


2013 GOVERNMENT PAYROLL REVIEW SEMINAR
TAXABLE AND NONTAXABLE COMPENSATION



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TAXABLE AND NONTAXABLE COMPENSATION
IRC 132 exempts certain fringe benefits from inclusion in income.

- ❖ **de minimis fringes**
 - Something so small that accounting for it would be unreasonable or impracticable
 - Occasional
- ❖ **no-additional-cost services**
 - Regular offered to customer
 - No substantial additional cost
 - Does not discriminate
- ❖ **qualified employee discounts**
 - For Services cannot exceed 20%
 - Retail cannot exceed the gross profit
 - Does not discriminate



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- ❖ **on-premises athletic facilities**
 - On ER's premises and operated by ER
 - Only use by EE's (active or temed), spouses and dependent children
 - Not a resort or other residential facility
- ❖ **qualified moving expense**
 - Moving the house hold goods
 - Moving the family members
- ❖ **qualified retirement planning services**
 - Not to include tax preparation, accounting or brokerage services



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❖ **qualified transportation benefits**

- Transit passes, vouchers, tokens or fare cards \$245
- Parking \$245
- Bicycle \$20

❖ **working condition fringes**

- Business use of company car or airplane
- Dues and membership fees
- Business periodicals
- Job related education

OTHER EMPLOYER PROVIDED BENEFITS

- **Adoption Assistance:** (2013 \$12,970)
- **Advances and Overpayments:** (CY=Net; PY=Gross)
- **Awards and Prizes:** (cash taxable; noncash tangible personal property if given in a meaningful presentation \$1,600 avg \$400)
- **Back Pay Awards:** (most taxable, get legal advice on nontaxable)
- **Cash:** (Taxable)
- **Club Memberships:**
- **Conventions:** (In North American nontaxable all others should be taxable unless you have a business connection)
- **Death Benefits:** (Report on 1099-misc or 1099-R)
- **Dependent Care Assistance Programs:** (must be provide so that the employee can work; must be reported in Box 10 on W-2 and if Box 10 exceeded \$5000 the amount above \$5000 is included in Box 1, 3 and 5)
- **Director's Fees:** (Reporting: Employee = W2; Nonemployee = 1099-misc)

OTHER EMPLOYER PROVIDED BENEFITS

- **Dismissal Pay**
- **Education Assistance**
- **Business Travel Expense Reimbursements**
- **Employer-Paid Taxes Grossing-Up**
- **Employer-Provided Meals and Lodging**
- **Employer-Provided Vehicles**
- **Equipment Allowances**
- **Gifts**
- **Golden Parachute Payments**
- **Guaranteed Wage Payments**
- **Jury Duty Pay**

**OTHER EMPLOYER PROVIDED
BENEFITS**

- *Life Insurance*
- *Loans to Employees*
- *Moving Expenses*
- *Outplacement Services*
- *Retroactive Wage Payments*
- *Tips*
- *Uniform Allowances*
- *Vacation Pay*
- *Wages Paid After Death*

CURRENT HOT TOPICS

Listed Property

Cell Phones – Update not on company property list. If your company give your employees an cash allowance without having your employees substantiate the business usage, it is taxable when the employee receive the payment.

Laptops


Employee's working in other states

**WITHHOLDING AND REPORTING RULES
FOR EMPLOYER-PROVIDED BENEFITS**


- ❖ *Withholding on Cash Fringe Benefits: Employer must withhold any FIT, FICA and SIT based on constructive payment .*
- ❖ *Withholding and Reporting on Noncash Fringe Benefits: The employer may treat the benefit as being paid on a pay period, quarterly, semiannual, annual, or other basis, but no less frequently than annually and so long as all benefits provided in a calendar year are treated as paid by December 31 of that year.*

NATIONAL AND LOCAL PAYROLL OPPORTUNITIES

- APA FPC and CPP Certifications
- APA National Membership
- APA Northstar Membership
- APA's 32nd Annual Congress
May 13-17, 2014 Minneapolis Convention Center
Over 200 workshops over 4 ½ days
30 RCHs, 3.0 CEUs, or 35 CPE credits



Questions



THANK YOU

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