteria for tax dependents under the IRS. The definition of a tax dependent is the same for the HRA and Health Care FSA.

C. How to elect coverage

You may enroll your eligible domestic partner and his or her children upon your initial eligibility for benefits, when the domestic partnership commences or during the annual open enrollment period if they meet the eligibility requirements. Thereafter, you may change your benefit elections during the open enrollment period for the following plan year, or at other times during the year if you experience a status change or special enrollment event.

Follow the enrollment steps outlined in your enrollment materials to enroll your eligible domestic partner and his or her children in Canon Medical Systems benefits.

Follow these steps to enroll your domestic partner in Canon Medical Systems benefits:

STEP ONE

Read all the information in this guide carefully to ensure your domestic partner is eligible for coverage. See section above titled "Eligible Domestic Partners" for information on eligibility. Consult a tax professional if you have any questions about whether or not your domestic partner is eligible for tax-free benefits under federal or state tax law.

STEP TWO

Complete the Canon Medical Systems online benefits enrollment process to add your domestic partner to your coverage. You must complete your online enrollment within 31 days of your hire date or during the annual open enrollment period. If you are enrolling your partner as a result of a status event, you must also complete and submit a Canon Medical Systems Benefits Change Form within 31 days (or 60 days, under certain circumstances) of the event.

STEP THREE

Submit a signed Canon Medical Systems Declaration of Partnership and Canon Medical Systems Declaration of Partner's Tax Status if your Partner is qualified for tax-favored

benefits. Both declarations are located at the back of this guide. A certificate or certification of registration issued by a government agency may be submitted in lieu of a Declaration of Partnership. All documentation must be provided to the Benefits Department before the expiration of the annual open enrollment period or within 31 days (or 60 days, under certain circumstances) of the event. You must send this documentation to:

Canon Medical Systems U.S.A., Inc. Attn. Benefits Department

2441 Michelle Drive

Tustin, CA 92780

Fax: (714) 276-0693

D. Effective date of coverage

Once your enrollment request is processed, your domestic partner's and domestic partner's children's coverage will become effective on:

- The date you become eligible for benefits, or
- January 1 if you are enrolling during open enrollment, or
- The effective date of a qualified status change or special enrollment event provided you enroll your domestic partner within the appropriate time limits described in this Guide

RIGHT TO REQUEST DOCUMENTATION

Canon Medical Systems reserves the right to request proof of partnership, dissolution, termination of partnership, birth, adoption, disability, or any other documentation that demonstrates eligibility for benefits for all employees and plan participants at any time, to the extent permitted by applicable law.

E. Changing your elections

After initial enrollment, you may elect benefits for a domestic partner and/or domestic children only during the open enrollment period or within 31 days (or 60 days, under certain circumstances) after you experience a qualified status change or special enrollment event. For information about qualified status changes or special enrollment events, refer to the SPD.

If you marry your domestic partner, you must process a "marriage" event through the process described in your enrollment materials or by contacting Canon Medical Systems as indicated in [Section 1](#) to change your domestic partner to a spouse. In addition, if you adopt your domestic partner's child or your domestic partner's child is placed with you for adoption, you must notify the Canon Medical Systems.

If you commence a domestic partnership, your partnership ends, your domestic partner dies, your domestic partner's tax status changes, or your domestic partner's child is no longer eligible for benefits, you must update your status through the process described in your enrollment materials or by contacting Canon Medical Systems as indicated in [Section 1](#) within 31 days.

Once you update your status, you will receive a letter requesting that you submit the appropriate documentation (unless prohibited by law) to the contact indicated in [Section 1](#).

For example, California allows employers to request domestic partnership documentation only if the same rule applies to spouses.

Failure to comply with these requirement may result in the following actions by Canon Medical Systems:

- Termination of your domestic partner's (and his or her children's) coverage retroactive to the termination of your partnership
- A requirement that you reimburse Canon Medical Systems for all expenses paid while your domestic partner (and his or her children) was ineligible for coverage
- Disciplinary action
- Civil action to recover any losses
- Termination of your employment
- Enforcement by Canon Medical Systems of any other rights under the [Name of Plan]

Special note about mid-year election changes. Generally, plan enrollment or coverage changes can only be made during the annual open enrollment period to be effective the next plan year. For exceptions to this rule, please refer to the SPD.

F. Cost of coverage

If you enroll your eligible domestic partner and/or domestic partner's children, you will pay the same employee contribution for domestic partner coverage as you would for spousal, children and/or family coverage (as applicable). See your enrollment materials for specific rates and contributions of the benefit programs described in [Section 2.B](#).

Because of federal and state tax law, enrolling your domestic partner and/or domestic partner's children will affect your federal income and payroll taxes unless your they qualify for tax-free benefits. This is explained in detail in [Section 2.G](#).

G. Taxation of benefits

As you read this section, we strongly advise you to review the tax implications of domestic partner coverage with a competent tax advisor. We have included some additional helpful resources in [Section 4](#) to help you understand these complicated issues.

If your domestic partner (and his or her children) does not meet the IRC criteria for tax-free health benefits:

- You must pay income and payroll taxes on the company's contribution toward your domestic partner's coverage;
- Your contribution for domestic partner coverage will be taxable;
- You cannot use your Health Care FSA or HRA to pay for your domestic partner's or domestic partner's children's medical care expenses;
- You cannot use your HSA to pay for your domestic partner's or domestic partner's children's medical care expenses on a tax-free, penalty-free basis; and

The company's contribution toward your domestic partner's coverage is equal to the fair market value (FMV) of coverage, less any amount you contribute, and will be added to your

other taxable income. You will be subject to taxation for adding your domestic partner and his or her children even if you are already paying the family rate for coverage. The amount subject to taxation will appear on your pay statement as additional income or “imputed income,” even though you do not actually receive the additional cash. In effect, this amount will increase the amount used to calculate how much you will pay in taxes. Please note that this amount can be substantial.

The applicable withholdings will be deducted from your pay each pay period. The taxable income will be reported on Form W-2 issued to you for the years in which your domestic partner coverage is provided.

If your domestic partner and domestic partner’s children qualify for tax-free benefits, you must complete the Tax Declaration form (see [Section 3](#)) and return the form to the contact indicated in [Section 1](#).

Federal rules for domestic partners. Under current federal law, a domestic partner may satisfy the criteria for tax-free health benefits under the IRC if all of the following conditions are met:

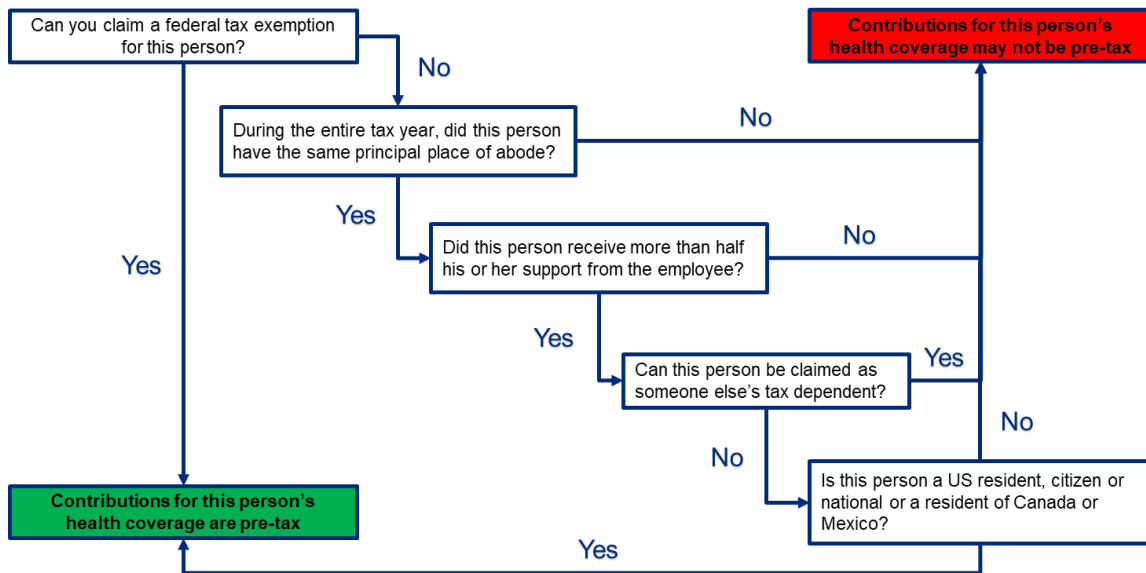
- Must have the same principal place of abode as the employee for the entire calendar year
- Must receive more than half his or her support from the employee
- Cannot be claimed as anyone else’s qualifying child dependent
- Must be a US resident, citizen or national or a resident of Canada or Mexico

Alternatively, if you can claim a federal tax exemption for your domestic partner and/or your domestic partner’s children, then those individuals are eligible for tax-free health coverage. A federal tax exemption requires your domestic partner to meet all of the above conditions for a tax dependent and have no greater income than the current exemption amount. For the 2024 tax year, the limit is \$5,050, per an [IRS revenue procedure](#). (For the 2023 tax year, the limit is \$4,700).

Federal rules for domestic partner’s children. Tax dependent status as it relates to the employee is established the same way for a domestic partner’s children. Of course, if the employee legally adopts the domestic partner’s children, they are automatically considered tax dependents.

Children of domestic partners often qualify as a “qualifying child” of the domestic partner, and don’t satisfy the exception above. Therefore, many children of domestic partners will not qualify for tax-free health benefits. When this is the case, coverage for the domestic partner’s children will be paid for on an after-tax basis and the value of the coverage must be imputed as income to you. If you have legally adopted your domestic partner’s child, the child may qualify for tax-free coverage. For more information about child eligibility for tax-free coverage, please refer to the SPD.

Flow chart. The following chart illustrates how a domestic partner (and domestic partner’s children) may qualify for tax-free health coverage:



State/local taxes. In general, the value of health benefits provided to domestic partners and domestic partners' children is also subject to state and/or local income and payroll taxes. However, in certain states, the value of the benefits for *registered* domestic partners is excluded from applicable state and/or local income and payroll taxes. Canon Medical System will report and withhold income for domestic partners if it is required to do so by the state or local laws typically used for employment purposes. State and/or local laws frequently change. The information in the chart is based on Canon Medical System's understanding of state laws as of the effective date of this Guide.

This chart has been provided for informational purposes only and should not be relied upon in determining your individual tax liability.

State	Summary	Insurance mandate	Allows tax-free contributions for state tax purposes
California	<ul style="list-style-type: none"> Domestic partnerships Domestic partner registry Must provide medical/dental/vision coverage under fully insured/HMO plans for any "registered domestic partner" and eligible dependents. Cannot ask for proof of domestic partnership, unless proof is also asked for marriages. 	Yes	Yes
Colorado	<ul style="list-style-type: none"> Civil unions Committed partnership registry 	Yes	No
Hawaii	<ul style="list-style-type: none"> Civil unions Domestic partner or civil union enrollment 	Yes	Yes
Illinois	<ul style="list-style-type: none"> Civil unions Civil union webpage 	Yes	Yes

State	Summary	Insurance mandate	Allows tax-free contributions for state tax purposes
Maine	<ul style="list-style-type: none"> Domestic partnerships Domestic partner registry 	Yes	No
Nevada	<ul style="list-style-type: none"> Domestic partnerships NV domestic partnership filing 	No	N/A, no state income tax
New Jersey	<ul style="list-style-type: none"> Civil unions (same sex only) Civil unions FAQ Domestic partnerships formed on or before Feb. 19, 2007, unless both partners are ages 62 or older Domestic partnership registration 	Yes for both civil unions and domestic partnerships	Yes for both civil unions and domestic partnerships
Oregon	<ul style="list-style-type: none"> Domestic partnerships Domestic partner registration 	Yes	Yes
Pennsylvania	<ul style="list-style-type: none"> Not recognized, but benefit tax exclusion may apply Philadelphia domestic partner registration under a 1996 Executive Order 	No	Yes
Rhode Island	<ul style="list-style-type: none"> Civil unions formed before Aug. 1, 2013 (same-sex only) RI civil union information page 	No	Yes
Vermont	<ul style="list-style-type: none"> Civil unions formed before Sept. 1, 2009 (same-sex only) Vermont civil union certificate 	Yes	Yes
Washington	<ul style="list-style-type: none"> Domestic partnerships, only if one partner is age 62 or older Domestic partner declaration 	Yes	N/A, no state income tax
Washington, DC	<ul style="list-style-type: none"> Domestic partnerships Domestic partner registry 	No	Yes

Fair Market Value (FMV) calculation. IRS views domestic partner coverage as an employment fringe benefit, requiring employees to pay the FMV of those benefits when domestic partners do not meet the definition of a tax dependent. IRS regulations define FMV as what an individual would pay for a benefit “in an arm’s-length transaction.” IRS has interpreted this to mean the cost of group coverage, not comparable individual insurance coverage.

Taxation approach. After determining FMV, an employer must adopt procedures for income and employment tax reporting and withholding. This requires deciding the approach for reporting taxable income.

Canon Medical Systems uses the Two-step approach.

Example. The FMV of domestic partner coverage is \$500 per month, \$400 of which is attributable to employer contributions, \$100 to employee contributions. Employee D's \$100 contribution is on a post-tax basis; as a result, only \$400 is reported as taxable compensation.

Putting all the tax rules together. Here is a detailed example based on what is commonly known as the two-step approach:

Jean elected to cover her domestic partner under the Aetna HRA Select Plan for 2024. Because Jean's domestic partner does not qualify for tax-free benefits under the federal tax code, the Company's contribution toward her domestic partner's coverage will be taxable to Jean as imputed income, and Jean's own contribution for the domestic partner coverage will be taxed.

Below is a summary of the Aetna HRA Select Plan rates and contributions:

	Monthly Premium Rate	Monthly Employee Contribution
Employee Only	\$821.53	\$116.00
Employee and Spouse/Domestic Partner	\$1,845.63	\$261.00
Employee and Child	\$1,225.01	\$173.00
Employee and Children (2+)	\$1,675.97	\$236.00
Employee + Spouse/Domestic Partner + Children (1 or 2)	\$2,567.15	\$359.00
Employee + Spouse/Domestic Partner + Children (3+)	\$3,333.79	\$466.00

The premium rate is the full cost for Canon Medical Systems employees and their families to have health insurance. The portion of the cost for Jean's domestic partner is the Employee and Spouse/DP premium rate less the Employee Only rate:

Premium Rate DP	Minus	Premium Rate Single	Equals	Premium Rate for Domestic Partner
\$1,845.63	–	\$821.53	=	\$1,024.10

Jean's taxable contribution is the difference between what she pays for her own coverage with pre-tax dollars and what she pays when she adds coverage for her domestic partner:

Employee & Spouse /Domestic Partner Contribution	Minus	What A Pays for Her Own Coverage (Pre-Tax)	Equals	A's Taxable Contribution for Domestic Partner
\$261.00	–	\$116.00	=	\$145.00

Imputed income will be added to Jean's taxable income, increasing her tax liability. The imputed income is the total premium rate for domestic partner coverage, less Jean's contribution:

Employee's Imputed Income				
Premium Rate for Domestic Partner	Minus	A's Taxable Contribution for Domestic Partner	Equals	Monthly Imputed Income
\$1,024.10	–	\$145.00	=	\$879.10

Because Jean's domestic partner does not qualify for tax-free benefits under the federal tax code, the Company's contribution toward her domestic partner's coverage will be taxable to Jean as imputed income.

If you would like to know about the specific FMV of coverage for your domestic partner and domestic partner's children (if applicable), please contact Canon Medical Systems as indicated in [Section 1](#) or review the Benefit Booklets and/or enrollment materials.

H. Equivalent benefits and rights under other laws

Other federal laws apply to legal spouses, including COBRA, FMLA, USERRA and some state laws. Canon Medical Systems has decided to offer domestic partners and domestic partners' children equivalent rights under these laws to what an employee's spouse and children have. This decision does not provide a private right of action to enforce these laws as they have been applied for domestic partner coverage.

See the SPD for more information on how these laws (particularly COBRA) apply to domestic partners.

COBRA. This law provides for continuation of group health plan coverage for you and your eligible dependents in certain situations. Although your domestic partner is not considered a qualified beneficiary under COBRA, **Canon Medical Systems is extending equivalent rights to domestic partners and domestic partners' children.**

FMLA. This law applies to serious health conditions and qualifying exigencies of a child, spouse or parent only. Domestic partners and many domestic partner's children are not within the scope of FMLA. **Canon Medical Systems is extending equivalent rights to domestic partners and domestic partners' children.**

Other state leave laws. To the extent that these laws apply to an employee's spouse and children only, **Canon Medical Systems is extending equivalent rights to domestic partners and domestic partners' children.**

J. Other important information

FRAUD OR INTENTIONAL MISREPRESENTATION

If you cover a domestic partner – or any other person – as a result of fraud or intentional misrepresentation of fact, you will be subject to Canon Medical Systems' disciplinary policy, and coverage for you, your domestic partner and your children may be terminated retroactively. For example, if you intentionally misrepresent that your partner meets the Company's definition of domestic partner in order to obtain coverage, your domestic partner's benefits may be terminated or you may be required to reimburse the benefit plan for all expenses paid while your domestic partner (and his/her children) was ineligible for

coverage. Expenses may include but are not limited to premiums, claims and administrative fees. Other disciplinary actions may include civil action to recover any losses and termination of your employment.

RIGHT TO REQUEST DOCUMENTATION

Canon Medical Systems reserves the right to request proof of partnership, dissolution, termination of partnership, birth, adoption, disability, or any other documentation that demonstrates eligibility for benefits for all employees and plan participants at any time.

Section 3

Forms

Domestic Partnership Certification

Canon Medical Systems, USA

I, _____, [employee name] submit this Canon Medical Systems Domestic Partnership Certification to establish _____ [domestic partner name] as my domestic partner effective _____ in order to obtain benefits that Canon Medical Systems may extend to employees' eligible domestic partners and domestic partners' children, if applicable.

I attest that my domestic partner is eligible for benefits because we meet the Canon Medical System's definition of domestic partner as described in the section titled "Eligible Domestic Partners."

I agree to update my status by contacting Canon Medical Systems as indicated in Section 1 of the Domestic Partner Benefits Guide or as otherwise directed by Canon Medical Systems within 31 days of any change in the circumstances attested to in this Declaration, and to complete a Termination of Domestic Partnership and send such form to the contact in Section 1 of the Domestic Partner Benefits Guide.

I understand I may be responsible for payment of income taxes as a result of Canon Medical Systems providing benefits to my domestic partner and his or her children.

If requested, I will provide to the Plan Administrator or designated representative documents to verify my domestic partner's eligibility.

I understand that providing false, misleading or untimely information in this Certification or in any statement to Canon Medical Systems may result in any or all of the following actions: disciplinary action under Canon Medical Systems policies; retroactive termination of coverage; and reimbursement of medical claims paid by the health and welfare plans.

I affirm that the statements in this Certification are true to the best of my knowledge.

Name of Employee (please print)

Employee Signature

Date

In addition to completing this form and the *Domestic Partner Tax Declaration* form, you also must enroll your domestic partner and domestic partner's children, if applicable, in each benefit. Please review the Benefit Booklets and enrollment materials to further details.

Return completed Certification to:

Canon Medical Systems U.S.A., Inc.
Attn. Benefits Department
2441 Michelle Drive
Tustin, CA 92780
Fax: (714) 276-0693

Domestic Partner Tax Declaration

Canon Medical Systems, USA

Important: It can be complex to determine whether an individual satisfies the definition of a tax dependent under the Internal Revenue Code (IRC). You may wish to consult a tax professional for advice on your personal situation before you declare that your domestic partner¹ and/or his or her children are eligible for tax-free health coverage.

A domestic partner and/or his or her children who share your residence as members of your household are eligible for tax-favored health coverage only if the domestic partner meets all of these requirements:

- Must have the same principal place of abode for the entire calendar year
- Must receive more than half of his or her support from the employee
- Cannot be claimed as anyone else's qualifying child dependent
- Must be a US resident, citizen or national or a resident of Canada or Mexico

"More than half of his or her support" means your domestic partner must rely on you for the majority of his or her economic support in order to qualify as your tax dependent. If you both contribute to your household expenses equally, your domestic partner will not qualify as a tax dependent under the IRC.

Children of domestic partners often qualify as the federal tax dependent of the domestic partner but do not satisfy the above criteria. Therefore, many children of domestic partners do not qualify for tax free health benefits. When this is the case, coverage for the domestic partner's children will result in imputed income.

An employee can treat another person's Qualifying Child as eligible for tax-favored health benefits if the child satisfies the other requirements above and if the other person isn't required to file a tax return and either doesn't file a return or files one only to get a refund of withheld income taxes. For example, this could allow tax-favored health coverage for the children of an employee's non-working domestic partner.

For more information about these rules and to determine whether your domestic partner or his or her child qualifies for tax free benefits, refer to IRS Publication 501 available at <https://www.irs.gov/pub/irs-pdf/p501.pdf> or [Section 4](#) of the Domestic Partner Benefits Guide or consult with your personal tax advisor.

Tax Status (Federal)

List your domestic partner and each of his or her children that you wish to enroll for Canon Medical Systems benefits and indicate whether you declare them to be eligible for federally tax-free health coverage as defined above.

¹ Refer to the domestic partner eligibility requirements in the Canon Medical Systems' *Employee Guide to Domestic Partner Benefits* to determine whether your domestic partner is eligible for Canon Medical Systems benefits.

Name(s)	Eligible for Tax-free coverage?
Employee:	
Domestic Partner:	<input type="checkbox"/> yes <input type="checkbox"/> no
Child:	<input type="checkbox"/> yes <input type="checkbox"/> no
Child:	<input type="checkbox"/> yes <input type="checkbox"/> no
Child:	<input type="checkbox"/> yes <input type="checkbox"/> no

Tax Status (State or Local)

Regardless of whether your covered dependent(s) listed above qualify for federally tax-free health coverage, the health coverage they receive may not be subject to state income and payroll taxes in certain states. If you claim that your domestic partner and/or children are not subject to state income or payroll taxes, please complete all of the following statements.

- My domestic partner and I have a domestic partnership or civil union that is legally established in _____ (name of state).
- I work for Canon Medical Systems in _____ (name of state).
- I live in the state of _____ (name of state).

I understand that if I do not declare my domestic partner and/or his or her children to be eligible for tax-free health coverage, I will be subject to all applicable federal, state, local and payroll taxes for their benefits and that I may not use my Health Care FSA, Dependent Care FSA, HRA or HSA (if applicable) for their unreimbursed expenses.

I agree to provide notification to Canon Medical Systems within 31 days by sending notice to the contact in Section 1 of the Domestic Partner Benefits Guide of any change in the tax status of my domestic partner and/or his or her children. I understand that if I had previously certified my domestic partner and/or his or her children as eligible for tax-free health coverage and later change their tax status, I may be liable for taxes or penalties due as a result of the change in status.

I affirm that the statements in this Declaration form are true to the best of my knowledge.

Name of Employee (please print)

Employee Signature

Date

In addition to completing this form and the *Domestic Partnership Certification* form, you also must enroll your domestic partner and domestic partner's children, if applicable, in each benefit. Please review the Benefit Booklets and enrollment materials to further details.

Return completed Declaration form to:

Canon Medical Systems U.S.A., Inc.
Attn. Benefits Department
2441 Michelle Drive
Tustin, CA 92780
Fax: (714) 276-0693

Termination of Domestic Partnership

Canon Medical Systems, USA

Note: In addition to completing this form, you must also the contact in Section 1 of the Domestic Partner Benefits Guide or follow the process as otherwise indicated in Canon Medical Systems enrollment materials in order to remove your domestic partner and domestic partner's children (if any) from Canon Medical Systems benefits.

I, _____ (employee name), submit this Termination of Domestic Partnership to inform Canon Medical Systems that my domestic partnership has been terminated because:

☐ The relationship with _____ (domestic partner name) ended on _____ (date).

☐ My domestic partner _____ (domestic partner name) died on _____ (date).

I understand that the effect of filing this Termination of Domestic Partnership is that my domestic partner and domestic partner's children (if any) will no longer be covered under Canon Medical Systems' benefits.

Furthermore, if I had declared my domestic partner as qualified for tax-free health benefits, I understand I may be liable for taxes due to a mid-year termination of the relationship. In the event that termination of this relationship is not due to the death of my domestic partner, I agree to mail my former domestic partner a copy of this notice within 30 days to the following address:

(Address)

I affirm that the statements in this Termination form are true to the best of my knowledge.

Name of Employee (please print)

Employee Signature

Date

Return completed Termination form to:

Canon Medical Systems U.S.A., Inc.
Attn. Benefits Department
2441 Michelle Drive
Tustin, CA 92780
Fax: (714) 276-0693

Section 4

Additional resources

The following links are publicly available to all eligible employees:

- [IRS FAQs for Registered Domestic Partners and Individuals in Civil Unions](#)
- [IRS Publication 501](#) (Dependents, Standard Deduction, and Filing Information)
- [IRS Publication 969](#) (HSAs, FSAs and Other Tax-Favored Health Plans)

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