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2018 CONGRESS 4




AGENDA

- Fringe Benefits Defined
- Non-Taxable Fringes
- Gifts, Prizes & Awards

#PAYCON 5

Taxable?


#PAYCON 36th CONGRESS
PAY ANOTHER DAY
MAY 15 - 19, 2018 | NATIONAL HARBOR, MD 6



Can you prove it?

- **Taxable**
 - Where's the proof?
- **Non-Taxable**
 - We have the proof!


MICROCONGRESS 7



Can you prove it?

- **Two things to walk away from this session:**
 - Cash is Cash & Cash is Taxable
 - The proof is I can't find anything to exclude it so it is TAXABLE!


MICROCONGRESS 8



Non-Taxable-Section § 132 IRC

- No Additional Cost Services
- Qualified Employee Discounts
- Working Condition Fringe Benefits
- De minimis Fringe Benefits
- Qualified Transportation Fringe Benefits
- ~~Qualified Moving Expenses~~ Suspended for Tax Years 2018 through 2025 with 2017 Tax Reform


MICROCONGRESS 9



No Additional Cost Fringes

- Employer does not incur any substantial expense to provide
- Benefit that employer provides to its customers


2018 CONGRESS 10



Qualified Employee Discounts

- Cannot exceed 20% of normal selling price to normal customers
- Discount does not exceed the gross profit Margin sold to customers
- Watch out for other discounts not related to employers business

2018 CONGRESS 11



Working Condition Fringes

- If the employer believes the employee can deduct it, then the employer can exclude it
- Examples:
 - Company car used for business
 - Reimbursement for business use of personal car
 - Employer provided parking


2018 CONGRESS 12



Qualified Transportation Fringes

- Transit Passes/Bus tokens
- Qualified Van Pooling
- Qualified Employer Parking
- ~~Qualified Bicycle Commuting~~ **Suspended for Tax Years 2018 through 2025 with 2017 Tax Reform**


2018 CONGRESS 13



Qualified Transportation Fringes

- **Transit Passes**
 - 2018 – Value up to \$260/month
 - Provided or Reimbursed
 - Public Transportation
 - Bus, Subway, etc.

2018 CONGRESS 14




Qualified Transportation Fringes

Qualified Van Pooling

- 2018 – Value up to \$260/month
- Must seat at least 6 adults (not counting driver)
- Must be used at least 80% for transporting employees
- Must Operate at 50% capacity


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Qualified Transportation Fringes

- **Qualified Parking**
 - 2018 – Value up to \$260/month
 - Determine FMV of provided parking
 - Be careful of “Employee of the month” parking space
 - Be careful of “Reserved for CEO”
 - Suggest researching in APA Payroll Source


2018 CONGRESS 16



DeMinimis Fringes

- **MOST MISUNDERSTOOD**
 - DeMinimis does not have a value
 - It's all about how easy to track and account for

2018 CONGRESS 17



DeMinimis Fringes

- Too small; too unreasonable to track
- Using company car while traveling from Business point A to B and stop to pick up your drying cleaning - DeMinimis
- Personal Use of Copy machine (Unless more than 10% of the total use of the machine by employees is personal – then track it)


2018 CONGRESS 18



DeMinimis Fringes

- Examples:
 - Turkey!!!!
 - The Story!
- More on DeMinimis later

2018 CONGRESS 19



Gifts, Prize, Awards

- Simple
- Gifts/Prizes
 - Taxable
 - Taxable
 - Taxable
- Awards – Two Kinds


2018 CONGRESS 20



Gifts, Prize, Awards

- Awards
 - Length of Service Awards
 - Safety Awards


2018 CONGRESS 21



Gifts, Prize, Awards

- Length of Service Awards
 - Qualified
 - Non-Qualified

2018 CONGRESS 22



Gifts, Prize, Awards

- Qualified Length of Service Awards
 - 3 Tests –
 - 5 Years of Service or more
 - Increments of 5 Years of Service or more
 - Presentation in a gathering of 2 or more
 - Up to \$1600 total - Explain


2018 CONGRESS 23



Gifts, Prize, Awards

- Non-Qualified Length of Service Awards
 - If it doesn't pass the 3 tests
 - Up to \$400


2018 CONGRESS 24



Gifts, Prize, Awards

- Length of Service Awards
 - The Catch
 - HAS TO BE TANGIBLE PROPERTY
 - NO CASH OR CASH EQUIVILANT

2018 CONGRESS 25



Gifts, Prize, Awards

Safety Awards

- Only Eligible Employees can receive tax free safety award

2018 CONGRESS 26




Gifts, Prize, Awards

Safety Awards

- Eligible Employees
 - Non-Managerial
 - Non-Clerical
 - Non-Administrative
 - Non-Supervisory

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Gifts, Prize, Awards

Safety Awards

- Eligible Employees can receive tax free safety award
- No more than 10% of those eligible can receive the tax free safety award

2018 CONGRESS 28



Gifts, Prize, Awards

GIFTS

- Easy
 - TAXABLE
 - TAXABLE
 - TAXABLE

2018 CONGRESS 29




Gifts, Prize, Awards

GIFT CERTIFICATES

- Cash – Taxable
- Any Amount
- Cash is:
 - Real money
 - Gift Certificates
 - Gift cards
 - Vacation voucher
 - Dinner for two
 - Etc.


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Gifts, Prize, Awards

- Gifts**
 - Want to hear the Christmas Party Story?

2018 CONGRESS 31



Questions?

2018 CONGRESS 32

Thank you!

36TH AMERICAN PAYROLL ASSOCIATION
CONGRESS

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Please Complete Your Evaluation

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