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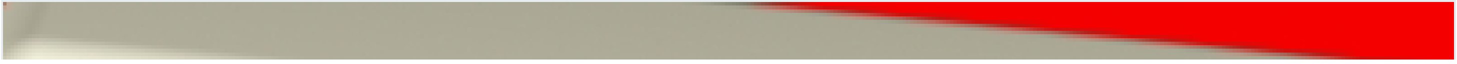

It’s hard to believe we’re halfway through 2015 – almost time to think about purchasing W-2s and 1094-C and 1095-C papers. Almost, but not quite.

Now is the perfect time to look at the fringe benefits you provide to your employees. This specific taxation is a main focus of the IRS right now, and they recently conducted several free webinars to review the taxability of fringe benefits.

In general, anything you give to your employees is taxable unless the IRS specifically exempts it. Cash and cash equivalents are always taxable, such as that $50 gift card you gave to the employee of the month. These are taxable at the time that they are given to the employees, in the pay period they are received.

The good news is that some items are exempt, such as (controversially) cell phones.

are also exempt. An example is the money paid to the third party moving company on a qualified move, including storage up to 30 days. An item that is not exempt is house hunting, such as travel to the new location prior to moving-again, this is taxable when given.

You may notice a reference to de minimis items in the IRS code. These items can be nontaxable but, by definition, are of little importance and may be difficult to adequately track. Be careful-cash and cash equivalents are never de minimis. Furthermore, the IRS does not assign a dollar amount to de minimis items, so general practice and recommendation is to consider most items not specifically exempted by the IRS as taxable.

Again, now is an excellent time to review your procedures and controls to ensure proper timing and taxation of fringe benefits. The IRS looks closely at these items, so it's always good to be prepared.

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