

# NORTHEASTERN EDUCATIONAL INTERMEDIATE UNIT 19

SECTION: FINANCES

TITLE: TAXABLE FRINGE BENEFITS

ADOPTED: June 19, 2012

REVISED:

624. TAXABLE FRINGE BENEFITS	
1. Authority	It shall be the policy of the Board to comply with regulations of the Internal Revenue Service (IRS) regarding taxability of employee fringe benefits.
2. Definitions	<p><b>Taxable fringe benefit</b> - a form of pay, in addition to salary, for the performance of duties; taxable wages unless excluded by the Internal Revenue Code.</p> <p><b>Convenience of the Intermediate Unit</b> - where the personal use was in the best interest of the Intermediate Unit.</p> <p><b>De minimis</b> - an amount where either the cost of determining specific value exceeds the value of the use, or the actual cost of the use was negligible at the organizational level.</p>
3. Delegation of Responsibility	<p>The Executive Director or designee shall be responsible to ensure that employees verify the use of Intermediate Unit equipment for business purposes and report any use or fringe benefits that may be taxable as compensation.</p> <p>The employee verification process shall occur monthly prior to payment of bills.</p> <p>The Fiscal Director shall report the value of taxable fringe benefits with the regular payroll for the payroll immediately following the determination of taxable fringe benefits.</p> <p>The Fiscal Director shall annually review the determinations of convenience of the Intermediate Unit and de minimis amount to ensure compliance with federal regulations. The review may include discussions with the auditor.</p>
4. Guidelines	To the extent that a taxable fringe benefit value is provided as either convenience of the Intermediate Unit or the amounts are classified as de minimis, the values may be excluded from taxation.

	<p>Taxable fringe benefits are subject to:</p> <ol style="list-style-type: none"><li>1. Federal Income Tax.</li><li>2. Social Security Tax.</li><li>3. Medicare Tax.</li><li>4. Other applicable state or local taxes.</li></ol> <p>An employee has the option to reimburse the Intermediate Unit for the value of services received. Where no reimbursement is received, the value of the services shall be treated as taxable compensation.</p> <p>Taxable fringe benefits include but are not limited to the following:</p>
Pol. 717	<ol style="list-style-type: none"><li>1. Cellular telephone provided by Intermediate Unit.</li><li>2. Intermediate Unit telephone.</li><li>3. Vehicle provided by Intermediate Unit.</li></ol>
Pol. 331	<ol style="list-style-type: none"><li>4. Expense reimbursement provided by Intermediate Unit.</li></ol>
Pol. 815	<ol style="list-style-type: none"><li>5. Internet access provided by Intermediate Unit.</li><li>6. Gift certificates.</li></ol>
Pol. 813	<ol style="list-style-type: none"><li>7. Group life insurance in excess of \$50,000.</li><li>8. Laptop/Notebook computers.</li><li>9. Personal use of Intermediate Unit vehicle.</li><li>10. Meal reimbursements for local travel.</li></ol>
	<p>References:</p> <p>Internal Revenue Code – 26 U.S.C. Sec. 1 et seq.</p> <p>Board Policy – 000, 331, 717, 813, 815</p>