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**Contact Information:**

- Phone: 717 279 8448
- Email: **Cashiscashfred@yahoo.com**

2018 CONGRESS 4

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**AGENDA**

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

#PAYCON 5

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**Taxable?**

#PAYCON 36<sup>th</sup> CONGRESS **PAY ANOTHER DAY** MAY 15 - 19, 2018 | NATIONAL HARBOR, MD 6

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**Can you prove it?**

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

2018 CONGRESS 7

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**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!

2018 CONGRESS 8

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**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**

2018 CONGRESS 9

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**No Additional Cost Fringes**

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

2018 CONGRESS 10

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**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

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**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

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**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

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**Qualified Transportation Fringes**

**Transit Passes**

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

2018 CONGRESS 14

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**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

2018 CONGRESS 15

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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

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**DeMinimis Fringes**

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

2018 CONGRESS 17

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**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

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 **DeMinimis Fringes**

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

2018 CONGRESS 19

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 **Gifts, Prize, Awards**

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

2018 CONGRESS 20

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 **Gifts, Prize, Awards**

- **Awards**
  - Length of Service Awards
  - Safety Awards

2018 CONGRESS 21

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**Gifts, Prize, Awards**

- **Length of Service Awards**
  - Qualified
  - Non-Qualified

2018 CONGRESS 22

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**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

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**Gifts, Prize, Awards**

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

2018 CONGRESS 24

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**Gifts, Prize, Awards**

**Length of Service Awards**

- . The Catch
- . HAS TO BE TANGIBLE PROPERTY
- . NO CASH OR CASH EQUIVILANT

2018 CONGRESS 25

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**Gifts, Prize, Awards**

**Safety Awards**

- . Only Eligible Employees can receive tax free safety award

2018 CONGRESS 26

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**Gifts, Prize, Awards**

**Safety Awards**

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

2018 CONGRESS 27

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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

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**Gifts, Prize, Awards**

**GIFTS**

- Easy
  - TAXABLE
  - TAXABLE
  - TAXABLE

2018 CONGRESS 29

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**Gifts, Prize, Awards**

**GIFT CERTIFICATES**

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

2018 CONGRESS 30

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**Gifts, Prize, Awards**

**Gifts**

- Want to hear the Christmas Party Story?

2018 CONGRESS 31

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**Questions?**

2018 CONGRESS 32

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**Thank you!**

36<sup>TH</sup> AMERICAN PAYROLL ASSOCIATION  
CONGRESS

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Please Complete Your Evaluation

#PAYCON

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